



U.S. DEPARTMENT OF TRANSPORTATION & U.S. ENVIRONMENTAL PROTECTION AGENCY

NEWS RELEASE



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U.S. DOT and EPA Propose Fuel Economy Standards for MY 2021-2026 Vehicles

WASHINGTON - Today, the U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) and the U.S. Environmental Protection Agency (EPA) released a notice of proposed rulemaking, the *Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks* (SAFE Vehicles Rule), to correct the national automobile fuel economy and greenhouse gas emissions standards to give the American people greater access to safer, more affordable vehicles that are cleaner for the environment.

The SAFE Vehicles Rule is the next generation of the Congressionally mandated Corporate Average Fuel Economy (CAFE) and Light-Duty Vehicle Greenhouse Gas Emissions Standards. This Notice of Proposed Rulemaking (NPRM) is the first formal step in setting the 2021-2026 Model Year (MY) standards that must be achieved by each automaker for its car and light-duty truck fleet.

In today's proposal, NHTSA and EPA are seeking public comment on a wide range of regulatory options, including a preferred alternative that locks in MY 2020 standards through 2026, providing a much-needed time-out from further, costly increases. The agencies' preferred alternative reflects a balance of safety, economics, technology, fuel conservation, and pollution reduction. It is anticipated to prevent thousands of on-road fatalities and injuries as compared to the standards set forth in the 2012 final rule. The joint proposal initiates a process to establish a new 50-state fuel economy and tailpipe carbon dioxide emissions standard for passenger cars and light trucks covering MY 2021 through 2026.

"There are compelling reasons for a new rulemaking on fuel economy standards for 2021-2026," said Secretary Elaine L. Chao. "More realistic standards will promote a healthy economy by bringing newer, safer, cleaner and more fuel-efficient vehicles to U.S. roads and we look forward to receiving input from the public."

"We are delivering on President Trump's promise to the American public that his administration would address and fix the current fuel economy and greenhouse gas emissions standards," said EPA Acting Administrator Andrew Wheeler. "Our proposal aims to strike the right regulatory balance based on the most recent information and create a 50-state solution that will enable more Americans to afford newer, safer vehicles that pollute less. More realistic standards can save

lives while continuing to improve the environment. We value the public’s input as we engage in this process in an open, transparent manner.”

The current standards have been a factor in the rising cost of new automobiles to an average of \$35,000 or more—out of reach for many American families. Indeed, compared to the preferred alternative in the proposal, keeping in place the standards finalized in 2012 would add \$2,340 to the cost of owning a new car, and impose more than \$500 billion in societal costs on the U.S. economy over the next 50 years.

Additionally, a 2018 [government study](#) by NHTSA shows new model year vehicles are safer, resulting in fewer deaths and injuries when involved in accidents, as compared to older models. Therefore, the Administration is focused on correcting the current standards that restrict the American people from being able to afford newer vehicles with more advanced safety features, better fuel economy, and associated environmental benefits.

On April 2, 2018, the EPA issued the Mid-Term Evaluation Final Determination which found that the MY 2022-2025 GHG standards are not appropriate and should be revised. For more than a year, the agencies worked together to extensively analyze current automotive and fuel technologies, reviewed economic conditions and projections, and consulted with other federal agency partners to ensure the most reliable and accurate analysis possible.

NHTSA and EPA are seeking public feedback to ensure that all potential impacts concerning today’s proposal are fully considered and hope to issue a final rule this winter.

The public will have 60 days to provide feedback once published at the Federal Register. Details can be found at www.NHTSA.gov/SAFE and EPA’s [website](#).

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Make Cars Great Again

The Trump administration plan for correcting fuel-economy standards.

The Wall Street Journal

By: Elaine L. Chao and Andrew Wheeler

Aug. 1, 2018 8:40 p.m. ET

During a visit to Detroit last year, President Trump announced his administration would assess and correct the current vehicle fuel-economy standards, which impose significant costs on American consumers and eliminate jobs. The administration is continuing to deliver on that promise. On Thursday the Transportation Department and Environmental Protection Agency are announcing a joint proposal to update the national automobile fuel-economy and greenhouse-gas standards to give consumers greater access to safer, more affordable vehicles, while continuing to protect the environment.

