

Auto executives testify at emissions trial

By Candace Page
Free Press Staff Writer

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The litany of "can'ts" continued Friday in U.S. District Court, as DaimlerChrysler executives hammered away at Vermont's greenhouse gas emissions limits, saying American consumers and government policy are big reasons the company's U.S. fleet can't match the fuel economy of its European fleet.

Three company officials reiterated to Judge William Sessions their firm doesn't have the technology, money or lead time to cut greenhouse gas emissions by 30 percent by the 2016 deadline set in the California emissions regulations adopted by Vermont.

They also acknowledged that DaimlerChrysler's European fleet comes closer to meeting the limits by averaging 50 percent better fuel economy than the fleet of cars the company sells in the United States.

"We build into our thought process consumer preference," Reginald Modlin, DaimlerChrysler's director of environmental affairs testified. Americans' preference is for bigger, heavier, gasoline-driven cars. Europeans are willing to buy smaller, lighter, diesel-driven cars.

DaimlerChrysler's European fleet averages 36 miles per gallon; its U.S. fleet, 24 to 25 mpg.

The company, along with General Motors, two industry groups and three Vermont auto dealers, is suing Vermont to overturn the emissions limits. The reductions would begin in 2009 and increase each year until 2016.

Robert Lee, the company's vice president for powertrain engineering -- the department that designs systems that power cars and trucks -- said what Vermont and California are demanding is simply impossible.

"If Governor Schwarzenegger came into your office and said, 'Get off your butt and get working!' could you speed up your four-year lead time" for major technology improvements? auto-industry attorney Andrew Clubok asked Lee.

Clubok was referring to a speech California Gov. Arnold Schwarzenegger made earlier this week, urging automakers to cut greenhouse gas emissions. He was quoted as saying, "What I'm saying to Michigan is, 'Michigan, get off your butt and join us.'"

"It's just not possible," Lee said.

He also testified that improving fuel efficiency about 1.5 percent a year -- slightly better than the 1 percent industry average improvement over the last decade -- is about the limit of what DaimlerChrysler could do.

That would leave the company far short of meeting the 43.7 mpg passenger fleet average it would need to meet the Vermont regulations. While the rules apply to carbon emissions, cutting fuel consumption is considered the only practical way to cut those emissions.

In cross-examining Modlin, an attorney for the defendants -- the state of Vermont and its allies -- introduced DaimlerChrysler testimony that was very different, at least in tone.

In March, Thomas LaSorda, the company CEO, testified before a U.S. House subcommittee on his company's commitment to improving fuel economy and cutting greenhouse gas emissions.

LaSorda listed the half-dozen new technologies his company is using or plans to use to improve fuel economy, including light-duty diesel trucks that emit 20 percent less greenhouse gases.

He said of the company's ability to improve fuel economy year after year, "For those who advocate 4 percent annual ... increases over the next 10 years -- which translates to a 50 percent fuel economy increase -- we know how to do that, too. In fact, we already do it, in Europe."

But in Europe, LaSorda and the DaimlerChrysler executives who testified in Burlington said, gasoline carries a \$5 per gallon tax. Buyers of diesel pay \$1 less. European geography and urbanization also encourages smaller cars, they said.

"They've had expensive oil for a long time, and that has shaped their society," DaimlerChrysler Chief Economist Van Jolissaint told the court Friday. "People will pay for technologies in Europe that they won't pay for here. Our market research shows that in the U.S. customers have to be convinced to pay for diesel. They will not pay a premium."

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DaimlerChrysler says it cannot meet Vt. emissions limits

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An executive of DaimlerChrysler Corp. on Thursday echoed claims made this week by General Motors in U.S. District Court in Burlington, saying his company also doesn't have the technological capacity to produce a fleet of cars that complies with Vermont's greenhouse gas emissions standards.

Instead, DaimlerChrysler would begin limiting the models of cars and trucks it ships to Vermont auto dealers in 2012, Reginald Modlin, director of environmental affairs, testified.

As the emissions limits get tougher in the following years, more models would be dropped, until in 2016 the company would sell only its two-passenger Smart car here, he said.

