



A HARMONIZED APPROACH TO SETTING NEW AUTOMOBILE STANDARDS

Making America's cars and trucks cleaner and more fuel efficient is one of the most effective steps we can take to save money at the gas pump, reduce global warming pollution, and cut America's dependence on oil. Automakers have the technology to increase fuel efficiency and reduce global warming pollution in all types of vehicles – from sedans to pickup trucks to SUVs. Fuel efficiency and pollution standards are critical to getting this technology off the shelf and into the showroom.

The Creation of the National Program

The National Program was established in 2009 as part of a historic agreement between the federal government, state regulators, and the auto industry to implement the first meaningful fuel efficiency improvements in over thirty years and the first-ever global warming pollution standards for light-duty vehicles. The agreement grew out of new fuel efficiency standards passed by Congress, the Supreme Court's decision in *Massachusetts v. EPA*, which precipitated global warming pollution standards for vehicles under the Clean Air Act, and global warming pollution standards enacted in California and subsequently adopted by 14 other states. The National Program provides a mechanism for automakers to build a single national fleet of new vehicles that are in compliance with federal and state requirements under both the Clean Air Act and the Corporate Average Fuel Economy (CAFE) program.

The Separate Legal Authorities under the National Program

While each regulatory agency with legal authority promulgates and finalizes separate standards, the National Program harmonizes the three requirements. This is achieved by coordinating the rulemaking process and promulgating final standards that ensure that compliance with one standard equates to compliance with all three standards. The National Program is comprised of three legal authorities:

Department of Transportation (NHTSA): Corporate Average Fuel Economy (CAFE) Standards

Congress created the first fuel efficiency standards in 1975 in response to the OPEC oil embargo. The first CAFE standards were administered by the National Highway Traffic Safety Administration (NHTSA), a part of the U.S. Department of Transportation. These standards succeeded in nearly doubling the fuel efficiency of new vehicles in ten years. However, after this initial progress, NHTSA made little meaningful improvement in CAFE during the following two decades.

Congress broke this deadlock with the passage of the Energy Independence and Security Act of 2007 (EISA). This law required NHTSA to raise fuel efficiency standards to *at least* 35 miles per gallon fleetwide by model year 2020 – with additional authority to set standards through 2030. As a result, NHTSA is required by statute to set fleetwide average fuel efficiency standards for each new model year at the maximum feasible level.

Environmental Protection Agency (EPA): Clean Air Act Standards for Global Warming Pollution

The EPA is required to set pollution standards for new light-duty vehicles under section 202 of the Clean Air Act. Specifically, EPA is required to set standards at a level that protects public health and welfare. EPA successfully implemented automobile pollution standards covering smog-forming, toxic, and other emissions for decades. Following the Supreme Court's decision in *Massachusetts v. EPA* that greenhouse gases are pollutants under the Clean Air Act and the subsequent finding that those gases endanger public health, the agency was required to set global warming pollution standards for vehicles under the Clean Air Act.

California Air Resources Board (CARB): Clean Air Act Standards for Global Warming Pollution

The Clean Air Act provides the State of California the unique authority to set vehicle pollution standards that are more stringent than the federal standards. California was the first state in the nation to set vehicle pollution standards in an effort to combat the state's notoriously bad air quality. When the Clean Air Act was originally enacted, Congress recognized California's unique role and allowed the California Air Resources Board (CARB) to set standards under section 209 of the Clean Air Act.

California enacted legislation in 2002 directing CARB to develop global warming pollution standards for light-duty vehicles, which were finalized in 2004.

Other states are able to adopt the California standards in lieu of the federal standards under section 177 of the Clean Air Act. Currently, 13 other states and the District of Columbia follow the state standards, representing nearly 40% of new vehicles sold in the United States. These states are required to adopt identical standards to those established by CARB, ensuring that there are just two alternatives - a baseline federal requirement and a stronger state requirement - instead of multiple standards.

Phase I of the National Program: Model Year 2012-2016

The first phase of the National Program was finalized in April 2010 after a 12-month regulatory process. These standards were supported by automakers, state regulators, the UAW, environmental organizations and other stakeholders. Overall, phase I of the National Program represented a 23 percent improvement in new vehicle pollution standards, an average annual improvement of nearly 5 percent.

EPA established global warming pollution standards targeting a new vehicle average of 250 grams per mile for model year (MY) 2016 vehicles. NHTSA set fuel efficiency standards which target a new vehicle average of 34.1 miles per gallon in MY2016. These two standards reflect a harmonized level of stringency. CARB agreed to accept compliance with the National Program as compliance with its standards even though the federal standards are weaker until 2016.

Phase II of the National Program: Model Year 2017-2025

Building on the success of the first phase of the National Program, President Obama announced plans in May 2010 to extend the program with a second phase covering new light-duty vehicles sold in model years 2017-2025. The time period of the standards was chosen to provide greater certainty and incentives for long-term innovation by automobile manufacturers. This announcement was once again supported by the wide-range of stakeholders, including the auto industry.

The agencies have already released a Notice of Intent (NOI) to set standards as well as an initial technical assessment report demonstrating that the technology exists to cost effectively reduce new vehicle global warming pollution by up to 6% per year – a level equivalent to approximately 143 grams per mile and a CAFE average of about 60 miles per gallon by 2025.

The three agencies will continue to refine their analysis using the latest information on technology cost and potential, leading to a joint Notice of Proposed Rulemaking (NPRM) from EPA and NHTSA and an Initial Statement of Reasons (ISOR) from CARB in September 2011. Following CARB's rulemaking procedures, the board will hold a public hearing to finalize its standards after the ISOR has been available for at least 45 days. CARB leadership has continued to state and demonstrate its desire to maintain the National Program. EPA and NHTSA are scheduled to issue final standards by July 2012.

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

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