



Testimony of Jesse Prentice-Dunn
Green Transportation Campaign
Sierra Club
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US Environmental Protection Agency
National Highway Traffic Safety Administration

Proposed Rulemaking to Establish Light-Duty Vehicle Greenhouse Gas
Emission Standards and Corporate Average Fuel Economy Standards;
Docket ID No. EPA-HQ-OAR-2009-0472

Thank you for the opportunity to testify today. I am Jesse Prentice-Dunn, Associate Washington Representative with Sierra Club's Green Transportation Campaign in Washington, DC. On behalf of the Sierra Club's 1.3 million members and supporters, I applaud EPA and NHTSA for taking the biggest single step to reduce greenhouse gas emissions by accelerating fuel economy standards and proposing new greenhouse gas standards for motor vehicles.

This Administration is taking critical steps to reduce US global warming pollution through this and other rules, including the endangerment finding and granting the California waiver. Sierra Club is tracking all of these rules as part of the Big Picture that will move our country towards a clean energy future and demonstrate to the world that the US is acting now to tackle global warming pollution.

The proposed standards deliver on the goals laid out by President Obama in his May 19 announcement. They will reduce greenhouse gas emissions by 950 million metric tons – the equivalent of shutting 205 coal power plants for a year, or keeping nearly 5 million railcars worth of coal in the ground. At the same time, more efficient vehicles will save 1.8 billion barrels of oil and save the average consumer \$3,000 over the life of a 2016 model year vehicle.

Perhaps most importantly for today, as we're in Detroit, these standards will provide automakers with the direction they need to become leaders in efficient vehicles and make Detroit the epicenter of a green industry. These standards acknowledge that our automakers have technologies on the shelf to safely improve fuel economy. Technologies such as Ford's EcoBoost engine, continuously variable transmissions, and high strength, light weight materials will provide consumers with the safe, clean vehicles they deserve. The proposed standards will ensure that these technologies are put to work now and lead to the development and deployment of even more advanced technologies.

There are several key issues that EPA and NHTSA must address, both to deliver on the President's goals and to establish a strong foundation for improvements beyond 2016. I will address several points here and we will be submitting more detailed written comments for the record.

First, EPA and NHTSA should include an automaker-specific automatic ratchet backstop in the final standards to ensure that 2016 targets are hit. The substantial amount of available credits, the potential for backsliding along the attribute curves, and assumptions about future fleet mix create the need for a mechanism that ensures we will achieve the emissions reductions and oil

savings goals laid out in the proposed standards and the President's announcement. There are several ways such a backstop can be structured and we urge EPA, in particular, to use its authority under the Clean Air Act to develop a mechanism that will fairly keep automakers on track.

Second, the emissions associated with plug-in electric vehicles cannot be ignored. Although electric vehicles emit no global warming pollution while driving, producing the electricity to power them certainly does. Battery electric and plug-in hybrid electric vehicles can provide significant reductions in emissions with a cleaner electrical grid and we should be encouraging the development and deployment of battery technologies. However, we should consider whether there are better ways to incentivize electric vehicles than ignoring the upstream emissions from electricity generation in a program designed to reduce greenhouse gas emissions. As electric vehicle production and use are expanded, and in future rounds of standards, it is critical that EPA and NHTSA treat electric vehicles in an accurate manner.

In this rulemaking, EPA should measure the average emissions from the national grid and combine that value with vehicle efficiency to obtain a more accurate measure of each electric vehicle's performance. While Sierra Club is not proposing a certain value for grid emissions, a recent report by American Solar Energy Society, sponsored by Sierra Club, estimated that on average, electric vehicles emit 42% less greenhouse gases per mile than conventional vehicles.

Additionally, we urge EPA to limit advanced technology vehicle credits. When combined with a compliance value of 0 grams/mile, advanced technology vehicle credits could allow automakers that produce a moderate number of electric vehicles to meet a significant portion of their compliance obligation in 2016 with advanced technology vehicle credits. These credits could enable manufacturers to produce less efficient (and more polluting) models in their fleets and slow the deployment of conventional technologies that can boost fuel economy and lower emissions now, when emissions reductions are most needed. EPA must ensure that all credits amount to real reductions – creating an unreal 0 emission value could undermine the program. If EPA is going to apply a multiplier we urge that it start no higher than 1.2 in model year 2012 and phase out by 2016. EPA should be very clear that this multiplier will not be continued in the next round of standards and be clear on how it plans to measure emissions from these vehicles.

Third, early action credits should be limited. These credits for vehicles sold between model years 2009-2011 will be awarded to vehicles that were designed prior to the proposed standards. We support the EPA in wanting to avoid windfall credits. If early credits are to be allowed, automakers should be required to declare which pathway they will use before accruing credits, not at the end of 2011. Further, early credits should be based on the most stringent standard for the purposes of earning credits. In several years, California's Pavley standards are lower than federal CAFE standards. Automakers should be held to the most stringent standard that applies.

Fourth, EPA and NHTSA should clarify the approach to setting standards. As we know, the proposed standards of 250 g/mi and 34.1 mpg are the result of an agreement; however, future rounds of standards will likely not be bound by a similar agreement and in fact both agencies should ensure that future standards maximize the application of cost-effective technologies to vehicles and consumer savings at the pump. The Clean Air act is a technology forcing statute and we urge EPA to clearly note the transitional aspect of these standards in the final rule.

These standards will move us from one standard aimed at reducing oil consumption, to a broader National Program that also guarantees greenhouse gas emissions reductions. The proposed National Program sets the table for future standards that can finally break our dependence on oil and create substantially cleaner vehicles.

We applaud EPA for its efforts to make compliance with the National Program more transparent. The public should be able to track and fully understand how automakers are complying with the standards. The CAFÉ system has made it virtually impossible to track how automakers are accruing and using credits. EPA's new program creates an array of credits that will, as with CAFE, roll over a 9 year time frame. We urge EPA and NHTSA to take every step possible to make compliance transparent. .

Finally, I would like to comment on the social cost of carbon. We will submit more detailed written comments; however, we would like to underscore the importance of getting this value right in the final rule, as the decisions made here will have far reaching impacts for other rules and policies.

When Sierra Club testified at the Renewable Fuel Standard hearing on June 9th, we urged the administration to take a look at the Big Picture of emissions from the transportation sector – getting standards for vehicles and fuels right as well as reducing how much we drive. As the fuel mix in the US diversifies with more biofuels and unfortunately more Canadian tar sands and other dirty fuels, the impact of emissions from non-conventional fuels on the transportation sector, on a lifecycle basis, must be accounted for to ensure we do not erode the reductions promised from these standards.

In conclusion, Sierra Club applauds EPA and NHTSA for proposing standards that will significantly reduce global warming emissions, cut our dependence on oil, and save consumers money. These standards will provide a path for automakers to become leaders in efficient vehicle technology and can help Detroit become the center of a clean energy economy. Again, on behalf of our members and supporters around the country, we applaud you for strong standards and all of your hard work. Thanks again.