

United States Senate

WASHINGTON, DC 20510

August 23, 2018

The Honorable John Barrasso
Chairman
Committee on Environment and Public Works
United States Senate
Washington, DC 20510

Dear Chairman Barrasso,

We write to request that the Senate Committee on Environment and Public Works hold a hearing on the administration's recently proposed rule to freeze the fuel economy and vehicle greenhouse gas emissions tailpipe standards from model years (MYs) 2020-26. This proposed rule, entitled "The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks," will have a major impact on the economy, the environment, and consumers, and deserves an opportunity for substantive oversight by the Members of this Committee.

Under the current fuel economy and vehicle greenhouse gas emissions standards, carbon dioxide emissions would be projected to be limited to 173 grams per mile, equivalent to a fuel economy standard of about 50 mpg by 2025.¹ This new proposal signed by Andrew Wheeler, Acting Administrator for the Environmental Protection Agency (EPA), and Heidi King, Deputy Administrator for the National Highway Traffic Safety Administration (NHTSA), would freeze the light-duty fleet's fuel economy standards at 37 mpg and carbon dioxide emissions at around 240 grams per mile from model year 2020 through model year 2026, with no year-over-year improvement.²

According to the administration's own analysis, this "preferred option" would result in more dangerous air pollution, with increasing levels of nitrogen oxides and volatile organic compounds, as well as mobile-source air toxics. It would also result in the increased consumption of 500,000 barrels of oil every day by the early 2030s. The proposed rule also recommends largely eliminating the compliance flexibilities for the vehicle greenhouse gas emissions standards, including by exempting air conditioning refrigerant leakage, nitrous oxide, and methane emissions from being used to comply with the tailpipe emissions standards, and

¹ *Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation* [EPA-420-R-17-001],

<https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P100QQ91.pdf> at p. 5.

² *The Safer Affordable Fuel-Efficient Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks*, [NHTSA-2018-0067; EPA-HQ-OAR-2018-0283; FRL-9981-74-OAR],

<https://www.epa.gov/sites/production/files/2018-08/documents/safe-my-2021-2026-cafe-ld-ghg-nhtsa-epa-nprm-2018-08-02.pdf>.

through the phase-out (in some scenarios) of other air-conditioning and off-cycle compliance credits.

The proposal's analysis indicates that this rule would have a strong negative impact on the American auto industry, causing a loss of 60,000 jobs by 2030. Outside experts have projected even higher costs to the American economy, suggesting that the administration is underestimating the negative effects this proposed rule would have on consumers, the auto industry, and the environment. One analysis by Synapse Energy Economics, Inc. and the Union of Concerned Scientists found that freezing the standards at the 2020 levels of 37 mpg would cause consumers to spend an additional \$50 billion on gasoline by 2035 and would reduce gross domestic product by \$8 billion in 2025.³ An analysis by the Rhodium Group estimated that costs to drivers would go up by as much as \$236 billion between now and 2035, and that oil consumption could rise by as much as 881,000 barrels per day in 2035, compared to the current standards.⁴

Additionally, there is strong skepticism and disagreement over the argument central to the rollback: that maintaining the fuel economy and vehicle greenhouse gas emissions standards will result in more deadly crashes, and therefore, a freeze on standards will protect the public.⁵ In a June 2018 review of the NHTSA analysis that the proposed rule is based on, EPA found that the preferred option would actually result in an increase of 17 fatalities per year from 2036-2045, compared to the augural standards—an alarmingly large difference from the assertion in the published proposed rule that the freeze would result in a decrease of up to 1000 fatalities per year.⁶ That same analysis found that a freeze would reduce net social benefits by \$83 billion, 70 percent greater than NHTSA's estimate, and that NHTSA overestimated the amount of time it would take for consumers to recoup their increased up-front costs under the augural standards by eight years.⁷ Few, if any, of EPA's technical concerns about NHTSA's model were remedied.

The proposal also announces the agencies' intent to prevent California from setting its state-level vehicle greenhouse gas emissions standards. In the proposed rule, NHTSA argues that the Energy Policy Conservation Act preempts the issuance of the Clean Air Act waiver that allows California to adopt these rules to protect public health and the environment, while EPA argues that the state's vehicle greenhouse gas standards and zero emissions vehicle standards do not

³ Don Anair, *Auto Standards Rollback: Oil Companies Win, Everyone Else Loses*, Union of Concerned Scientists (July 27, 2018), <https://blog.ucsusa.org/don-anair/auto-standards-rollback-oil-companies-win-everyone-else-loses>.

