

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1 NEAL R. GROSS & CO., INC.

2 RPTS CROWLEY

3 HIF171170

4

5

6 DRIVING IN REVERSE: THE ADMINISTRATION'S

7 ROLLBACK OF FUEL ECONOMY AND CLEAN CAR

8 STANDARDS

9 THURSDAY, JUNE 20, 2019

10 House of Representatives

11 Subcommittee on Consumer Protection

12 and Commerce

13 and

14 Subcommittee on Environment

15 and Climate Change

16 Committee on Energy and Commerce

17 Washington, D.C.

18

19

20

21 The subcommittees met, pursuant to call, at 10:02 a.m.,

22 in Room 2123 Rayburn House Office Building, Hons. Janice

23 Schakowsky and Paul Tonko [chairmen of the subcommittees]

24 presiding.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

25 Members present: Representatives Schakowsky, Tonko,
26 Pallone, DeGette, Matsui, Castor, McNerney, Lujan, Clarke,
27 Loebsack, Cardenas, Ruiz, Peters, Dingell, Veasey, Kelly,
28 Barragan, McEachin, Blunt Rochester, Soto, O'Halleran,
29 Walden, Upton, Shimkus, Burgess, Latta, Rodgers, Guthrie,
30 McKinley, Johnson, Long, Bucshon, Flores, Mullin, Hudson,
31 Carter, Duncan, and Gianforte.

32 Staff present: Jeff Carroll, Staff Director; Jacqueline
33 Cohen, Chief Environment Counsel; Adam Fischer, Policy
34 Analyst; Lisa Goldman, Counsel; Waverly Gordon, Deputy Chief
35 Counsel; Daniel Greene, Professional Staff Member; Tiffany
36 Guarascio, Deputy Staff Director; Omar Guzman-Toro, Policy
37 Analyst; Caitlin Haberman, Professional Staff Member; Alex
38 Hoehn-Saric, Chief Counsel, C&T; Zach Kahan, Outreach and
39 Member Service Coordinator; Rick Kessler, Senior Advisor and
40 Staff Directory, Energy and Environment; Brendan Larkin,
41 Policy Coordinator; Dustin Maghamfar, Air and Climate
42 Counsel; Jon Monger, Counsel; Elysa Montfort, Press
43 Secretary; Joe Orlando, Staff Assistant; Kaitlyn Peel,
44 Digital Director; Alivia Roberts, Press Assistant; Tim
45 Robinson, Chief Counsel; Chloe Rodriguez, Policy Analyst;
46 Nikki Roy, Policy Coordinator; Andrew Souvall, Director of
47 Communications, Outreach and Member Services; Benjamin Tabor,
48 Staff Assistant; Sydney Terry, Policy Coordinator; Jennifer

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

49 Barblan, Minority Chief Counsel, O&I; Mike Bloomquist,
50 Minority Staff Director; S.K. Bowen, Press Assistant; Jerry
51 Couri, Minority Deputy Chief Counsel, Environment & Climate
52 Change; Jordan Davis, Minority Senior Advisor; Justin
53 Discigil, Press Secretary; Margaret Tucker Fogarty, Minority
54 Staff Assistant; Melissa Froelich, Minority Chief Counsel,
55 CPAC; Theresa Gambo, Minority Human Resources/Office
56 Administrator; Peter Kielty, Minority General Counsel; Bijan
57 Koohmaraie, Minority Counsel, CPAC; Mary Martin, Minority
58 Chief Counsel, Energy & Environment & Climate Change; Brandon
59 Mooney, Minority Deputy Chief Counsel, Energy; Brannon Rains,
60 Minority Staff Assistant; Zach Roday, Minority Communications
61 Director; and Peter Spencer, Minority Senior Professional
62 Staff Member, Environment & Climate Change.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

63 Ms. Schakowsky. The joint hearing of the Subcommittee
64 on Consumer Protection and Commerce and the Subcommittee on
65 Environment and Climate Change will now come to order.

66 It is a pleasure to have this joint hearing with
67 Chairman Tonko and ranking Republican, Mr. Shimkus, together,
68 and it is a pleasure, of course, always to be with my ranking
69 member Mrs. McMorris Rodgers.

