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National Clean Vehicle Program: Creating a Combined Standard

FEDERAL & STATE STANDARDS WORK TOGETHER TO DELIVER RESULTS

For the past thirty-five years, the fuel economy of the nation's light duty vehicles has been regulated by the Department of Transportation through the Corporate Average Fuel Economy (CAFE) program. Over the same period, the Environmental Protection Agency (EPA) and the State of California have been responsible for reducing vehicle pollution under the Clean Air Act. More recently, the Supreme Court's 2007 *Massachusetts v. EPA* decision confirmed that greenhouse gas tailpipe emissions standards can be set by both national and state regulators under the Clean Air Act. Around the same time, Congress raised fuel economy standards and reformed the CAFE program as part of the Energy Independence and Security Act of 2007. However, because vehicle global warming emissions are partially related to fuel economy, these standards created complementary authorities.

In an effort to coordinate the three programs, President Obama unveiled a historic agreement in May 2009 to create a harmonized National Clean Vehicle Program. Under the agreement, the EPA and DOT worked together to set coordinated fuel economy and global warming pollution standards through model year 2016. In addition, while retaining its legal authority to set more stringent standards, California agreed to accept compliance with federal standards through model year 2016 as long as those standards achieved the level of stringency required by the state standards. This agreement had the support of the federal government, the states, automakers, the United Auto Workers, and environmentalists.

Following months of analysis and public comment, the EPA and DOT recently finalized new fuel economy and pollution standards for new cars and light trucks. The new standards apply to new cars and light duty trucks sold between model year 2012 and 2016. The standards are expected to increase the average fuel economy of light duty vehicles to nearly 34.1 miles per gallon – an increase of nearly 30 percent compared to current levels. The EPA standards set a fleetwide target of 250 grams per mile, which will cut global warming tailpipe pollution by approximately 25 percent. Automakers can meet these standards by installing more efficient engines, smarter transmissions, advanced materials, and other emerging technologies. As a result, these standards will save oil, enhance energy security, save consumers money at the gas pump, create new jobs, and help reduce harmful heat-trapping emissions from the transportation sector. These standards are a big first step, but more progress is needed and more technology is available to support even stronger standards beyond 2016.

Federal and State Authority under the National Clean Vehicle Program

Unlike previous vehicle standards, the new National Clean Vehicle Program is comprised of three related, but independent standards. Despite their legal separation, the EPA, DOT, and the California Air Resources Board (CARB) worked closely together throughout the process of setting the final MY2012-2016 standards. As a result, the final standards reflect complementary stringency levels.

- 1. National Fuel Economy Standards – National Highway Traffic Safety Administration (NHTSA)**
The Corporate Average Fuel Economy (CAFE) program was originally established in 1975 under the Energy Policy and Conservation Act (EPCA). Under the law, the DOT's National Highway Traffic Safety Administration (NHTSA) is required to set fuel economy standards for cars and light trucks at the maximum feasible level. Congress revised the CAFE program as part of the Energy Independence and Security Act of 2007 (EISA). In addition to changing the structure of the program, EISA required NHTSA to increase fleetwide fuel economy standards to *at least* 35 miles per gallon by 2020. Further, the law required NHTSA to set new standards for cars and light trucks through 2030.

2. National Global Warming Pollution Tailpipe Standards – Environmental Protection Agency (EPA)

The EPA's ability to set greenhouse gas standards for vehicles stems from section 202 of the Clean Air Act. The Supreme Court's 2007 decision in *Massachusetts v. EPA* confirmed this authority and required the agency to assess the impact of greenhouse gases on public health and welfare and set appropriate standards if the agency found these pollutants to be a threat. In 2009, the EPA finalized its review of the science, confirmed the broad consensus, and found that greenhouse gas emissions do threaten public health and welfare. The agency then moved to create appropriate global warming pollution standards for new vehicles. Under the law, EPA has the authority to set standards for any model year and at a level that protects public health and welfare.

3. State Global Warming Tailpipe Pollution Standards – California Air Resources Board (CARB) and Adopted by other State Environmental Agencies

Under section 209 of the Clean Air Act, California has the unique authority to set tailpipe pollution standards that are more stringent than Federal standards. This authority reflects California's unique air quality problems and its historical leadership in reducing automobile pollution. California first established greenhouse gas emissions standards for vehicles in 2002, slated to take effect beginning with model year 2009 cars and light trucks. The law has since been adopted by thirteen other states around the country. Section 177 of the Clean Air Act allows other states to adopt the California standards in lieu of the Federal standards to ensure that automakers will never have to face more than two different pollution standards. Although California has agreed to accept compliance with the new Federal standards through model year 2016, it retains the right to set more stringent standards in subsequent years. In order to set future standards, CARB must initiate a rulemaking process and then obtain a standard legal waiver from the EPA.

Implementing the National Clean Vehicle Standards (Model Year: 2012-2016)

Automakers must comply with both fuel economy and greenhouse gas standards for model years 2012-2016. Even though the standards are legally separate, the EPA and DOT standards are set at harmonized levels allowing automakers to comply with both standards simultaneously. For instance, EPA's fleetwide standard in model year 2016 of 250 grams-per-mile equates to approximately 35.5 miles per gallon - if automakers were to meet the standards solely through fuel economy improvements. However, the EPA standards also allow for greenhouse gas emissions credits from improved air conditioning systems and other approaches. Once A/C emissions and other credits are included, the expected fuel economy requirements under the EPA standards are equivalent to DOT's projected fleetwide fuel economy of 34.1 mpg based on their model year 2016 standards.

Setting Future Clean Vehicle Standards (Model Year: 2017 and Beyond)

In order to achieve the necessary greenhouse gas reductions and oil savings from the transportation sector, it will be critical to strengthen fuel economy and tailpipe pollution standards beyond model year 2016. All three standard setting agencies – NHTSA, EPA, and CARB – have the authority to set standards beyond 2016, and the technology exists to safely and economically give consumers even cleaner and more efficient cars and trucks. Federal and state agencies should continue to work together to set strong standards that will protect public health and welfare, curb our oil dependence, and save consumers money at the gas pump. Even as this partnership moves forward successfully, the role of the state regulators must be preserved given both the unique pollution challenges faced by the states and the need for continued progress if future federal regulators fail to act.

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A fully referenced version of this fact sheet is available online at www.ucsusa.org.

The Union of Concerned Scientists is the leading science-based nonprofit working for a healthy environment and a safer world.



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