The Detroit News

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Trump regulators to zero out fuel economy fines dating to 2022

By Grant Schwab
16 July 2025

Washington — Federal regulators will zero out all federal fuel economy fines dating back to model year 2022, according to a letter sent to automakers that was obtained Wednesday by The Detroit News.

The National Highway Traffic Safety Administration issued the letter last week in response to President Donald Trump's signing of the One Big Beautiful Bill Act on July 4. The massive tax cut and spending package effectively disarmed the agency's enforcement of corporate average fuel economy rules by eliminating penalties for violators, and the letter affirms that the policy applies to the past three years.

The exact savings to automakers from the move are unclear, as the agency has not yet assessed civil penalties for the model years in question, but there could be significant financial implications. The biggest beneficiaries will likely be Ford

Motor Co., General Motors Co. and Stellantis NV. The Detroit Three tend to have the worst fuel economy performance among all major U.S. automakers.

Even if the truck-dominant trio were on track to avoid fines for the past three years, they might have done so via credits purchased from lower-emission automakers like Tesla Inc. But automakers that fall short of the standards will no longer need to purchase those credits to avoid penalties.

The dollar value companies pay for credits is typically guarded as private and competitive information, but the Texas-based electric vehicle giant has disclosed billions in credit sales across all regulatory programs over the past several years, including $1.8 billion in 2023 and $2.8 billion in 2024.

Stephanie Brinley, S&P's associate director of auto intelligence, said she "wouldn't buy a credit now if I don't have to" but warned that might still be a "risky strategy" for automakers.

"This puts the automakers in an interesting position because this could change again, depending on what happens politically in the next five or six years," she said in a phone interview.

"CAFE has always been a backward-looking fine. And so as automakers go forward — while there can be relief that they're not going to have to pay right now for the 2022 model year — the regulation still exists," Brinley added. "It's not really a free pass to just kind of do whatever, because there isn't really a guarantee that they don't, or can't, or won't, or
never would go back and reinstate these fines."

Those fines have hit GM and Stellantis predecessor Fiat Chrysler Automobiles particularly hard over the past decade.

FCA had fines in five consecutive model years from 2016 to 2020 totaling close to $583 million. GM was fined about $128 million for noncompliance in model years 2016 and 2017, and Ford has never had to pay a CAFE fine under the program.

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Ford, Stellantis and GM did not immediately respond to requests for comment.

Biden-era CAFE regulations remain on the books even as the zero-fine policy takes effect, though the Trump administration is actively working to reconsider those rules and replace them with more lenient standards.

Project 2025, the conservative Heritage Foundation's influential policy plan, recommended that the Transportation Department set 35 miles per gallon as an industry-wide standard "for the near term." That was the level lawmakers previously directed for the year 2020, according to the nonpartisan Congressional Research Service.

By contrast, the two rounds of CAFE standards finalized under former President Joe Biden set a target of approximately 49 miles per gallon for model year 2026 and 53.5 mpg by model year 2032. The standards did not require automakers to meet targets through any particular powertrain, but critics have bashed the regulations as a de facto EV mandate.

Those targets, notably, are distinct from real-world fuel economy. Chris Harto, Consumer Reports' senior policy analyst for transportation and energy, has suggested that taking three-quarters of a given vehicle's CAFE value is a good rule of thumb to determine the mpg number buyers might get on the road.

Using that rough estimate, a fleetwide target of 49 mpg for automakers would be more like 36.8 mpg for real-world driving. The latest federal estimates suggest a national real-world average of about 27.1 mpg.

https://www.detroitnews.com/story/business/autos/2025/07/16/trump-regulators-to-zero-out-fuel-economy-fines-dating-to-2022/85247534007/