"We would try to stay in the market as long as we could, then remove product carefully," he said.

Modlin was the chief witness on the third day of the auto industry's court challenge of the greenhouse gas rules written by California and adopted by 10 other states, including Vermont. Those rules call for a 30 percent reduction in emissions by 2016, a target the automakers say would require their passenger car fleet to average 43.7 miles to a gallon.

Vermont, New York and five environmental groups argue that the auto industry as a whole is capable of cutting emissions to meet the rules.

"As it will be shown, the only manufacturers capable of alleging injury are ... General Motors and DaimlerChrysler," the state's legal brief asserts.

Also testifying Thursday was Ron Carpenter, owner of Green Mountain Chrysler-Plymouth-Dodge-Jeep in East Dorset, who is one of three Vermont auto dealers who are parties to the lawsuit.

He testified that his business is heavily weighted to pickup trucks and "I'd be out of business" if DaimlerChrysler stopped supplying him with trucks.

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Technology can't cut emissions fast enough, car makers say

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A General Motors executive Wednesday rejected suggestions that a list of "clean-car" technologies under development would enable his company to meet Vermont's greenhouse gas emissions limits.

Alan Weversted, GM's director of environment and energy, testified for a second day in U.S. District Court in Burlington, where his company and the auto industry are seeking to overturn the state's adoption of tough California limits on emissions that contribute to global climate change.

Weversted said his company believes it is capable of improving fuel economy -- and thus reducing greenhouse gas emissions -- at a rate of 2 percent a year to meet changing federal fuel economy standards for some light-duty trucks.

The California greenhouse gas rules adopted by Vermont require deeper cuts in emissions, about 30 percent by 2016. That translates to mileage standards of 43.7 miles per gallon for passenger cars and about 26.9 miles to a gallon for light trucks. GM cannot meet those standards, he said.

Vermont and its allies -- the state of New York and several environmental groups -- believe carmakers have adequate off-the-shelf and developing technology to comply with the state regulation, their questioning of Weversted indicated.

Under cross-examination, the GM executive was asked about a series of technologies the automaker uses in Europe or has installed in prototype cars and often touts in its "green" marketing campaign. In each case, Weversted said the technology is far from U.S.-production-ready. They included:

"Clean diesel" engines widely used in European cars. While the engines emit less carbon dioxide, they emit smog-forming gases that would violate U.S. standards, Weversted said. GM believes its gasoline-electric hybrid engine will "provide better fuel economy at less cost" than clean diesel, he testified.

A future generation of hybrids known as "plug-ins." The vehicles' batteries can be recharged by plugging them into an electrical outlet. Adequate batteries have not been developed, he said. "We have not proven to ourselves that it will work, that we can make it work," he said.

Hydrogen fuel cell vehicles, with motors run by electricity generated from hydrogen fuel and

oxygen. While GM engineers have a 2011 target to design this zero-emission vehicle, production is further off, Weversted said, and no one has solved the problem of installing hydrogen filling stations.

Ethanol-fueled cars. Problems include making the corn-based fuel available at service stations across the country and meeting smog-emissions standards, he said.

GM faces a particular problem meeting stricter fuel economy limits, Weversted testified, because its fleet is weighted toward bigger cars that tend to get lower gasoline mileage.

The implications of that point were driven home by the testimony of Joe Tornabene, a GM auto dealer in Pownal and one of three Vermont auto dealers who are suing the state.

Tornabene sells 100 to 200 vehicles a year, all of them SUVs or pickups. He described the GMC Sierra truck as "the backbone of our fleet, basically." The Sierra gets 18 to 22 miles per gallon in highway driving, according to GM's web site.

Vermont's emission limits don't require each individual car or truck model to meet an emission standard. Instead, GM's fleet would have to meet the limits, on average. Tuesday, Weversted had testified GM would simply stop selling cars and trucks in Vermont.

Auto industry lawyers used Tornabene's testimony to argue that, even short of removing vehicles from the market, price increases would cut sales and hurt auto dealers.

What if the price of a new truck goes up \$5,000 to cover the cost of new fuel-saving technology, Tornabene was asked?

"It would probably shut us down," he said.