The joint proposal lays out eight options for new national fuel-economy standards for model years 2021-26. All interested parties are asked to weigh in with their views. The goal is to get it right—to create one national standard that is technologically feasible and economically practicable, while promoting energy conservation, furthering other environmental goals, and preserving consumer choice. The administration's proposed option would lock in the 2020 standards until 2026, because the analysis of our agencies suggests that those standards strike the appropriate regulatory balance between vehicle improvements, environmental benefits and safety.

There are compelling reasons for a new rulemaking. The standards implemented by the previous administration raised the cost and decreased the supply of newer, safer vehicles. The government also previously failed to conduct a midterm review in the manner promised. Customers' preferences have also changed since the current standards were introduced.

The 2012 standards were designed to encourage the development and sale of electric vehicles. Today electric vehicles are only about 1.5% of new vehicles sold. Some data conclude that nearly half of consumers who purchase an electric car do not buy another because of challenges with range and recharge times. Yet to meet the previous

administration's fuel-economy and greenhouse-gas standards, manufacturers would have to produce vehicle lineups that are 30% electric or more over the next seven years—far more vehicles than buyers are likely to want.

Further, the effect of the last administration's standards was to subsidize these expensive electric vehicles at the expense of affordable traditional cars and trucks. Our goal is to ensure that consumers have a variety of safe, fuel-efficient choices so they can decide for themselves which options suit them best. This includes electric vehicles, for those who want them.

Already, the standards have helped drive up the cost of new automobiles to an average of \$35,000—out of reach for many American families. Compared with the preferred alternative outlined in the proposal, keeping in place the standards finalized in 2012 would add \$2,340 to the cost of owning a new car and impose more than \$500 billion in societal costs on the U.S. economy over the next 50 years.

Due to these increased costs, Americans are holding on to their older, less-safe vehicles longer and buying older-model vehicles. The average vehicle on the road today is 12 years old, and data from the National Highway Traffic Safety Administration shows passengers are likelier to be killed in older vehicles than newer ones. In each of the past two years, more than 37,000 lives were lost on our roads. A key goal of this rulemaking is to reduce the barriers to enabling Americans to purchase newer, safer, cleaner cars.

The EPA and the Transportation Department spent the past year gathering data and meeting with safety, environmental, and industry groups. This information was used to assess how fuel-economy requirements affect affordability, safety, jobs, pollution, the economy and our country's energy needs. In terms of greenhouse-gas emissions and climate change, the last administration admitted its requirements would have minimal impacts. None of the options outlined in this administration's proposed rule would have more than a negligible environmental impact either. This transparent, inclusive process is critical to creating one national standard that enhances safety and affordability while protecting the environment.

Ms. Chao is transportation secretary. Mr. Wheeler is acting EPA administrator.



**U.S. DEPARTMENT OF TRANSPORTATION
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Overview

Today, the U.S. Department of Transportation’s National Highway Traffic Safety Administration (NHTSA) and the U.S. Environmental Protection Agency (EPA) released a notice of proposed rulemaking, the *Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks* (SAFE Vehicles Rule).

The *SAFE Vehicles Rule* is the next generation of the Congressionally-mandated Corporate Average Fuel Economy (CAFE) and Light-Duty Vehicle Greenhouse Gas Emissions Standards. This Notice of Proposed Rulemaking (NPRM) is the first formal step in setting the 2021-2026 Model Year (MY) standards that must be achieved by each automaker for its car and light-duty truck fleet.

In today’s proposal, NHTSA and EPA are seeking public comment on a wide range of regulatory options to establish new or revised fuel economy and tailpipe carbon dioxide emissions standards for passenger cars and light trucks covering MY 2021 through 2026.

The proposal highlights the agencies’ preferred alternative, which is based on extensive research and analysis. The preferred alternative would retain the MY 2020 standards (specifically, the “footprint”¹ or “size-based” target curves for passenger cars and light trucks) for both programs through MY 2026.

The automotive industry has achieved tremendous gains in fuel economy over the past decade and increases will continue through MY 2020. The agencies’ preferred alternative reflects a balance of safety, economics, technology, fuel conservation, and pollution reduction. The preferred alternative is anticipated to prevent thousands of on-road fatalities and injuries as compared to the standards set forth in the 2012 final rule. The preferred alternative is also expected to improve vehicle affordability leading to increased use of newer, safer, cleaner and more efficient vehicles.

