



ENVIRONMENTAL DEFENSE FUND

STATEMENT ON

CLEAN CAR STANDARDS

NOTICE OF PROPOSED RULEMAKING

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EPA/NHTSA Public Hearing
Dearborn, Michigan
September 25, 2018

On behalf of Environmental Defense Fund and our more than two million members nationwide, I sincerely thank you for the opportunity to speak today on EPA's and NHTSA's proposed revisions to the Clean Car Program. EDF is a non-profit, non-partisan, non-governmental environmental organization that combines law, policy, science, and economics to find solutions to today's most pressing environmental problems. For purposes of background, I retired from the Environmental Protection Agency (EPA) in 2012 and while at EPA, I was the senior executive leading the development of EPA's light-duty vehicle greenhouse gas (GHG) programs for MY2012-2025 working with states, auto manufacturers, an array of technical experts, and numerous stakeholders.

The technical analysis by the Department of Transportation's National Highway Traffic Safety Administration (NHTSA)—in which the Environmental Protection Agency career experts did not participate—represents an unprecedented departure from EPA's and NHTSA's own work over the previous seven years. In multiple rulemakings and technical analyses from 2009-2016, NHTSA and EPA had consistently and independently shown that the current standards were feasible and would provide large net economic benefits to society. Just two years ago, in the Technical Assessment Report, or TAR, NHTSA claimed that the current standards would yield net societal benefits of nearly \$100 billion. NHTSA now wants us to believe that “everything has changed.” NHTSA projects net societal costs of about \$200 billion, or nearly a \$300 billion reversal!

NHTSA asserts that the 2021 standards, which were not even part of the formal Midterm Review, need to be rolled back. And they even propose to eliminate the highly cost-effective air conditioning refrigerant GHG credits, which means that the GHG standards would essentially be frozen at 2018 levels, and rolled back for eight years, not just six years as with the proposed fuel economy standards. The auto companies themselves have publicly stated that they do not support “flat lining” the standards as NHTSA has proposed.

NHTSA's single most deceptive claim is that the massive roll back would reduce fatalities by 12,700 for the CAFE program and by 15,700 for the GHG program. We at EDF have been running NHTSA's VOLPE model, and using NHTSA's own assumptions, show that fully 97-99% of these so-called “reduced fatalities” have nothing do with vehicle safety or sales, but are simply due to NHTSA assuming that Americans will voluntarily reduce their personal mobility under the roll back and drive their vehicles less. Of course, fewer miles equals fewer fatalities. The fatality rate, long used by NHTSA to evaluate program safety, is essentially unchanged. It would have been helpful if our federal safety agency could have informed the public of this critical fact, rather than spinning the numbers to scare the American public and falsely implying that these fatalities are attributable to the standards themselves.

Another key bias in the NHTSA analysis is vehicle technology cost. Just two years ago, in the TAR, NHTSA projected a vehicle technology cost of \$1,250 to meet the MY 2025 standards. Now, it estimates \$1,850 to meet the CAFE standards, and \$2,260 to meet the GHG standards, a 50-80% increase. In an April 16, 2018 presentation by EPA career technical staff— which was ignored in the proposal – the EPA experts projected compliance costs of \$935. This gross overestimation can only be possible if the CAFE model assumes that manufacturers will make a series of inefficient choices and waste money. We are, in fact, confirming in our evaluation of the CAFE model that it utilizes flawed technology cost optimization algorithms. When these flaws are corrected, we continue to find, consistent with every previous EPA and NHTSA assessment, that the fuel cost savings for car drivers far exceed rigorous estimates of initial technology costs.

And these are only two of scores of examples of biased assumptions and nonsensical outputs that we are finding with the NHTSA model.

In conclusion, the NHTSA analysis, which EPA relies upon to justify relaxing its GHG standards, is seriously flawed in many fundamental ways and provides no rational basis whatsoever for the proposed massive roll back to freeze the GHG standards at 2018 levels for eight years. Furthermore, the agencies have statutory duties to protect public health and conserve energy. The proposal as written does neither. The proposal should be withdrawn and the current standards should be maintained through 2025. Thank you for the opportunity to speak today and we look forward to providing detailed written comments on the severely flawed proposal and the contorted analysis that accompanies it.