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EPA finalizes tougher vehicle emission standards

Climate legislation's uncertain future is likely to produce anxiety in auto industry over tax credits, other provisions expected to help it comply

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The EPA on Monday announced landmark new vehicle emission standards likely to serve as a centerpiece of the Biden administration's climate agenda, even as Democrats' struggles to pass a budget reconciliation package create challenges for the auto industry to comply with the new standards.

Administrator Michael S. Regan announced the standards during an event in the EPA courtyard, flanked by several electric vehicles and joined by clean air advocates. Regan said the agency is responding to scientific evidence that calls for reducing the greenhouse gas emissions fueling climate change.

"That's why today we're setting robust and rigorous standards that will aggressively reduce pollution, protect people's health and save families money at the same time," Regan said.

Regan cited other steps the agency has taken to tackle climate change this year, including its move to phase out hydrofluorocarbons, a family of highly potent greenhouse gases found in chemicals, and its new rules aimed at reducing methane emissions.

But the vehicle standards represent arguably the most significant climate action yet from the Biden administration. Their unveiling came the day after Sen. <u>Joe Manchin</u> III, D-W.Va., threw into serious doubt the future of Democrats' primary climate measures in their budget reconciliation package.

That legislation's uncertain future also is likely to produce anxiety among the auto industry, as the bill's ramped-up electric vehicle tax credits and other provisions were expected to help them meet the new standards.

In a statement, John Bozzella, president and CEO of the Alliance for Automotive Innovation, noted that the finalized rules released Monday are more aggressive than the ones originally proposed and will require a substantial increase in electric vehicle sales.

"Achieving the goals of this final rule will undoubtedly require enactment of supportive governmental policies – including consumer incentives, substantial infrastructure growth, fleet requirements, and support for U.S. manufacturing and supply chain development," Bozzella said.

They will have the benefit of the billions of dollars included in the bipartisan infrastructure law devoted to building out a national EV charging network.

Asked about compliance challenges facing car companies, Regan said they have some time to prepare over the next couple of years before the standards aggressively ramp up for model years 2025 and 2026. He also said the agency will work with the automakers and Ray Curry, president of the United Auto Workers, who attended Monday's event.

Regan also said the agency will start laying the foundation for model year 2027 standards and beyond.

In a brief interview after the event, Curry was asked about the ability for automakers to comply with the standards if Democrats aren't able to pass the budget reconciliation package and he wasn't ready to give up on the legislation.

"Build Back Better is not dead," Curry said. "It's still alive."

The standards announced Monday apply to vehicles from model years 2023 through 2026 and are more rigorous than those the EPA initially proposed in August.

Expressed in real-world miles per gallon equivalents, the standards would require automakers to average 40 mpg in 2026. That's tougher than the real-world equivalent of 38 mpg the EPA proposed in August and quite a bit tougher than the 32 mpg under Trump administration requirements.

In the final text of the rule, the agency said the standards would save 3.1 billion tons of heat-trapping carbon dioxide emissions and cut U.S. gasoline consumption by 15 percent by 2050.

While automobiles in the U.S. are more fuel-efficient than ever, averaging 25.4 miles per gallon on the road, an all-time high, the transportation sector is the largest source of all industries of greenhouse gas emissions, making up 29 percent of all emissions, according to the EPA.

The Biden administration set a national goal in August to make 50 percent of all new vehicles sold in 2030 powered by zero-emission fuel sources.

Reaction

Leading Capitol Hill Democrats welcomed the new rules.

Environment and Public Works Chairman Sen. <u>Thomas R. Carper</u>, D-Del., said in a statement that the rule sets the stage for the country to lead the world in cleaner automotive technology.

"Investing in clean cars is a key way we are going to save our planet and grow our economy, and the Biden Administration's announcement today will help make that happen," Carper said.

Environmental groups and climate hawks greeted the new standards with tepid warmth, saying they were a welcome shift from the previous administration but were not sufficiently aggressive.

"The science is sending us an unmistakable message: we can, and must, reduce the emissions that are threatening the stability of our climate. And since the biggest source of these climate-endangering emissions is transportation, we have to put strong rules in place to clean up the cars and light trucks on our road," Johanna Chao Kreilick, president of the Union of Concerned Scientists, said in a statement.

Kreilick urged the EPA to set stronger standards after these rules. "The administration listened to the science in strengthening its proposal — and it should again listen to the science by setting its sights even higher," she said.

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