Benefits of the Preferred Alternative

- Estimated reduction of up to 1,000 lives lost annually in fatal vehicle crashes
- \$2,340 reduction in the average ownership cost of new vehicles
- \$500 billion in cost savings for the U.S. economy

Background and History

NHTSA sets and enforces the CAFE standards, while EPA calculates average fuel economy levels for manufacturers, and sets related reducing greenhouse gas (GHG) emissions standards.

¹ “Footprint” refers to the square footage of a vehicle measured by the contact points between the four tires and the ground.

NHTSA establishes CAFE standards through its authorities provided under the *Energy Policy and Conservation Act of 1975*, as amended by the *Energy Independence and Security Act of 2007*, while EPA establishes GHG emissions standards under the *Clean Air Act*, as amended.

On April 2, 2018, the EPA issued the Mid-Term Evaluation Final Determination which found that the MY 2022-2025 GHG standards are not appropriate and should be revised. For more than a year, the agencies worked together to extensively analyze current automotive and fuel technologies, reviewed economic conditions and projections, and consulted with other federal agency partners to ensure the most reliable and accurate analysis possible.

The joint proposal outlines a preferred alternative based on all of the above mentioned factors. However, the proposal also requests comment on a broad range of options. In addition to the preferred scenario, several of the options proposed for public comment include fuel economy increases that range from 0.5% per year for both passenger vehicles and light trucks up to 2% per year for passenger vehicles and 3% per year for light trucks.

Comments and Public Meetings

Interested parties should consult the Federal Register notice for this proposal for more information about how to submit comments and for information about public hearings that may be held.

A copy of the Federal Register notice can be found on the NHTSA or EPA websites listed below.

Additional Information

For more information, please visit <http://www.nhtsa.gov/> or <http://www.epa.gov/>.



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MYs 2021-2026 CAFE Proposal - by the Numbers

All quantities compared to standards issued in 2012

Calculated based on "Preferred Alternative" Option in NPRM

Consumer Impacts

Increased vehicle affordability leading to increased driving of newer, safer, more efficient, and cleaner vehicles.

- **A \$2,340 reduction** in overall average vehicle ownership costs for new vehicles
 - **\$1,850 reduction** in the average required technology costs
 - **\$490 reduction** in ownership costs for financing, insurance, and taxes
- **Over 12,000** fewer crash fatalities over the lifetimes of all vehicles built through MY 2029
 - **Up to 1,000** lives saved annually

Manufacturer Impacts

Reduced regulatory costs and burdens. Increased new vehicle sales.

- **\$252.6 billion** reduction in regulatory costs through MY 2029.
- **1 million** additional new vehicle sales through MY 2029.
- **Reduction from 56% to 3%** in the percentage of hybrid vehicles needed to comply in MY 2030.
- **37.0 mpg** projected overall industry average required fuel economy in MYs 2021-2026, **compared to 46.7 mpg** projected requirement in MY 2025 under standards issued in 2012

Overall Impacts:

Under the preferred alternative, there will be lower costs, thousands of lives saved, and minimal impact to fuel consumption and the environment

- **Over \$500 billion** reduction in societal costs over the lifetimes of vehicles through MY 2029
 - Technology costs: \$252.6 billion
 - Costs attributable to additional fatalities: \$77.1 billion
 - Costs attributable to additional injuries: \$120.4 billion
 - Costs attributable to additional congestion and noise: \$51.9 billion
- **\$176 billion** in societal **net benefits**
- **2-3%** increase in daily fuel consumption
 - About **0.5 million barrels** per day increase in fuel consumption
- **Increase from 789.11 ppm to 789.76 ppm** in atmospheric CO₂ concentration in 2100
 - **3/1,000^{ths}** of a **degree Celsius** increase in global average temperature in 2100
 - **8/100^{ths}** of a **percent** increase in atmospheric CO₂ concentration in 2100
- **No noticeable** impact to net emissions of smog-forming or other "criteria" or toxic air pollutants



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EPCA PREEMPTION

We will have a single set of national fuel economy standards because Federal law preempts any different standards that a State may try to impose.