70 And I will begin with an opening statement and so I
71 recognize myself for 5 minutes.

72 So I want to begin by thanking our witnesses for being
73 here with us today. We appreciate it very much.

74 Today's hearing is about the Trump administration's
75 proposed rollback of fuel economy and greenhouse gas
76 standards for cars and light-duty trucks.

77 In 2007, Congress directed the National Highway Traffic
78 Safety Administration, NHTSA, to strengthen Corporate Average
79 Fuel Economy, that is, CAFE standards for cars and light
80 trucks, with the goal, at that time, of reducing U.S.
81 dependency on imported oil by improving fuel efficiency.
82 These standards have been a resounding success. Consumers
83 have saved nearly \$85 billion in fuel costs and the Clean Car
84 industry supports nearly 288,000 jobs.

85 But just 2 months ago -- but just 2 months after the
86 Obama administration determined to continue improving CAFE

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

87 standards through model year 2025, the Trump administration
88 announced a change in course. In August 2018, EPA and NHTSA
89 released a notice of proposed rulemaking known as the Safer
90 Affordable Fuel Efficiency, SAFE vehicle rule, freezing that
91 standard at model year 2020 levels. Few proposals have been
92 more blatantly misnamed than this.

93 The SAFE vehicle rule is not safer. While the EPA and
94 NHTSA claimed that the rule would reduce vehicle fatalities,
95 independent analyses and even career EPA staff dispute the
96 findings, and have said that the rule would actually result
97 in more deaths.

98 The rule is not affordable, that is the A. Hardworking
99 families are projected to spend an additional \$3,300 on gas
100 over the life of their vehicles. And according to the EPA
101 and NHTSA's own conclusions, the rule would eliminate 60,000
102 jobs in the United States automobile industry. Rolling back
103 Clean Car standards will damage the economy and put people
104 out of work which, by the way, will make it harder for them
105 to buy cars.

106 The rule is not more fuel efficient. That is the F in
107 SAFE. Again, EPA and NHTSA's own analysis estimates that the
108 rule will dramatically increase air pollution and increase
109 fuel consumption by nearly 80 billion gallons. The fact that
110 the Trump administration now seeks to dismiss policies that

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

111 would reduce these emissions and make our environment cleaner
112 is inexcusable.

113 Climate change is the existential crisis of our time and
114 in 2018, 1 year of the Trump administration's policies, CO2
115 emissions have jumped 2.6 percent, going in the wrong
116 direction in the United States. The administration should
117 abandon this proposal and end their assault on consumers, the
118 environment, and safety.

119 So I thank you and now I will yield the rest of my time
120 to Congresswoman Matsui.

121 Ms. Matsui. Thank you, Madam Chair.

122 I want to thank you all for calling this important
123 hearing on the Trump administration's reckless efforts to
124 roll back auto fuel and Clean Air standards. Let's be clear.

125 The Trump administration's actions hurt consumers, degrade
126 our air quality, and contribute to climate change.

127 This is also about America leadership. For decades,
128 California has led the way in developing the gold standard
129 for emissions. In my home state, we have long-recognized the
130 need for action. This has been particularly true under the
131 exceptional leadership of Mary Nichols, Chair of the
132 California Air Resources Bill -- Board. As a key regulator
133 and negotiator on climate change and air quality, Mary is an
134 obvious choice for this hearing.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

135 We should hear all perspectives side-by-side but that
136 will not be the case today. Mr. Wehrum and Ms. King have
137 denied us that opportunity by refusing to testify in the same
138 panel. If EPA and NHTSA are so confident this rule is safer
139 and better for our country, I think they would welcome the
140 opportunity to testify alongside Ms. Nichols. Instead, when
141 confronted by experts and science, the Trump administration
142 recoils and retreats, instead of defending their so-called
143 SAFE vehicles rule, a disaster for our country. That is why
144 we need to pass my bill, H.R. 978, the Clean and Efficient
145 Cars Act, which reversed the Trump administration's attacks
146 on forward-looking fuel efficiency and emissions standards,
147 restoring Obama-era rules that protect consumers, the
148 environment, and our public health.

