

THE LONG AND WINDING ROAD TO HARMONIZATION

1999

During the Clinton Administration, private non-governmental organizations (NGOs) unsuccessfully filed a petition requesting that the Environmental Protection Agency (EPA) issue rules regulating four greenhouse gases (GHG) emitted from new motor vehicles.

2004

The California Air Resources Board (CARB) issued its own greenhouse gas regulations, which required reductions in vehicle emissions of all Model Year (MY) 2009 - 2016 vehicles.

The auto industry and dealer groups brought legal challenges to the CARB standards claiming both CAA and federal fuel economy law (CAFE) preemption and violation of state administrative law.

2007

A number of states, local governments, and environmental organizations sought further review of the EPA's 1999 decision in the Supreme Court of the United States (SCOTUS).

The Supreme Court ruled in a 5-4 decision that the Clean Air Act did provide the authority to the EPA to regulate GHG as "air pollutants," reversing the EPA's denial of the petition.

2009

The EPA responded to the Supreme Court's Mass vs EPA ruling by issuing an "endangerment" finding. They also started developing its own regulations to establish a light duty vehicle fuel economy program under the CAA.

In May of 2009, President Obama announces the need for a single National Program to increase the fuel economy and reduce GHG emissions from passenger cars and light trucks. The "One National Program" was designed to harmonize differing government-mandated vehicle standards. These separate standards would remain in place, but would be harmonized and coordinated under the one national program, with the goal of creating a single set of obligations for vehicle manufacturers to meet.

2010

In response to Obama's call for One National Program, California announced its commitment to allow auto manufacturers whose fleets meet the National Program standards to be "deemed in compliance" to the state's standards. For its part in supporting the National Program, the auto industry dropped its legal challenges to the CARB standards.

2012

On August 28, 2012, the Obama Administration issued Phase II of the One National Program. The MY2017-2025 GHG and CAFE standards increase the fleet average of 35.5 mpg by MY2016 to 54.5 mpg by MY2025. Phase II also included a mid-term review for MY2022-225, known as the Mid-Term Evaluation (MTE).

MID-TERM EVALUATION

The EPA recognized that Automobile manufacturers need adequate lead time to develop vehicles that meet any new standards and setting MPG targets 10+ years in the future creates uncertainty about the upcoming vehicle market the MTE was established to provide flexibility in the standards. Also, under law, NHTSA cannot set standards more than 5 years at a time.

2017

On January 13, the Obama EPA issued a "final determination" essentially keep in place vehicle emissions standards for MY2022-2025. The EPA's action was concluded over 14 months in advance of the deadline stated in the 2012 rule and effectively eliminated the MTE. CARB also prematurely ended its mid-term review process with a board hearing that concluded no change in the future standards was necessary.

On March 15, 2017 the Trump EPA and Department of Transportation issued a notice stating an intent to reconsider the Final Determination on auto emissions standards for MY2022-25 to include "commonsense" changes to protect automakers' jobs. The notice indicated that EPA would coordinate with NHTSA on the revised final determination. The EPA must issue a decision on whether it will seek to change MY2022-2025 standards no later than April 1, 2018.

NEXT STEPS:

HARMONIZATION:

It is important to note that the MY2017-2021 standards are already established and are not affected by the MTE. In 2012 there was a recognition that regulatory/statutory modification might be needed in order for the two federal programs to work in concert. Without resolving the legal discrepancies inherent within the two federal regulations, the MTE process unfortunately will start with an unworkable program. It is difficult to see a path that regulators, the auto industry and stakeholders can develop to address revisions to the MY 2022-2025 program, if we can't address the required statutory changes for the industry to reasonably achieve the standards through MY 2021.

MANAGED SOLUTIONS:

The auto industry is working with the UAW and Congress on legislation to fix the Harmonization problem. Legislation has been introduced in the House and the Senate that would provide the authority to better harmonize the EPA and NHTSA programs. The auto industry is committed to the 2012 joint EPA/NHTSA GHG program and will work with all appropriate stakeholders to ensure that the nation's fuel economy continues to improve to the most maximum feasible approach. Working together, the industry, stakeholders and government officials need the commitment to correct the statutory hurdles which keep the current rule from being a true "One National Program." We also need to thoughtfully participate in the MTE process to ensure that we are providing consumers the greatest value going forward. Delaying legislative solutions will only increase the fines paid by some manufacturers through 2021 with no additional environmental benefit. Walking away from the MTE process will put at risk the continued existence of the national fuel economy program – as well as the benefits it has provided to the environment, the certainty to the industry, and the value for workers and consumers alike.