- The Energy Policy and Conservation Act of 1975 (EPCA) requires NHTSA to set national fuel economy standards for new motor vehicles and includes an express preemption provision:

“When an average fuel economy standard prescribed under this chapter is in effect, a State or a political subdivision of a State may not adopt or enforce a law or regulation **related to** fuel economy standards or average fuel economy standards for automobiles covered by an average fuel economy standard under this chapter.”¹

- The tailpipe carbon dioxide (CO₂) limits and zero emission vehicle (ZEV) mandate imposed by California and other States “relate to” fuel economy standards because CO₂ is the primary byproduct of gasoline fuel combustion and compliance with the California rules and the Federal CAFE standards is assessed on the same basis: by measuring carbon emissions.
 - In the 2012 rulemaking, EPA and NHTSA stated that “the relationship between improving fuel economy and reducing CO₂ tailpipe emissions is a very direct and close one” because “[t]he amount of those CO₂ emissions is essentially constant per gallon combusted of a given type of fuel.”

The CAA waiver previously granted to California does not affect EPCA preemption.

- The Clean Air Act (CAA) also preempts States from enforcing vehicle emissions standards, but it provides that the EPA Administrator may “waive application of *this section*” [the CAA preemption provision] to California.² EPA granted California a preemption waiver for its tailpipe CO₂ emissions standards in 2009.
- Since the CAA waiver only applies to a specific preemption section of the CAA, it has no effect on EPCA preemption, which has no such waiver provision. No Administration has formally interpreted EPCA’s preemption provision otherwise.

No Federal appellate court has yet addressed this preemption question, and the stronger legal arguments favor preemption.

¹ Now codified at 42 U.S.C §32919 (emphasis added).

² 42 U.S.C. § 7543.

- When the automakers and dealers previously challenged California's tailpipe CO₂ limits on preemption grounds, two district courts held that the California rules would *not* be preempted if California was granted a CAA waiver. *Green Mountain Chrysler* and *Central Valley Chrysler-Jeep*.³ The automakers appealed; both cases were fully briefed in the 2d and 9th Circuits; and the U.S. filed an amicus brief supporting preemption and joined the automakers in oral argument.
- Before any decision by the Courts of Appeals, the Obama administration, the California Air Resources Board, and the automakers reached agreement on a joint set of standards, and the automakers dismissed their appeals as a condition of the national agreement.

³ *Green Mountain Chrysler v. Crombie*, 508 F. Supp. 2d 295 (D. Vt. 2007); *Central Valley Chrysler-Jeep, Inc. v. Goldstene*, 529 F. Supp. 2d 1151 (E.D. Cal. 2007), *as corrected* (Mar. 26, 2008).



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MYs 2021-2026 SAFE Vehicles Rule Proposal – Compliance Flexibilities

Compliance with NHTSA’s CAFE and EPA’s CO₂ standards is measured as a fleet-wide average. Compliance depends on two things: first, how well any given vehicle model performs relative to its target; second, how many of each vehicle model a manufacturer sells.

While no given model needs to precisely meet its target if a manufacturer finds itself producing and selling large numbers of vehicles that fall well short of their targets, it will have to find a way of offsetting that shortfall, either by increasing production of vehicles that overperform their targets, or by taking advantage of compliance flexibilities.

Compliance flexibilities for the CAFE and CO₂ programs have a great deal of theoretical attractiveness: if properly designed, they can help to reduce overall regulatory costs while maintaining or improving programmatic benefits. If poorly constructed, they create significant potential for market distortion. To the extent that there is a market demand for vehicles with lower CO₂ emissions and higher fuel economy, compliance flexibilities may create competitive disadvantages for some manufacturers if they become overly reliant on flexibilities rather than simply improving their vehicles’ performance to meet that market demand.

If standards are set at levels that are genuinely appropriate and maximum feasible, then the need for extensive compliance flexibilities should be low.

One category of compliance flexibilities includes credit mechanisms for **overcompliance** with the standards.

- These include the ability to carry credits back to past model years or forward to future model years, the ability to transfer credits between car and truck fleets, and the ability for manufacturers to trade credits amongst themselves.

Another category of compliance flexibilities are **incentives that address gaps in compliance test procedures**.

- The Energy Policy and Conservation Act requires NHTSA to measure vehicle fuel economy using the 2-cycle test, which does not account for fuel economy gains due to efficient air conditioning systems, or other technologies that cannot be accounted for “on cycle,” such as aerodynamic technologies. NHTSA allows manufacturers to earn “fuel consumption improvement values” for these A/C efficiency and “off cycle” improvements, where the efficiency gains have been quantified in more advanced test procedures. EPA also allows improvements for the same technologies, which are accounted for as “credits” towards compliance.