⁴ Kate Larsen, Trevor Houser, and Shashank Mohan, *Sizing Up a Potential Fuel Economy Standards Freeze*, Rhodium Group (May 3, 2018), <https://rhg.com/research/sizing-up-a-potential-fuel-economy-standards-freeze/>.

⁵ Brad Plumer, *Trump Officials Link Fuel Economy Rules to Deadly Crashes. Experts are Skeptical*, New York Times, August 2, 2018, <https://www.nytimes.com/2018/08/02/climate/trump-fuel-economy.html>.

⁶ *Email 5 - Email from William Charmley to Chandana Achanta - June 18, 2018* [RIN 2060-AU09], <https://www.regulations.gov/document?D=EPA-HQ-OAR-2018-0283-0453>.

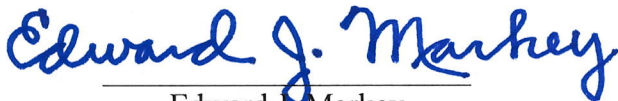
⁷ *Ibid.* at p. 10.

qualify for a waiver under the Clean Air Act.⁸ No waiver received by California to allow it to set its own mobile source air pollution standards has ever been revoked, and the EPCA preemption argument has already been rejected in two separate court cases.⁹ Twelve states and the District of Columbia—representing around one-third of the new vehicle sales market¹⁰—have adopted the California vehicle greenhouse gas emissions standards under a separate provision of the Clean Air Act. Any attack on the state-level standards will cause widespread uncertainty in the domestic auto market and will be vigorously challenged in court.

The fuel economy and vehicle greenhouse gas emissions standards drive innovation, help consumers save money on gas, and protect the environment. From 2010 to 2016, the auto industry saw seven straight years of growth¹¹ and increased the auto-assembly workforce by 40 percent.¹² The current fuel economy and vehicle greenhouse gas emissions standards will cut global warming pollution, save consumers money on gasoline, and cut our national oil consumption.

Any changes to this critical program should not be taken lightly. This proposal needs to be thoroughly analyzed, critiqued and discussed by the Committee on Environment and Public Works. We respectfully request that you find time on the Committee's calendar for Acting Administrator Wheeler, representatives from the Department of Transportation, and representatives from the California Air Resources Board, auto companies, and organizations working on consumer, environmental, and transportation safety issues to testify on this proposal to roll back fuel economy standards. Thank you very much for your consideration of this request.

With best personal regards,



Edward J. Markey
United States Senator



Tom Carper
United States Senator

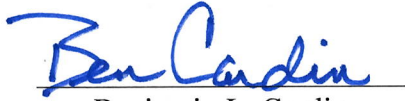
⁸ *Proposed California Waiver Withdrawal*, U.S. Department of Transportation and U.S. Environmental Protection Agency (August 2, 2018), <https://www.epa.gov/sites/production/files/2018-08/documents/420f18903.pdf>.

⁹ *California, CAFE Standards, and the Energy Policy and Conservation Act*, Environmental Law at Harvard (June 18, 2018), <http://environment.law.harvard.edu/2018/06/california-cafe-standards-energy-policy-conservation-act/>.

¹⁰ *Other States*, California Clean Cars Campaign, <http://calcleancars.org/other-states/>.

¹¹ Mike Colias and Adrienne Roberts, *Annual U.S. Car Sales Drop for First Time Since Financial Crisis*, Wall Street Journal (January 3, 2018), <https://www.wsj.com/articles/u-s-auto-sales-slip-in-december-1514993454>.

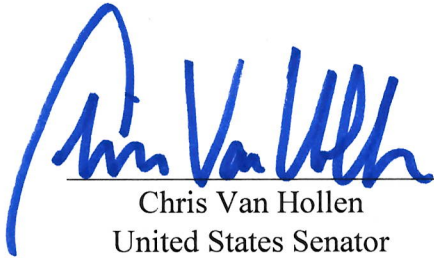
¹² *Automotive Industry: Employment, Earnings, and Hours*, Bureau of Labor Statistics, <https://www.bls.gov/iag/tgs/iagauto.htm>.



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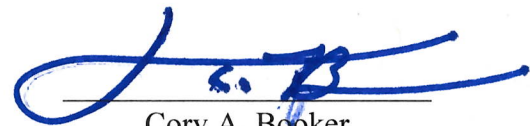
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