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ONE HUNDRED FOURTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE

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October 12, 2016

Mr. Paul Hemmersbaugh
Chief Counsel
National Highway Traffic Safety Administration
1200 New Jersey Avenue, S.E.
Washington, DC 20590

Dear Mr. Hemmersbaugh,

Thank you for appearing before the Subcommittee on Commerce, Manufacturing, and Trade and the Subcommittee on Energy and Power joint hearing entitled "Midterm Review and an Update on the Corporate Average Fuel Economy Program and Greenhouse Gas Emissions Standards for Motor Vehicles."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions by the close of business on October 26, 2016. Your responses should be mailed to Giulia Giannangeli, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, DC 20515 and e-mailed in Word format to **Giulia.Giannangeli@mail.house.gov.**

Thank you again for your time and effort preparing and delivering testimony before the Subcommittees.

Sincerely,

Fred Upton
Chairman

Michael C. Burgess, M.D.
Chairman
Subcommittee on Commerce,
Manufacturing, and Trade

cc: The Honorable Jan Schakowsky, Ranking Member, Subcommittee on Commerce, Manufacturing, and Trade
cc: The Honorable Bobby Rush, Ranking Member, Subcommittee on Energy and Power

Attachment

Additional Questions for the Record

The Honorable Michael C. Burgess M.D.

1. In your written statement and oral testimony, you mentioned how the "footprint" standards preserve consumer choice and individualize the standards. However, automakers will be required to make significant improvements to the fuel economy of all vehicles, irrespective of footprint. This will impact the types of engines available within a particular vehicle class, the materials used to construct the vehicle (e.g. aluminum and other lighter-weight material) and the fuel-saving technology that will come with the vehicle (e.g. start-stop technology).

   A. Please explain how NHTSA and EPA assessed the extent to which consumer choice will be impacted with respect to the performance capabilities and vehicle features within a given vehicle footprint.

   B. Is there anything besides the "footprint standards" to preserve consumer choice?

   C. For example, what (if anything) did EPA and NHTSA do to ensure that consumers will still be able to purchase high-performance vehicles with large towing capacity, should they or their small business need to do so?

   D. Similarly, were the agencies concerned that consumers may be forced to purchase vehicles with certain fuel saving technologies that don't fit their needs, and if so, how did they address that concern? Have you studied whether entry point vehicles will be disproportionately impacted?

2. In your opinion, are advances in conventional internal combustion engine technology (i.e., non-hybrid) sufficient by themselves to achieve the current standards for model year 2025? If not, could you please provide your estimates for how much of each of the following technologies (as defined in the TAR) will be required to achieve the current standards for model year 2025: (a) mild hybrid; (b) full hybrid; (c) plug-in hybrid electric vehicle; and (d) electric vehicle.

3. According to Table ES- 3 of the TAR, EPA's compliance pathway for meeting the MY2025 GHG standards envisions that 44% of vehicles would use higher compression ratio, naturally aspirated gasoline engines. If a manufacturer does not have that type of engine in any of its vehicles today, what steps would it have to take in order to integrate that type of engine in its product line, and how long would it take for it to reach a 44% penetration rate?

4. In the TAR, the EPA states that in its modeling, "the California Zero Emission Vehicles (ZEV) program is considered in the reference case fleet; therefore, 3.5% of the fleet is projected to be full EV or PHEV in the 2022-2025 timeframe due to the ZEV program and the adoption of that program by nine additional states." Since a significant portion of the required GHG reductions will be met through manufacturing electric-drive vehicles for the ZEV mandate, shouldn't EPA have considered those costs in its assessment of the costs of the regulation? If EPA had considered the costs of producing electric-drive vehicles, what impact would that have had on the cost estimates in the TAR?

5. As was noted in the hearing, one of the goals of the so-called "One National Program" is to enable automakers to build a single fleet of vehicles that could be sold anywhere in the country. Can NHTSA please explain whether the modeling that it individually performed for the Draft TAR results in a single fleet for each manufacturer that simultaneously complies with the EPA greenhouse gas regulation, the NHTSA fuel economy regulation, and the State of California's zero emission vehicle regulation?

6. In your opening statement you described the levels of strong hybrids that NHTSA models as being necessary for compliance in 2025 as "modest". Can you please explain your reasoning given that the level of strong hybrids modeled was 14% (Draft TAR at ES-10), approximately five times the present level of the market (approximately 3%)?

7. During the hearing, many noted how footprint-based standards address shifts in vehicle size and therefore implicitly address manufacturer concerns regarding customers' changing vehicle size preferences. Do footprint-based standards address customer powertrain selection within the same vehicle? Do footprint-based standards address market shifts from cars to similarly sized crossover vehicles that must meet the same standards?