- The agencies examined two regulatory alternatives that removed the incentives for gaps in compliance test procedures.

A third category of compliance flexibilities are **incentives that encourage the application of specific technologies**, and **incentives that encourage alternative fueled vehicles**.

- For example, for each electric vehicle from model years 2017-2019 sold, EPA gives the automaker credit for selling two such vehicles—thereby increasing fleetwide compliance. Similarly, both agencies provide an incentive for manufacturers that build hybrid or advanced technology pickup trucks.

The agencies discuss all of these flexibilities in the NPRM, and seek public comment on a wide array of options that range from ending these incentives to expanding them.

- On one end of the spectrum, the NPRM requests comment on ending the CAFE credit trading program, and on the alternatives that remove the A/C efficiency and off-cycle improvement provisions.
- On the other end, the NPRM requests comment on extending credit multipliers for advanced technology vehicles, extending the hybrid pickup truck credit provision to all passenger cars and light trucks.
- And, while the agencies previously expressed concerns with providing credits for connected or autonomous vehicles in previous rules, this NPRM provides additional information and requests comment on that issue.

NHTSA and EPA are seeking public comment on a wide range of options—including those relating to the current compliance credit system and to options for curtailing, reforming, or expanding it.



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NHTSA and EPA Proposed SAFE Vehicle Rule

Overview of the Alternatives Analyzed

Today, the U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) and the U.S. Environmental Protection Agency (EPA) released a notice of proposed rulemaking, the *Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks* (SAFE Vehicles Rule).

Agencies typically consider regulatory alternatives in proposals as a way of evaluating the comparative effects of different potential ways of accomplishing their desired goal. To ensure robust public comment, NHTSA and EPA are evaluating eight alternatives.

Alternatives analysis begins with a "no-action" alternative, typically described as what would occur in the absence of any regulatory action. Today's proposal includes a no-action alternative, described below, as well as seven "action alternatives" besides the proposal.

Aside from the no-action alternative, NHTSA and EPA defined the different regulatory alternatives in terms of percent-increases in corporate average fuel economy (CAFE) and greenhouse gas (GHG) stringency from year to year. Under some alternatives, the rate of increase is the same for both passenger cars and light trucks; under others, the rate of increase differs. Two alternatives also involve a gradual discontinuation of CAFE and average GHG adjustments reflecting the application of technologies that improve air conditioner (A/C) efficiency or, in other ways, improve fuel economy under conditions not represented by long-standing fuel economy test procedures. For increased harmonization with NHTSA CAFE standards, which cannot account for such issues, under Alternatives 1-8, EPA would regulate tailpipe carbon dioxide (CO₂) independently of A/C refrigerant leakage, nitrous oxide (N₂O) and methane (CH₄) emissions.

Under the no-action alternative, EPA would continue to regulate A/C refrigerant leakage, nitrous oxide and methane emissions under the overall CO₂ standard. Like the baseline no-action alternative, all of the alternatives are more stringent than the preferred alternative.

EPA also seeks public comment on retaining the existing credit program for regulation of A/C refrigerant leakage, nitrous oxide, and methane emissions as part of the CO₂ standard.

The agencies have examined these alternatives because the agencies intend to continue considering them as options for the final rule. The agencies seek public comment on these alternatives and on the analysis presented here, seek any relevant data and information, and will review responses. That review could lead the agencies to select one of the other regulatory alternatives for the final rule.

The table below shows the different alternatives evaluated in this proposal.

