

Testimony of Julia Rege

**Director, Environment & Energy, Association of Global Automakers, Inc. at the
Public Hearing for Reconsideration of the Final Determination of the
Mid-term Evaluation of Greenhouse Gas Emissions Standards for
Model Years 2022-2025 Light-duty Vehicles**

September 6, 2017

Good Morning. I am Julia Rege, Director of Environment & Energy for the Association of Global Automakers, Inc. (“Global Automakers”).¹

Global Automakers represents the United States (U.S.) operations of major international automobile manufacturers and suppliers. Our automakers have invested \$59 billion in U.S. facilities, produced 4.7 million vehicles last year, and directly employ over 100,000 Americans. Our members produce vehicles, engines, transmissions, and other parts at 25 manufacturing plants in 11 states. In 2016, our members sold 64% of new, green vehicles. Our members are committed to creating the safest, cleanest and most technologically advanced vehicles on the road.

I would like to thank you for the opportunity to provide remarks on the Environmental Protection Agency’s (EPA’s) reconsideration of the Final Determination of the model year (MY) 2022-2025 greenhouse gas (GHG) emission standards.²

The need for long-term environmental improvements underscores the importance of these regulations. It also makes good sense: it provides stability and certainty for automakers; it is good for customers, who benefit from efficient and safer technologies; and it helps the environment, both nationally and globally. Moreover, Global Automakers recognizes the need

¹ Global Automakers works with industry leaders, legislators, regulators, and other stakeholders in the United States to create public policies that improve motor vehicle safety, encourage technological innovation and addresses environmental needs. Our goal is to foster an open and competitive automotive marketplace that encourages investment, job growth, and development of vehicles that can enhance Americans’ quality of life. For more information, visit www.globalautomakers.org.

² “Reconsideration of the Final Determination of the Mid-term Evaluation of Greenhouse Gas Emissions Standards for Model Years 2022-2025 Light-duty Vehicles.”82 FR 39551, August 21, 2017.

to make progress on fuel economy and emission reductions to remain competitive in the global automobile market.

We are currently at a critical stage of a process that started about 10 years ago, when regulators, the auto industry, and others came together to craft a single program governing fuel economy and GHG emissions. The program's second phase sets standards as much as 13 years into the future and includes a midterm evaluation to make sure the standards are still reasonable. Global Automakers supports EPA's reconsideration efforts, because we all agreed to a robust process to assess the appropriateness of the standards. And, because, we lost an opportunity to make some much-needed improvements to the national program and for interagency coordination, when the decision was rushed through late last year.

I'd like to focus my remarks on three priorities.

First, we need a National Program. What brought us together before was the mutual recognition that having over a dozen federal and state regulations was simply unworkable; it was bad for consumers, manufacturers, and the environment. This fact is as true today as back then.

Anything that falls short of *one* program does not provide a consistent path forward. Global Automakers asks that EPA, National Highway Traffic Safety Administration (NHTSA) and California Air Resources Board (ARB) be as actively involved in the process as before, and work to keep the National Program intact.

One important goal of this One National Program is ensuring that compliance with one set of rules means compliance with the others. This optimizes investment and reduces unnecessary, duplicative compliance burdens.

But, we have never meaningfully achieved the goals of harmonization. We therefore reiterate our request from a June 2016 petition³ to align how credits are accrued, banked, and applied. As such, there are adjustments that can be made to the MY 2021 and later regulations that would advance harmonization, consistent with our request.

Another barrier to harmonization is the existence of two separate models. Is it necessary to have two different models? And, if EPA and NHTSA maintain two models, can they be aligned and make use of the most recent data?

Second, it is important for regulations to provide certainty and flexibility. We are concerned that EPA has not sufficiently assessed the ability of conventional technologies to meet the standards and the lack of analysis of how consumers react to advanced, fuel-saving technologies.

A lot has changed since 2012. Gas prices remain at near historic lows; customers are choosing trucks over cars by large margins; and overall sales appear to be throttling back from the record pace of the last two years. At the same time, technology is upsetting traditional notions of automobility.

³ Auto Alliance and Global Automakers, "Petition for Direct Final Rule with Regard to Various Aspects of the Corporate Average Fuel Economy Program and the Greenhouse Gas Program." June 20, 2016.

That is why we need to give manufacturers the flexibility to each pursue the most effective ways to achieve the aggressive targets and still meet the needs of their respective customers.

Third, and finally, EPA's midterm review should consider how to support the transition to a lower carbon, and ultimately no carbon, light-duty fleet that is likely required beyond 2025.

These efforts require significant changes in customer behavior, infrastructure, and the overall auto market and will take billions of dollars of investment. These investments need to result in vehicles that customers want and need, so that returns can fund new product development, and not become stranded investment.

In summary, Global Automakers has three priorities related to the midterm review:

- (1) Maintain One National Program and work toward better alignment,
- (2) Provide the necessary flexibility to accommodate the transformative market shifts that the automotive industry is undergoing, and
- (3) Recognize the need to look beyond 2025 to help inform the appropriate priorities for the midterm review.

There is a lot of work to be done between now and a final determination in 2018. Global Automakers remains committed to a coordinated process, and we will be providing additional detail in our written comments to submit to the docket.

Thank you.