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Jockeying Continues To Influence Biden's Vehicle GHG Standards Plan

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A report that some automakers want new near-term federal vehicle greenhouse gas rules weaker than California's deal with five companies appears to be the latest sign that both industry and environmentalists are working to influence the Biden administration's course prior to a formal announcement.

The March 12 report from the Associated Press is already prompting environmentalists to urge that the Biden administration ignore appeals to consider approaches weaker than California's or risk undercutting its prior statements in support of vehicle GHG cuts and carbon reduction goals, with groups having already called for still stricter policies.

"The administration should ignore this and should be focused on achieving the same reductions that would have been achieved under the Obama standards," one environmentalist says.

The back and forth comes as the Biden administration prepares to meet a preliminary July deadline for a new federal proposal to overhaul federal standards slashed by the Trump administration.

That timeline has triggered persistent questions about what public commitments might come sooner given that Biden's executive order setting the deadline also flagged a similar April timeframe for initiating steps to reaffirm the right of California and other states to adopt their own vehicle GHG programs.

The administration is also under pressure to demonstrate a commitment to GHG cuts by the vehicle and other sectors in tandem with an April global climate summit.

And it also faces questions about what near- versus long-term trajectory it would require from automakers, given that the California agreement only addresses standards out to model year 2026.

In its March 12 report, the *AP* reported that a "coalition of automakers" is telling the Biden administration it would agree to tighter vehicle standards -- in apparent reference to near-term standards -- but with "tradeoffs" and at levels less stringent than the 2020 deal California struck with five other automakers.

The coalition reportedly includes, but is not limited to, General Motors, Toyota and Stellantis -- formerly Fiat Chrysler -- with the three companies among those that did not sign the deal with California.

And the companies are said to be willing to agree to standards that tighten at a rate between the current standards and California's program, and which include a "multiplier" granting them additional credit toward the standard for selling more electric vehicles, as a way to avoid contentious legal battles.

The report comes roughly a month after a February statement from the main auto industry trade group, Alliance for Automotive Innovation, expressing general support for a new federal program "roughly midway" between current Trump standards and Obama administration rules that the Trump administration rolled back.

While that language appeared to observers to track with the California agreement when read in isolation, the same statement also called for several regulatory flexibilities which could be read to yield a program weaker than the California deal when considering the statement as a whole.

Observers at the time cited the language as the sign of <u>a possible continuing industry split</u> on federal standards even as the industry backed away from litigation over state vehicle programs. They also questioned how the Biden administration would go about effectively weakening a program already endorsed by the five automakers.

Broadly Consistent

The environmentalist sees the new report as broadly "consistent with where the industry has positioned itself early on," citing the February statement, as well as the latest sign the industry as a whole appears divided on the issue.

A Ford press official tells *Inside EPA* the company is not part of the coalition referenced in the press report. "No, Ford continues to support the California agreement as the foundation for fuel economy standards."

A press official for Stellantis referred a query on the matter to the alliance.

And Alliance spokesman Wade Newton in a March 15 response to *Inside EPA* referred back to the group's February statement, which pledged openness to discussions with the administration on vehicle standards.

The March response also notes, "The Alliance for Automotive Innovation is not involved in negotiation on any specific targets and I am unaware of any such negotiations by any coalition of companies."

Another industry official says it is not clear how much sway the appeals to weaken the California deal will have for the Biden administration.

The source acknowledges the fact some companies will have a harder time than others complying with the California agreement as a factor that could argue for some concessions by Biden's team.

But the counter argument to that is the Biden administration's commitment to GHG cuts, the source adds.

And that may simply mean, if the industry is split, then the Biden administration is going to go forward with "whatever it wants," the source says.

Biden's domestic climate advisor Gina McCarthy has publicly acknowledged conversations with automakers on vehicle emissions, but with few specifics.

And environmentalists are making their own push in support of strong vehicle regulations.

A coalition of roughly two dozen environmental groups in a letter last month urged President Joe Biden to "act quickly" to reinstate California's authority for state programs and "restore national standards at least to levels set during the Obama Biden administration."

The groups also called for efforts to "go even further" than the Obama standards.

In addition, environmental groups are also flagging concerns not just about the top line stringency of the standards but the extent to which compliance with a future strengthened program would still allow automaker compliance using credits for vehicles being sold now that over-comply with the weakened Trump-era vehicle standards.

"If revised rules [expected in July] do not address all the model years covered by or credits generated under the Rollback here under review, the only timely and complete relief available to Public Interest Organization Petitioners will be through this litigation," environmental groups wrote in a March 1 legal filing opposing indefinite abeyance of the legal fight over the Trumpera federal standards.

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