

# Congress of the United States

Washington, DC 20515

June 26, 2008

The Honorable Mary E. Peters, Secretary  
U.S. Department of Transportation  
1200 New Jersey Ave, SE  
Washington, DC 20590

Dear Secretary Peters:

Last December, Congress passed the Energy Independence and Security Act (EISA) of 2007, which contained the first mandated increase in fuel economy standards since 1975. EISA directed your Department, through the National Highway Traffic Safety Administration (NHTSA) to raise fuel economy standards for both cars and light trucks to a fleet wide average of *at least* thirty-five miles per gallon (mpg) in 2020 starting with model year 2011 vehicles. In each model year, NHTSA is additionally directed to require the maximum feasible fuel economy increase.

On April 22, 2008, NHTSA issued a Notice of Proposed Rulemaking (NPRM) that included proposed standards for model years 2011-15 which should result in a projected fleetwide average of 31.6 mpg. We are generally pleased that NHTSA has proposed standards that will enable compliance with the 35 mpg by 2020 floor that Congress set.

However, in its NPRM, NHTSA based its proposed regulations using Energy Information Administration (EIA) assumptions about gas prices that defy reality. At a time when gasoline prices are soaring well above \$4 per gallon –almost a dollar more than when we passed the EISA- NHTSA used EIA’s 2008 forecast for gasoline prices that range from \$2.42/gallon in 2016 to \$2.51/gallon in 2030. When compared to today’s price at the pump, these numbers are nothing short of absurd.

Since using higher gasoline prices would have the largest impact of all the factors that could be considered on how high standards could be raised, NHTSA’s reliance on these highly unrealistic projections have the effect of artificially lowering the calculated “maximum feasible” fuel economy standards that NHTSA is directed by law to promulgate. The effect is dramatic. For modeling purposes only, NHTSA uses EIA’s higher gasoline price scenario: A range of \$3.14/gallon in 2016 to \$3.74/gallon in 2030 demonstrates that the technology is available to cost-effectively achieve a much higher fleet wide fuel economy of nearly 35 mpg in 2015.

On June 11, 2008, Guy Caruso, Administrator of EIA, testified before the House Select Committee on Energy Independence and Global Warming. During questioning, Administrator Caruso agreed that NHTSA should use EIA’s *high* gas price scenario in setting fuel economy standards.<sup>1</sup> And you made similar comments in response to questions about high gas prices last

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<sup>1</sup> <http://www.youtube.com/watch?v=umlei2-F9t8&eurl=http://globalwarming.house.gov/pubs/?id=0043>

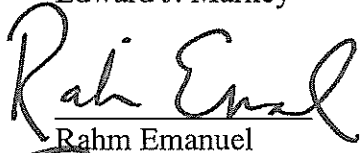
month, stating: "As we look toward the finalization of the rule and look again what the average fuel costs are then, I think we're going to make more progress on the miles per gallon at a lower overall cost."<sup>2</sup> We agree.

NHTSA's final fuel economy regulations must be based upon realistic and rational gas price assumptions. We therefore urge you to promulgate final fuel economy standards that are based on EIA's high gasoline price scenario (which we understand will soon be revised) in order to comply with EISA's directive that the maximum feasible standards be required, and to reduce as much as possible our dangerous dependence on foreign oil and the pain at the pump consumers are now experiencing.

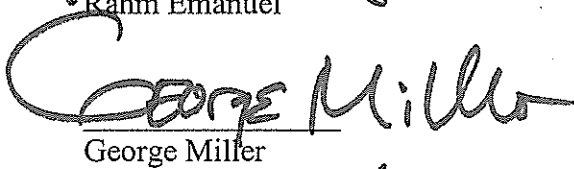
Sincerely,

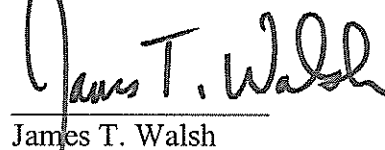
  
Edward J. Markey

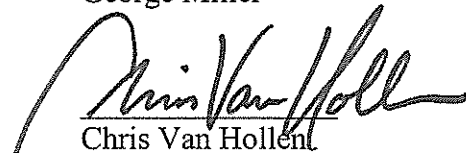
  
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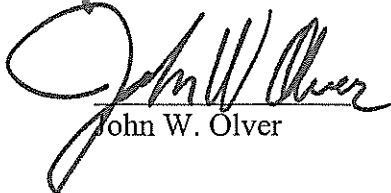
  
James T. Walsh

  
Chris Van Hollen

  
Mark Steven Kirk

  
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<sup>2</sup> David Shepardson, "Gas prices may spur revision of mpg plan," Detroit News Washington, Saturday, May 17, 2008.

  
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Michael N. Castle

  
Hilda L. Solis


  
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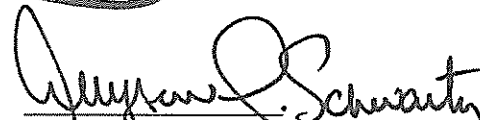
  
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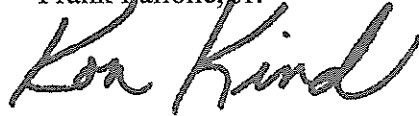
  
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Anna G. Eshoo

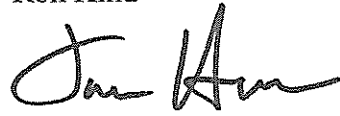
  
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Jane Harman

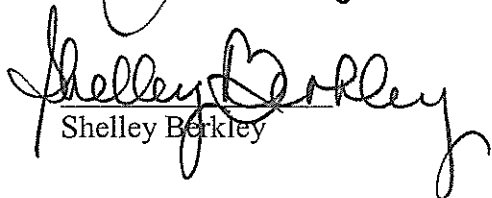
  
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