The Business Council for Sustainable Energy®

Energy Efficiency · Natural Gas · Renewable Energy

October 26, 2018

The Honorable Elaine L. Chao
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

The Honorable Andrew Wheeler
Acting Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Docket ID No: EPA-HQ-OAR-2018-0283

Re: Request for Comments on the Safer Affordable Fuel-Efficient Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks

Dear Secretary Chao and Acting Administrator Wheeler:

On behalf of the Business Council for Sustainable Energy, I submit the following comments in response to the Environmental Protection Agency's and National Highways Traffic Safety Administration's proposal to amend existing Corporate Average Fuel Economy (CAFE) emissions standards for passenger cars and light trucks and replace them with new standards in the Safer Affordable Fuel-Efficiency (SAFE) Vehicles rule.

The Business Council for Sustainable Energy is a trade association representing the energy efficiency, natural gas and renewable energy industries. The Council represents a wide range of companies and organizations including utilities, public power, independent power providers, manufacturers, energy service companies, sector trade organizations and others. BCSE members represent a broad portfolio of commercially-available technologies, products and services available to reduce emissions and lower costs while creating jobs and growing the economy. As a broad coalition, not all members endorse or take a position on these comments.

The Council and its members support a consistent, national program that meaningfully reduces emissions from the transportation sector. Transportation emissions regulations should provide long-term investment signals for clean energy, infrastructure, and related technologies on which industry can reasonably rely. The Council has concerns about the SAFE rule because it does not accomplish these goals. The proposed standards remove regulatory signals that the transportation and energy industries have relied on when making investment decisions. In addition to the proposal to freeze the national standards, the Council is also concerned that the proposed regulation revokes the ability of states to go over and above the national baseline.

The Council encourages EPA and NHTSA to take the following into account when finalizing the SAFE rule:

Meaningful Transportation Emissions Reductions are Both Feasible and Necessary

In 2017, the transportation sector overtook electricity generation as the number one source of greenhouse gas emissions in the United States.[1] In fact, transportation related emissions have been on the rise over the past 5 years. As

[1] 2018 *Sustainable Energy in America Factbook*, available at www.bcse.org/sustainableenergyfactbook

the electricity sector continues to decarbonize, it is critical that the transportation sector follow suit if the US is going to meet overall emissions reductions goals. The electricity sector has proven that significant emissions reductions are possible while keeping costs low and creating jobs. The current MY 2021-2026 standards are critical for the same transformation in the transportation sector.

Regulatory Certainty is Critical for Markets and Businesses

The Council encourages EPA and NHTSA to consider that the SAFE rule increases uncertainty for markets and businesses by removing regulatory parameters on which many US companies have relied. The uncertainty is not only around the current state of the regulation, but also around the potential for subsequent administrations to revert back to previous, more stringent standards. Council member industries have been making investments based on the current standards for MY 2021-2026 and to freeze those standards would both create uncertainty for businesses and devalue current investments.

The transportation sector has been making investments based on the agreed-upon regulatory scheme. A number of Council members have made commitments and investments that rely on the current standards. Further, if standards are frozen for 2021-2026, this will result in an even more compressed time frame in which companies and markets must act to reduce emissions before triggering the worst effects of climate change. In addition, maintaining current standards would help insulate the US economy from the uncertainty of the global oil market.

Alternative Fuel Vehicles are Growing Rapidly

Maintaining the current fuel economy standards will also allow all transportation technologies to compete on the basis of emissions reductions. Alternative fuel transportation is innovating and growing at a rapid pace as competition is allowed to take hold. The wide range of vehicle technologies should be encouraged and incentivized by the fuel economy standards. Electric, natural gas, fuel cell, and other alternative fuel vehicles have seen significant increases in adoption in the past several years. Consumer demand for these types of vehicles is also on the rise. In 2017, sales of electric vehicles increased 23 percent and the amount of natural gas used for vehicles rose 4 percent. Hydrogen fueling stations for fuel cell vehicles is expanding rapidly in California, and is taking hold in the Northeast. Utilities across the US are investing in alternative fuel vehicle infrastructure. Additionally, technologies used to make cars more efficient, such as start/stop technology, has increased exponentially, with 16.8 percent of vehicles sold in 2017 using start/stop systems. These systems deliver up to 5 percent fuel savings to convention internal combustion engine vehicles.[2] Renewable natural gas is also increasingly available for use in natural gas vehicles and lowers their emissions profile.

These trends in the alternative vehicle sector, plus complementary technology advancements, means that the US is well positioned to meet the fuel economy goals laid out in the CAFE standards. Backtracking on the MY 2021-2026 standards would hinder this progress and leave the alternative fuel vehicle sector stranded without the regulatory certainty they need.

States Should Remain Free to Set Their Own Standards

The Council opposes the SAFE rule proposal to revoke California's waiver and to preempt California's and other states' GHG and zero emission vehicle standards. This undermines the state's authority as granted by EPA and would result in serious adverse effects to these state programs and interfere with air pollution planning and industry investments. California should be able to keep its waiver, and other states should continue to be allowed to adopt the California standards to protect their air quality.

[2] 2018 Sustainable Energy in America Factbook, available at www.bcse.org/sustainableenergyfactbook

Conclusion

Reducing emissions from the transportation sector will be critical to meeting mid-term and longer-term GHG emission reductions goals. The SAFE rule, as proposed by EPA and NHTSA, would create regulatory uncertainty for markets and businesses that are working towards those goals. It ignores the significant investments already made in alternative fuel vehicles and related infrastructure, as well as the clear successes and potential for cleaner transportation technologies. The proposed rule would also create uncertainty at the state level by preempting the waivers that have already been granted to California and other states. The Council therefore opposes the SAFE rule’s proposed preferred alternative and urges the EPA and NHTSA to maintain the CAFE MY 2021-2026 standards for cars and light duty trucks.

Sincerely,

Lisa Jacobson
President, Business Council for Sustainable Energy