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Biden proposal will change auto industry, push consumers toward electric vehicles

By Todd Spangler
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President Joe Biden's administration on Wednesday proposed historically tougher greenhouse gas emission standards for cars and trucks sold in the U.S. that it says could lead to electric vehicles accounting for as much as 67% of all new sales in less than a decade.

If that comes to pass, it would signal a remarkable transition in the American automobile market, given that electric vehicles accounted for about [6% of new sales](#) last year, though that was a substantial increase. Polls [have shown](#) many consumers are not sold on making the switch, with concerns about range and the upfront cost of electric vehicles much more than many gasoline-powered models.

But Biden administration officials said if automakers embrace electric vehicles as the key way toward the future — and many already have, with General Motors, for example, [aspiring to be "all-electric" by 2035](#) — they project that under the newly proposed standards those cars and trucks could account for 67% of new light-duty vehicle sales and 46% of new medium-duty vehicle sales in model year 2032.

That change, they said, is also being driven by states, led by California, looking for all new vehicles to emit zero greenhouse gases by 2035; worldwide efforts to battle climate change; and [Biden's own initiatives](#), including those to encourage consumers to buy electric vehicles and spur domestic battery production and the installation of hundreds of thousands of charging stations.

"It's not simple, it's not easy," Margo Oge, former head of EPA's Office of Transportation and Air Quality, said of the potential for electric vehicles sales to top 60% of the market by the 2030s. "But is it doable? Yes it is."

Speaking at an event in Washington, Environmental Protection Agency Administrator Michael Regan announced the new standards, which would take effect in 2027, saying the federal government isn't requiring automakers to adopt electric vehicles but indicating that is one preferred path. With large investments and additional incentives in place, Regan said of the historically tough standards, "I believe we can (achieve that level of electric vehicles sales) and I believe that because we're following the market trends."

"This is the future," he said.

Detroit automakers were generally noncommittal but said they would review the proposals and work with the administration. Matt Ybarra, General Motors' senior manager of public policy communications, said while GM moves toward achieving an "all-electric future," more investment in manufacturing and charging stations is needed. Ford, meanwhile, said it would "continue to work with the EPA and other stakeholders to set standards that are good for our customers and communities, the auto industry and the environment."

Eric Mayne, a spokesman for Stellantis, owner of Jeep, Ram, Chrysler, Dodge and Fiat, said the company, while committed to reducing vehicle emissions, was "surprised that none of the alternatives align with the president's previously announced target of 50% EVs by 2030." Stellantis CEO Carlos Tavares in the past has urged governments to adopt a more flexible approach than mandating electric vehicles, noting the upfront cost of those vehicles.

John Bozzella, head of the Alliance for Auto Innovation, which includes most major vehicle makers, said even with the investments the companies have made, the proposed plan "is aggressive by any measure."

Less than two years ago, Biden himself [set a target of 50%](#) of all new vehicle sales in the nation being zero-emission. But the new proposal suggests the changeover could come even more quickly, while recognizing that "tens of millions" of gasoline-powered vehicles will remain in use well into the 2030s.

In a call with reporters Tuesday, Regan and White House National Climate Adviser Ali Zaidi revealed the broad outlines of the proposal, which looks to continue cutting greenhouse gas emissions from transportation sources substantially.

For instance, the adjusted fleetwide target for light-duty cars and trucks in model year 2026 of 186 grams of carbon dioxide emitted per mile would be reduced by more than half, to 82 grams per mile fleetwide, by 2032, a reduction of 56%. New standards proposed for medium-duty vehicles like school buses and box trucks would see a 44% reduction compared with model year 2026 standards. The rules also look to cut emissions from heavy-duty trucks as well.

If reductions at the same level continued through 2055, the administration said, it would result in keeping 7.3 billion tons of carbon dioxide from entering the air, "equivalent to eliminating all greenhouse gas emissions from the entire U.S. transportation sector for four years."

"These ambitious standards are readily achievable," Regan said, touting the benefits to public health and in battling climate change by reducing pollution and arguing that by reducing fuel and maintenance costs, the average consumer could save \$12,000 over the lifespan of a light-duty vehicle not subject to the proposed standards.

Albert Gore, executive director of the Zero Emission Transportation Association, a trade coalition advocating for policies to promote electric vehicle sales, called the standards and the goal of higher EV sales "eminently achievable" and ones that could "create millions of advanced manufacturing jobs across the country."

Fred Krupp, head of the Environmental Defense Fund, said with the introduction of the proposal on Wednesday, "America accelerated toward a clean transportation future and more jobs."

They will still cause controversy: Oil companies are vehemently opposed to such a program and Republicans in Congress have complained in the past that Biden and the environmental community are trying to force the public to embrace more expensive electric vehicles against their will.