149 I am pleased to enjoy broad support on the Energy and
150 Commerce Committee. With 24 members supporting the measure,
151 I am hopeful we can move this bill forward. We owe it to the
152 people we serve to ask the tough questions and shine a light
153 on this disastrous rule.

154 It is my sincere hope that we get the answers about why
155 the administration is putting our economy, health, and future
156 at risk. And I yield back.

157 Ms. Schakowsky. And I yield back my time.

158 And the chair now recognizes Mrs. Rodgers, ranking

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

159 member of the Subcommittee on Consumer Protection and
160 Commerce, for 5 minutes for her opening statement.

161 Mrs. McMorris Rodgers. Good morning, everyone. Good
162 morning Madam Chair. I appreciate everyone being here today
163 to discuss our Nation's fuel economy standards.

164 In 1975, Congress established the Corporate Average Fuel
165 Economy Program, or the CAFE Program, to be administered by
166 National Highway Traffic Safety Administration, NHTSA. The
167 goal of this program was to improve fuel economy, our vehicle
168 fuel economy, reduce oil consumption, and secure the Nation's
169 energy independence. At the time, Congress made clear that
170 fuel economy should be regulated solely at the Federal level
171 to achieve uniformity and to avoid a patchwork of different
172 State laws regulating the same issue differently.
173 Unfortunately, several forces have created an opposite effect
174 -- multiple conflicting programs undercutting the goals of
175 the original program.

176 When Congress established the CAFE program, the
177 Environmental Protection Agency began regulating greenhouse
178 gas emissions from new motor vehicles. On top of NHTSA and
179 EPA programs, California has set a separate tailpipe
180 emissions limits and a zero-emission vehicle mandate, both of
181 which impact fuel economy, the auto industry, and consumers.

182 Nine other States have follows California to include a zero-

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

183 emissions vehicle mandate. These mandates require automakers
184 to produce a certain number of these vehicles, regardless of
185 consumer demand, new technology, or the free market.

186 Ten years ago, to address the regulatory overload, the
187 Obama administration announced a national fuel efficiency
188 policy known as the One National Program. The One National
189 Program was intended to establish a consistent national
190 standard across NHTSA, EPA, and California. There were many
191 assumptions made by the Federal Government, the States, and
192 the industry 10 years ago that were set to be revisited
193 during the midterm review process.

194 The assumptions they made haven't held up the test of
195 time; assumptions like gas prices rising to \$3, \$4, and \$5
196 per gallon, people buying more cars than trucks, and that
197 electric vehicles would become more popular. Well, here is
198 the reality today. Gas prices have stabilized. People want
199 larger vehicles and dealers are still having trouble selling
200 hybrid vehicles. In my district, 83 percent of the vehicles
201 sold in 2018 were crossovers, SUVs, trucks, and vans. My
202 constituents are choosing internal combustion engines; 99
203 percent of the registered vehicles in eastern Washington are
204 gas- or diesel-powered. This is when they have more hybrid
205 and electric options than ever before.

206 On top of that, just days before President Trump's

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

207 inauguration, the Obama EPA issued its final determination,
208 days before the inauguration, and that was for 2022 to 2025,
209 without consulting NHTSA, despite that being a requirement
210 under the One National Program.

211 So here we are, 10 years later. There is no uniformity.

212 And rather than invest in R&D and consumer education, the
213 car industry is paying massive fines or trying to figure out
214 how to avoid them. There must be a new and better way
215 forward.

216 I am encouraged to see NHTSA and EPA working together
217 for a true national standard that looks at the facts and the
218 decisions people make when they buy a new car. The
219 uncertainty in this space is hurting the market, threatening
220 jobs and affordable prices for workers and families. The
221 agencies expect the SAFE vehicles rule to save up to a
222 thousand lives annually, create \$2,300 in savings for people
223 when they buy a new car, and create \$500 billion in cost-
224 savings for the U.S. economy.

225 In eastern Washington, the average vehicle on the road
226 is 15 years old, almost 4 years above the national average.
227 By reducing the average cost of new vehicles, people who
228 currently stay in their older, less-safe vehicles will be
229 able to afford newer vehicles with technological advancements
230 that save lives. I would like one myself. For their sake, I

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

231 look forward to the productive conversation this morning
232 about the current situation and what the path looks like
233 forward so that we will have safer roads, newer vehicles, a
234 cleaner environment, and more jobs.