Regulatory Alternatives Currently under Consideration

Alternative	Change in stringency	A/C efficiency and off-cycle provisions	CO ₂ Equivalent AC Refrigerant Leakage, Nitrous Oxide and Methane Emissions Included for Compliance?
Baseline/ No-Action	MY 2021 standards remain in place; MYs 2022-2025 augural CAFE standards are finalized and GHG standards remain unchanged; MY 2026 standards are set at MY 2025 levels	No change	Yes, for all MYs ¹
1 (Proposed)	Existing standards through MY 2020, then 0%/year increases for both passenger cars and light trucks, for MYs 2021-2026	No change	No, beginning in MY 2021 ²
2	Existing standards through MY 2020, then 0.5%/year increases for both passenger cars and light trucks, for MYs 2021-2026	No change	No, beginning in MY 2021
3	Existing standards through MY 2020, then 0.5%/year increases for both passenger cars and light trucks, for MYs 2021-2026	Phase out these adjustments over MYs 2022-2026	No, beginning in MY 2021
4	Existing standards through MY 2020, then 1%/year increases for passenger cars and 2%/year increases for light trucks, for MYs 2021-2026	No change	No, beginning in MY 2021
5	Existing standards through MY 2021, then 1%/year increases for passenger cars and 2%/year increases for light trucks, for MYs 2022-2026	No change	No, beginning in MY 2022
6	Existing standards through MY 2020, then 2%/year increases for passenger cars and 3%/year increases for light trucks, for MYs 2021-2026	No change	No, beginning in MY 2021
7	Existing standards through MY 2020, then 2%/year increases for passenger cars and 3%/year increases for light trucks, for MYs 2021-2026	Phase out these adjustments over MYs 2022-2026	No, beginning in MY 2021
8	Existing standards through MY 2021, then 2%/year increases for passenger cars and 3%/year increases for light trucks, for MYs 2022-2026	No change	No, beginning in MY 2022

¹ Carbon dioxide equivalent of air conditioning refrigerant leakage, nitrous oxide and methane emissions are included for compliance with the EPA standards for all MYs under the baseline/no-action alternative. Carbon dioxide equivalent is calculated using the Global Warming Potential (GWP) of each of the emissions.

² Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions may be regulated independently by EPA. The GWP equivalent of each of the emissions would no longer be included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Also, EPA seeks public comments on whether to proceed with this proposal to discontinue accounting for A/C leakage, methane emissions, and nitrous oxide emissions as part of the CO₂ emissions standards to provide for better harmony with the CAFE program or whether to continue to consider these factors toward compliance and retain that as a feature that differs between the programs. EPA seeks comment on whether to change existing methane and nitrous oxide standards that were finalized in the 2012 rule. Specifically, EPA seeks information from the public on whether the existing standards are appropriate, or whether they should be revised to be less stringent or more stringent based on any updated data.

The agencies are providing a short narrative of the alternatives below.

No-Action Alternative

The No-Action Alternative applies the augural CAFE and final GHG targets announced in 2012 for MYs 2021-2025. For MY 2026, this alternative applies the same targets as for MY 2025. Carbon dioxide equivalent of air conditioning refrigerant leakage, nitrous oxide, and methane emissions are included for compliance with the EPA standards for all model years under the baseline/no-action alternative.

Alternative 1 (Proposed)

Alternative 1 holds the stringency of targets constant and MY 2020 levels through MY 2026. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 2

Alternative 2 increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 0.5% for passenger cars and 0.5% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 3

Alternative 3 phases out A/C and off-cycle adjustments and increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 0.5% for passenger cars and 0.5% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 4

Alternative 4 increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 1.0% for passenger cars and 2.0% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 5

Alternative 5 increases the stringency of targets annually during MYs 2022-2026 (on a gallon per mile basis, starting from MY 2021) by 1.0% for passenger cars and 2.0% for light trucks. Beginning in MY 2022, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 6

Alternative 6 increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 2.0% for passenger cars and 3.0% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 7

Alternative 7 phases out A/C and off-cycle adjustments and increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 1.0% for passenger cars and 2.0% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 8

Alternative 8 increases the stringency of targets annually during MYs 2022-2026 (on a gallon per mile basis, starting from MY 2021) by 2.0% for passenger cars and 3.0% for light trucks. Beginning in MY 2022, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.



**U.S. DEPARTMENT OF TRANSPORTATION
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PROPOSED CALIFORNIA WAIVER WITHDRAWAL

What is the proposed action on the California Waiver?

- The Clean Air Act (CAA) generally preempts state regulation of motor vehicles.
- California is specially empowered to apply for a waiver from this preemption, and EPA grants it unless certain blocking conditions are triggered.
- EPA is proposing to withdraw the January 9, 2013 waiver of CAA preemption for California's Advanced Clean Car (ACC) program, Zero Emissions Vehicle (ZEV) mandate, and Greenhouse Gas (GHG) standards that are applicable to model years 2021 through 2025.

What is the proposed legal basis for withdrawing the California Waiver?

