

### **Summary of EPA Notice for Proposal to Revise Light-Duty Greenhouse Gas Standards**

EPA published on October 15, 2012 the Phase 2 of the greenhouse gas emissions (GHG) and fuel economy standards for model years 2017-2025 light-duty vehicles (passenger cars and trucks) developed jointly with the National Highway Traffic Safety Administration (NHTSA). As part of this rulemaking, EPA made a regulatory commitment to conduct a mid-term evaluation of the longer-term standards for model years 2022-2025 by April 1, 2018, in coordination with NHTSA and the California Air Resources Board. EPA published its final determination of the mid-term evaluation of the above standards on January 12, 2017 recommending no changes to these standards. However, EPA and the Department of Transportation (DOT) published a Federal Register notice on March 22, 2017, providing its intention to reconsider the final determination of the mid-term evaluation of these standards. Subsequently, EPA and DOT jointly published on August 21, 2017, a Federal Register notice providing a 45-day public comment period on the reconsideration and EPA held a public hearing on September 6, 2017. Following this, EPA administrator signed a notice and submitted it for publication in the Federal Register on April 2, 2018 providing its reconsideration of the final determination of the mid-term evaluation of the greenhouse gas emission standards for model year 2022-2025 light-duty vehicles.

EPA determined in this notice that the current standards are based on outdated information and may be too stringent based on more recent information available to the agency. For this reason, EPA concluded that the standards should be revised as appropriate. EPA also withdrew the previous Final Determination issued by the agency on January 12, 2017, with this notice. EPA, in partnership with the NHTSA, will initiate a notice and comment rulemaking in a future Federal Register to further consider appropriate standards for model year 2022-2025 light-duty vehicles.

EPA made this updated finding due to the significant record that were developed since the January 2017 determination. EPA found that many of the key assumptions EPA relied upon in its January 2017 determination, including gas prices and the consumer acceptance of advanced technology vehicles, were optimistic or have significantly changed and thus no longer represent realistic assumptions. For example, fuel price estimates used by EPA in the original rulemaking are very different from recent EIA forecasts. EPA believes it needs to update these estimates in the analysis and more accurately reflect changes in US oil production. Economic inputs such as the social cost of carbon, the rebound effect, and energy security valuation should also be updated to be consistent with the literature and empirical evidence. EPA has also both developed and received additional data and assessments since the January 2017 determination regarding technology effectiveness and technology costs which warrant additional consideration. EPA also found that the reach and success of the program established in the 2012 rulemaking is significantly limited when consumers cannot afford new cars. New information and data provided show the potential significant negative effects of higher vehicle costs.

In general, EPA believes that the current GHG emission standards for MY 2022-2025 light-duty vehicles presents challenges for auto manufacturers due to feasibility and practicability, raises potential concerns related to automobile safety, and results in significant additional costs on consumers, especially low-income consumers. Therefore, EPA believes the MY 2022-2025 GHG emission standards are not appropriate and, therefore, should be revised as appropriate. EPA, in partnership with NHTSA, will further explore the appropriate degree and form of changes to the program through a notice and comment rulemaking process.