235 So thank you also to our second panel and particularly
236 for the witnesses who traveled to join us today for this
237 important discussion.

238 And I yield back.

239 Ms. Schakowsky. The gentlewoman yields back and the
240 chair now recognizes Mr. Tonko, who is the chair of the
241 Subcommittee on Environment and Climate Change, for 5
242 minutes.

243 Mr. Tonko. Thank you, Madam Chair, and thank you for
244 the opportunity to co-host this hearing, which is very
245 important.

246 Today we examine the Trump administration's proposal to
247 freeze fuel economy standards at model year 2020 levels for
248 years 2021 through 2026. This action would have lasting
249 negative consequences for the American auto industry that
250 needs certainty to compete and for consumers, who will pay
251 more at the pump. This proposal will undermine American jobs
252 throughout the auto supply chain. As we stand still, other
253 nations will continue to race forward to develop the next
254 generation of innovative vehicle technologies, ensuring that

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

255 future investments will be made overseas, where markets for
256 such products continue to grow.

257 NHTSA own analysis suggests thousands of United States'
258 jobs may be lost, as a result of this rule. In fact, a large
259 group of automakers has now registered opposition to this
260 totally misguided proposal. While it is clear that this
261 course of action will unnecessarily harm consumers and
262 industry, it will also compromise our public health and the
263 environment.

264 EPA's tailpipe standards are the most important Federal
265 climate policy currently on the books. This proposal takes
266 us even farther backwards on climate and will increase oil
267 consumption and U.S. CO2 emissions significantly.

268 Transportation is the largest contributor of domestic
269 greenhouse gas emissions and light-duty vehicles account for
270 nearly 60 percent of that sector's emissions.

271 This proposed rollback ignores climate science and the
272 evidence of the devastation already flooding and burning our
273 communities. It is reckless climate denial of a kind we can
274 no longer afford. These standards are not only important for
275 climate action, they also reduce conventional air pollution.

276 New York State adopted California's ZEV standards in the
277 early 1990s, long before climate was the urgent priority we
278 understand it to be today. This was done to improve poor air

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

279 quality, which impacts disadvantaged communities first and
280 foremost. States are investing hundreds of millions of
281 dollars in incentives and infrastructure to achieve air
282 pollution reduction targets, including important climate
283 goals, and California standards are a critical part of that
284 effort.

285 Unfortunately, instead of upholding its mission of
286 environmental protection, EPA seems eager to tie the hands of
287 States that are working to deal with this pollution impact.
288 Over and over we have heard this administration pay lip
289 service to cooperative federalism. Apparently, that only
290 applies to States pursuing deregulation. I was dismayed that
291 the administration threatened to pull its participation in
292 this hearing if seated on the same panel with their State
293 partner. Like the rule itself, this behavior is bizarre.

294 This administration has a responsibility to recognize
295 California as a partner and co-regulator in this process. I
296 am pleased that we have Mary Nichols on the second panel, and
297 we are grateful to have her here, and very interested in
298 hearing her perspective on this issue.

299 This EPA may not want California to be able to set its
300 own standards but, if they do, not like the current process,
301 they need to submit a proposal to Congress to amend the Clean
302 Air Act because, on this matter, the law is clear:

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

303 California has the right to seek waivers; EPA is required to
304 err on the side of granting them; and 177 States are entitled
305 to adopt California's standards.

306 I would also remind everyone that we did, in fact, have
307 a single national standard before the administration
308 manufactured this crisis. Today we will have many questions
309 on the development of this rule and its likely outcome,
310 should it move forward. But the overreaching question to our
311 administration witnesses needs to be this: What exactly are
312 you hoping to accomplish? At best, it isn't clear and a
313 reasonable observer would be forgiven for seeing an
314 administration so blinded by contempt for its predecessors
315 and so willing to hurt consumers to support oil companies at
316 any cost that it would defy science and common sense to move
317 forward with the proposal with near universal condemnation
318 from stakeholders.