- Under CAA section 209(b)(1)(B) (compelling and extraordinary conditions), EPA proposes to find that California does not need its GHG and ZEV standards to meet compelling and extraordinary conditions because:
 - those standards address environmental problems that are not particular or unique to California;
 - that are not caused by emissions or other factors particular or unique to California; and
 - for which the standards will not provide any remedy particular or unique to California.
- Under CAA section 209(b)(1)(C) (consistency with section 202(a)), EPA proposes to find that California's GHG and ZEV standards are inconsistent with section 202(a) because they are technologically infeasible in that they provide insufficient lead time to permit the development of necessary technology, giving appropriate consideration to compliance costs.
- Furthermore, NHTSA has proposed to find that California's GHG and ZEV standards are preempted under EPCA. EPA is soliciting public comment as to whether, if NHTSA finalizes EPCA preemption, that would provide a separate basis to withdraw the waiver separate and apart from the analysis described below.

What is the statutory basis for state preemption of new motor vehicle emission standards and the criteria to grant or deny a waiver?

- Section 209(a) of the CAA provides that: “No State or any political subdivision thereof shall adopt or attempt to enforce any standard relating to the control of emissions from new motor vehicles or new motor vehicle engines subject to this part. No State shall require certification, inspection or any other approval relating to the control of emissions from any new motor vehicle or new motor vehicle engine as condition precedent to the initial retail sale, titling (if any), or registration of such motor vehicle, motor vehicle engine, or equipment.”
- However, Title II affords special treatment to California: subject to certain conditions, it may obtain from EPA a waiver of section 209(a) preemption.
- Specifically, section 209(b)(1) of the CAA requires the Administrator, after an opportunity for public hearing, to waive application of the prohibitions of section 209(a) to California, if California determines that its State standards will be, in the aggregate, at least as protective of public health and welfare as applicable Federal standards.
- Under section 209(b)(1) of the CAA, California’s ability to obtain a waiver is not unlimited. The statute provides that “no such waiver will be granted” if the Administrator finds *any* of the following:
 - (A) [California’s] determination [that its standards in the aggregate will be at least as protective] is arbitrary and capricious,
 - (B) [California] does not need such State standards to meet compelling and extraordinary conditions, *or*
 - (C) such State standards and accompanying enforcement procedures are not consistent with section [202(a)].

Also, EPA seeks public comments on whether to proceed with this proposal to discontinue accounting for A/C leakage, methane emissions, and nitrous oxide emissions as part of the CO₂ emissions standards to provide for better harmony with the CAFE program or whether to continue to consider these factors toward compliance and retain that as a feature that differs between the programs. EPA seeks comment on whether to change existing methane and nitrous oxide standards that were finalized in the 2012 rule. Specifically, EPA seeks information from the public on whether the existing standards are appropriate, or whether they should be revised to be less stringent or more stringent based on any updated data.

The agencies are providing a short narrative of the alternatives below.

No-Action Alternative

The No-Action Alternative applies the augural CAFE and final GHG targets announced in 2012 for MYs 2021-2025. For MY 2026, this alternative applies the same targets as for MY 2025. Carbon dioxide equivalent of air conditioning refrigerant leakage, nitrous oxide, and methane emissions are included for compliance with the EPA standards for all model years under the baseline/no-action alternative.

Alternative 1 (Proposed)

Alternative 1 holds the stringency of targets constant and MY 2020 levels through MY 2026. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 2

Alternative 2 increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 0.5% for passenger cars and 0.5% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 3

Alternative 3 phases out A/C and off-cycle adjustments and increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 0.5% for passenger cars and 0.5% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 4

Alternative 4 increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 1.0% for passenger cars and 2.0% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 5

Alternative 5 increases the stringency of targets annually during MYs 2022-2026 (on a gallon per mile basis, starting from MY 2021) by 1.0% for passenger cars and 2.0% for light trucks. Beginning in MY 2022, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 6

Alternative 6 increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 2.0% for passenger cars and 3.0% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 7

Alternative 7 phases out A/C and off-cycle adjustments and increases the stringency of targets annually during MYs 2021-2026 (on a gallon per mile basis, starting from MY 2020) by 1.0% for passenger cars and 2.0% for light trucks. Beginning in MY 2021, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.

Alternative 8

Alternative 8 increases the stringency of targets annually during MYs 2022-2026 (on a gallon per mile basis, starting from MY 2021) by 2.0% for passenger cars and 3.0% for light trucks. Beginning in MY 2022, air conditioning refrigerant leakage, nitrous oxide, and methane emissions are no longer included with the tailpipe CO₂ for compliance with tailpipe CO₂ standards.