8. Both NHTSA and EPA modeled an average vehicle cost increase of $680 to $1,620 for manufacturers to bring vehicles into compliance with the 2025 regulations relative to the 2021 regulations. What is your total estimated cost increase for model year 2025 vehicles relative to 2016 model year vehicles for all regulations under your purview, including the 2017-2021 greenhouse gas and fuel economy regulations, "Tier 3" tailpipe emission regulation, and all applicable and reasonably anticipated safety regulations? Given these anticipated increases in vehicle price, what do you estimate the loss in vehicle sales related to these regulations to be? What are the resulting automotive and related industry job losses anticipated?

9. Both NHTSA and EPA developed two different analyses of the technologies required to meet the 2025 greenhouse gas and fuel economy regulations. You purport that these separate analyses show how manufacturers have many paths which could be chosen for compliance. Please explain how two completely different technology pathways both result in the "lowest" cost of compliance for a manufacturer and the American consumer?

10. Auto manufacturers claim to have identified a number of technical issues with the technology benefit modeling described by the Draft TAR. What is your plan to address these concerns? Have your agencies verified these models against actual vehicles other than those the models were calibrated to directly? If so, what were the results?

11. Fuel prices have changed significantly since 2012 when the 2022-2025 rules were first established. Can you explain why these changes in fuel prices have had minimal impact on your modeling results?

12. I am concerned that there is very little analysis of consumer acceptance in the Draft TAR. What is your plan to address this issue in the limited time remaining? How are you going to ensure the affordability of these vehicles for the American consumer?

13. Given the amount of subjective modeling in the TAR, should fines and penalties be adjusted where TAR assumptions don't materialize?

14. What additional steps does NHTSA plan to take to further align with varying standards?

The Honorable John Shimkus

1. You noted in your testimony that innovation is resulting in over 100 Car, SUV, and Pickup versions on the market today that already meet 2020 or later standards. I'd like to see that list of 100 vehicles and I'd like to know three things:

   A. What percentage of vehicle sales do those 100 cars, SUVs and Trucks represent?

   B. What is the price differential versus other similarly situated cars, SUVs or trucks?

   C. How many of the 100 also meet the EPA and NHTSA requirements by 2025?

2. Can you please explain how EPA and NHTSA considered how the increased costs of future fuel economy/GHG standards may conflict with a consumer's ability to afford various life-saving vehicle safety technologies that auto manufacturers are currently adding to vehicles? Effectively, when consumers have limited funds to purchase a new car, is EPA and NHTSA presuming that the emissions and fuel economy technology and compliance obligations take priority over other safety technologies? What other consumer needs do the agencies believe should not take priority over fuel economy (e.g. utility)?

The Honorable H. Morgan Griffith

1. Due to EPA's proposed requirements, truck trailer manufacturers will have to add aerodynamic equipment, with the added weight displacing freight. As trucking companies still must observe weight laws, it is only logical more tractor trailers will be needed to carry the same amount of freight.

   A. Won't more tractor trailers on the road will worsen air quality and safety?

   B. Is it true that NHTSA estimates that an additional 2.7 people will die annually in road deaths as a result of these regulations?

The Honorable Brett Guthrie

Following a previous hearing on related issues, I submitted questions for the record regarding the "lack of harmonization" between the NHTSA and EPA fuel economy programs. Based on feedback I've gotten from the field, my takeaway is that we don't have "one" program in practice. The manufactures are still regulated by two federal agencies under two programs that do not appear to be fully harmonized.

However, the Administration said in its Regulatory Announcement of August 2012 regarding the 2017-2025 requirements: "Continuing the National Program ensures that auto manufacturers can build a single fleet of U.S. vehicles that satisfy requirements of both federal programs as well

as California's program." In several of the responses to my previous questions for the record, NHTSA stated that "manufacturers may build a single fleet to meet all requirements." And, "Because of the different statutory authorities, the [NHTSA and EPA] programs differ in some ways, but are structured to be harmonized such that manufactures may build a single fleet of vehicles to meet all requirements."

1. Is there a situation where a manufacture could meet the NHTSA requirement and not meet the EPA's requirement or vice versa?

2. Is it not automatic or "ensured" that one fleet of vehicles will comply with both programs—as the Regulatory Announcement stated?

3. Is my understanding correct that the two programs claim about the same fuel savings through 2021, NHTSA at 65.3 billion gallons and EPA at 65.6 billion gallons?

4. If the answer to number three is yes, both programs claim about the same fuel savings, then what could be the public policy benefit of a manufacturer being able to build a fleet that meets one agency's requirements but still having to pay a fine to the other program for the same fleet, as I understand can happen in practice?

5. Are your agencies aware of legislative provisions that would help correct the harmonization inconsistencies?

6. Will your agencies commit to working with Congress to enact these changes?