319 The administration's proposal is certainly destined for
320 legal challenges but my greater fear is that American
321 consumers, businesses, and the environment, will ultimately
322 suffer the greatest consequences of the uncertainty caused by
323 this reckless rule.

324 With that, Madam Chair, I yield my remaining time to
325 Representative Dingell

326 Mrs. Dingell. Thank you, Chairman Tonko.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

327 This hearing today is one of the most important hearings
328 of my congressional career. The health and future of the
329 auto industry matters to everybody in this country. Yet, the
330 industry is more fragile than ever right now and policymakers
331 cannot take its health for granted.

332 It is also critical for the future of this planet that
333 we have continued reductions in greenhouse gas emissions and
334 improvement in fuel economy, which is why I believe we need
335 all parties to come to the table and cut a deal on standards
336 that increase year-over-year and balance the twin goals of
337 environmental protection and affordability.

338 And by the way, we shouldn't just be setting standards
339 through 2025. We should be going to 2030 to provide greater
340 certainty and demonstrate global leadership in this critical
341 environmental issue.

342 I am out of time but I want to say this: We need
343 California at the table. We need One National Program, one
344 set of standards, and I do not believe this administration is
345 dealing in good faith in doing that.

346 I want to put into the record, Madam Chair, a copy of
347 the letters that the industry is saying that we need to have
348 one set of standards.

349 [The information follows:]

350

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

351

*****COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

352 Mrs. Dingell. And I know that when there is a will,
353 there is a way and I question the administration's sincerity
354 in bringing everyone to the table and hope we can get there.

355 Thank you.

356 Ms. Schakowsky. The gentleman yields back all of his
357 time.

358 And now the chair recognizes Mr. Shimkus, ranking
359 Republican on the Subcommittee on Environment and Climate
360 Change.

361 Mr. Shimkus. Thank you, Madame Chairman. Let's all
362 take some deep breaths.

363 To my friend from California and New York, and I could
364 be wrong, I thought it was the tradition and the protocol of
365 this committee, going back to Chairman Dingell in his
366 previous time that executive branch witnesses would be on
367 their own panel. So this fury over the CARB witness not
368 being on this panel, I don't get it, unless we are going to
369 throw out 40 years of how we operate on this committee.

370 So I just think we all need to take a deep breath.

371 I appreciate that we have called this hearing on this
372 important subject and it goes to the very heart of what we do
373 in this committee, which is the Interstate Commerce Clause.
374 We pride ourselves in going back to the Constitution and one
375 of the few committees that goes back to the Founders. And

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

376 what established the unity of this Republic was the
377 interstate commerce clause because we didn't want states
378 going to war with states over taxation. That is why we are
379 in this debate, and that is why we are in this room, and that
380 is why we have such broad jurisdiction.

381 So this debate about an automobile industry I think is
382 pretty simple. We need to have one market. We want to have
383 one standard and we need to have that set at the Federal
384 level. Now, if some States want to go off and do their own
385 thing, I can appreciate their emotion and their desire but,
386 for the unity of the Republic, that is why we have Energy and
387 Commerce Committee and that is why we have the interstate
388 commerce clause.

389 We should not have a fractured marketplace driven by
390 policies that cater to urban customers at the expense of
391 customers and what they need in rural areas. I think my
392 colleague from Washington State identified that most.

393 In the automobile industry, we want to sell vehicles
394 that people want to buy. And in rural America, we like big
395 things. We like big trucks. We like big engines. We like
396 to haul trailers, whether that is to go for recreational use
397 or whether that is to haul horses, and feed, and hay, and all
398 those things that have to happen in rural America.

399 Finally, we should not have one State or region using

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

400 official actions to exert market power in a way that
401 reverberates outside of their own State lines.

402 I think we should have CAFE economy standards that make
403 sense and have the Supreme Court's mandated Clean Air Act's
404 greenhouse gas efforts be reasonable. They should be
405 informed by science and not be proxies for one another when
406 it is policy-convenient from a practical standpoint but not
407 so much from a legal one. We must be clear-eyed about the
408 impacts on all Americans of a policy because that is what
409 Article I of the Constitution requires us to do.

