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Biden administration backpedals on tailpipe standards

By Mike Lee
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It's the third time in the last year the Biden team has softened its plans to address climate change in transportation.

The new regulations would force automakers to build cars that can squeeze more miles out of a single gallon of gasoline — but not as much as originally proposed.

The rules unveiled Friday would compel carmakers to meet a fleetwide average of about 50 mpg in model year 2031. That's an increase from the current standard — which mandates nearly 47 mpg in 2026 — but less than what the National Highway Transportation Safety Administration put forward last year, which was nearly 58 mpg in 2032.

The final corporate average fuel economy (CAFE) standard still will save buyers of conventional cars and trucks hundreds of dollars over the lifetime of their vehicles, and it's intended to complement EPA regulations that are expected to push carmakers to produce more electric vehicles.

But it represents the third strategic retreat in the last year for the Biden administration in the automotive sector.

In March, EPA softened its plan to slash greenhouse gas emissions from cars, giving companies more time to comply and allowing them to meet the new rules with hybrid vehicles rather than pure battery-electric models.

A few days later, the Department of Energy also moderated a separate regulation that determines how electric vehicles are counted toward the CAFE standard.

The biggest change in the CAFE proposal involves light trucks, a sector that includes popular vehicles including pickups, larger SUVs and minivans. NHTSA originally proposed raising the fuel economy for those vehicles by 4 percent a year for six years but settled on 2 percent a year increase for model years 2029 through 2031.

Rules for heavy-duty pickups and vans also were adjusted. The original proposal would have increased the mileage requirement for heavy-duty pickups and vans by 10 percent annually from 2030 to 2035. The final proposal will require a 10 percent annual increase from 2030 to 2032, and 8 percent a year from 2033 to 2035.

The mileage requirement for passenger cars will rise 2 percent a year, the same as the original proposal, but the final proposal only goes until 2031.

A senior administration official told reporters that NHTSA was swayed by arguments from carmakers who said they're spending huge amounts of money to develop electric vehicles and wouldn't be able to comply with a stricter standard, particularly for light trucks. The carmakers also were concerned they'd be forced to pay penalties for missing the fuel economy goal, which would drive up the cost of new vehicles.

"While NHTSA cannot consider electric vehicles in setting our standards, we can consider the resource requirements that industry has to consider as we're thinking about what is the maximum feasible standard," the administration official said.

The final version will boost the mileage requirement for passenger cars and small SUVs from 48.7 mpg this year to 65 mpg in 2031. Light truck mileage would rise from 35.2 mpg to 45 mpg over the same time. Heavy-duty truck mileage would rise from 18.8 mpg this year to about 35 mpg in 2035.

"Not only will these new standards save Americans money at the pump every time they fill up, they will also decrease harmful pollution and make America less reliant on foreign oil," Transportation Secretary Pete Buttigieg said in a statement. "These standards will save car owners more than $600 in gasoline costs over the lifetime of their vehicle."

Some environmentalists were unhappy with the regulation. There's existing technology that could squeeze more fuel efficiency out of gasoline- and diesel-powered engines, and NHTSA didn't even consider a more-stringent proposal that would've pushed the industry to adopt those ideas, said Dan Becker, who works on transportation issues at the Center for Biological Diversity.

"This rulemaking was NHTSA's chance to set strong standards for gas-powered vehicles, but instead it sat on its tailpipes, leaving automakers free to make cars, SUVs and pickups that will guzzle and pollute for decades and keep America stuck on oil," Becker said in a statement.

The regulation is still likely to face opposition from the oil industry, congressional Republicans and Republican-controlled states. They've argued in written comments that — even though the rule applies only to conventional vehicles — NHTSA included electric vehicles when it studied how much more efficient the fleet could be.

More than 100 Republicans in both chambers of Congress signed a letter in January saying the CAFE standard, in conjunction with the EPA regulation on new cars, amounts to a "de facto mandate for electric vehicles."

The changes in the final proposal will help the new rule withstand legal and political challenges, a second senior administration official said. EPA and the Energy Department's rules are both being reviewed in court, and the auto industry has sided with the administration in court documents, the second official said.

The Biden administration also has established tens of billions of dollars in tax breaks and other incentives to help promote electric vehicles, build a network of chargers and subsidize new automotive battery plants.

“I think this reflects both environmental ambition meeting the moment in climate terms, but it also represents the clear-eyed, record-driven, partnership-built approach that this administration has taken to ensuring consumer choice,” the second official said.

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