On Wednesday morning, Mike Sommers, president and CEO of the American Petroleum Institute, a trade group representing oil and natural gas producers, issued a statement saying, "This deeply flawed proposal is a major step toward a ban on the vehicles Americans rely on. As proposed, this rule will hurt consumers with higher costs and greater reliance on unstable foreign supply chains."

"The Biden administration's new rules will all but force Americans to buy electric cars," said U.S. Rep. John Moolenaar, R-Caledonia. "This is wrong. We need competition and policies that let Americans choose the vehicles that best meet their needs."

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U.S. Rep. Debbie Dingell, D-Ann Arbor, who has been an instrumental conduit between automakers, the UAW and the Biden administration, didn't offer unequivocal support either, saying any transition to EVs needs to take into account that they generally take fewer workers to assemble. "We know that to meet our climate goals we need to reduce greenhouse gas emissions," she said. "But in doing so, we must not leave behind the working men and women who have built their lives and careers in the auto industry."

The UAW responded to the proposal saying the EV industry should be "entirely unionized."

"People who build cars for a living don't do it because we're passionate about combustion engines or electric vehicles," the statement said. "We do it because we're passionate about our families and our communities." Biden has also said that union workers need to be heavily involved in the making of electric cars and trucks.

While automakers have clearly moved toward investing heavily in electric vehicles, they have also indicated that achieving sales like those projected by the EPA require massive changes in terms of production, supplies of crucial minerals for batteries and available charging stations for consumers. Last week, the Alliance for Automotive Innovation, issued a memo ahead of Wednesday's announcement saying that while EV sales continue to increase this year, "This requires a massive, 100-year change to the U.S. industrial base and the way Americans drive."

Genevieve Cullen, president of the Electric Drive Transportation Association, a group that includes automakers and utilities and promotes electrification of the automobile industry, said it's going to take "the entire portfolio of policy tools, such as consumer incentives, regulatory frameworks and manufacturing programs" to achieve the goal.

"We are with the administration in terms of moving aggressively toward electrification. This is certainly aggressive," she said.

Ultimately, both the final rule adopted by EPA, which is likely to come next year, and that proposed by the National Highway Traffic Safety Administration (NHTSA) will determine fuel standards. But those are not the only agencies involved: The Energy Department this week announced it was altering the way in which it calculates a "petroleum-equivalent" factor for EVs compared with gasoline-powered vehicles, saying under the long-standing current program EVs are rated more efficient than they really are. That allows manufacturers to count that inflated mileage against their less-efficient vehicles when determining whether they meet fleetwide emissions and fuel economy standards.

EPA officials argue that, ultimately, a vast change in the number of EVs sold is entirely possible, saying enough investment is flooding into battery production to make enough to produce 13 million EVs by 2030, which would be more than half the new vehicles sold.

Unlike in past proposals, the EPA didn't provide an estimate of what the targeted reductions would translate to in terms of miles per gallon of gasoline consumed fleetwide. But with the current model year 2026 target set at [49 mpg for light-duty cars and trucks](#), it would have to translate into a sizable increase. The proposal says that by 2032, it would likely cost manufacturers more than \$1,000 per vehicle across the light-duty fleet to produce vehicles that could hit the target.

EPA officials said reduced fuel costs, repair costs and maintenance would more than offset that.

The proposal, which provides two months for the EPA to receive comments on its plan, also includes alternatives for consideration, including one that is more stringent and a second that is less so. A third would also cut emissions by 56% in 2032 compared with 2026 but would do so with less stringent reductions in the first years and more stringent ones beyond that.

As in past emission standards proposals, the proposed rule didn't dictate what technology automakers use to hit the targets, but they predicted, given the state of the industry, they would result in wider use of filters and other means to reduce carbon dioxide emissions from gasoline-powered engines and likely "accelerate the transition to electric vehicles."

Zaidi said changes already [adopted by automakers](#), with dozens of new electric models set to come on the market, and huge investments in domestic battery production, like that announced [by Ford in Marshall](#), as well as government programs to provide up to \$7,500 in incentives to buyers of some vehicles and spur the creation of vehicle charging stations nationwide, [makes the changeover to electric vehicles possible](#).

For instance, Walmart this week announced plans to [install charging stations](#) at thousands of its locations nationwide.

"If you think about where we were just a little over two years ago," he said, "the number of (electric) models has doubled, the number of charging stations has doubled and the number of EVs (electric vehicles) deployed on our roads has tripled. ... Over \$120 billion in private capital (is) coming off the sidelines and into our capacity to create American-made electric vehicle and battery supply chains here in the United States."