410 I tried to do this in the last Congress. I went to the
411 automobile industry and I said, How do we marry the best
412 engine technology with the best fuel mix? And they came and
413 they said we need high compression engines, which means
414 higher octane. And we went into numerous negotiations. Now,
415 that wasn't driven by a State agency or a Federal agency
416 saying you have to do this. This was driven by those people
417 in the marketplace trying to provide a product that consumers
418 would buy. And actually we moved to a point where we had a
419 hearing on that bill before the end of last Congress.

420 Before I yield back my time, I want to joint my
421 colleagues in welcoming our witnesses, particularly Heidi
422 King, to the committee. I look forward -- Heidi served on
423 the staff here and did terrific work for the committee.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

424 Welcome back.

425 I look forward to hearing from all of our witnesses here
426 today and I hope that we will have constructive dialogues
427 with one another that avoid political rhetoric and focus on
428 policies that protect consumers, workers, and the
429 environment.

430 And with that, Madam Chairman, I am going to yield back
431 17 seconds of my time.

432 Ms. Schakowsky. Thank you.

433 The chair now recognizes Mr. Pallone, the chair of the
434 full committee, for 5 minutes for his opening statement.

435 The Chairman. Thank you, Madam Chair. It is fitting
436 that the committee's first joint hearing of this Congress is
437 being held by the subcommittee on Consumer Protection and
438 Commerce and Environment and Climate Change, since we are
439 here to examine one of this administration's most egregious
440 assaults on American consumers, the U.S. economy and the
441 climate.

442 Now let me just say you know I love John Shimkus but
443 when I heard him complain about the fact that we were trying
444 to put a State representative on a Federal panel, I would
445 just remind him of a hearing that was held on the Flint Water
446 Crisis on April 13, 2016 was a joint hearing with the
447 Environment and the Economy Subcommittee, which he chaired at

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

448 the time, and the Health Subcommittee, and the first panel
449 consisted of two witnesses from the United States
450 Environmental Protection Agency, a witness from the U.S.
451 Department of Health, and then the Director of the Michigan
452 Department of Environmental Quality and the Director of the
453 Michigan Department of Health and Human Services. So I don't
454 know why --

455 Mr. Shimkus. Would the gentleman yield just to set the
456 record straight?

457 The Chairman. No, because I am just having fun with
458 you.

459 Mr. Shimkus. Well the point was, we agreed to that.

460 The Chairman. I understand. I am just having fun.

461 Mr. Shimkus. It was career witness. He wasn't a
462 political appointee. He was a career witness.

463 The Chairman. Well, I can't help myself. Sorry.

464 All right, the Unified Fuel Economy and Tailpipe
465 Emission Standards adopted during the Obama administration
466 were the result of unprecedented collaboration between EPA,
467 NHTSA, and the State of California. The Clean Car standards
468 included ambitious increases in fuel efficiency and ambitious
469 reductions in greenhouse gas emissions for cars and light
470 trucks. This was an across the board win, benefitting
471 consumers, manufacturing, and the environment. They were our

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

472 single most important action taken to combat climate change
473 and a key part of our commitment to the Paris Agreement.

474 So naturally, the Trump administration is trying to gut
475 those standards as part of this reckless anti-climate agenda.

476 And this harmful proposal comes from the same administration
477 that insists the Government should not be in the business of
478 picking winners and losers but this is exactly what this
479 rollback does. It picks one winner, the oil industry, while
480 everyone else loses. And that is why yesterday my committee
481 launched an investigation into a secret social media campaign
482 run by the oil industry that misled the American people about
483 this rollback. And we intend to uncover whether the oil
484 industry coordinated with the administration on this
485 deceptive campaign.

486 After a while, the oil industry will win. American
487 consumers will lose in the form of less efficient vehicles.
488 Ultimately, their proposal would increase drivers' spending
489 at the pump because cars would no longer be required to go
490 further on a gallon of gasoline. And as fuel economy
491 standards go down, cost to consumers go up.

492 American manufacturing will also lose, especially
493 automakers, parts suppliers, and workers, as the Trump
494 administration sees America's competitive edge to other
495 countries that will develop and build the technologies of the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

496 future. And that is why just 2 weeks' ago, 17 automakers
497 called on the Trump administration to abandon its deeply
498 flawed proposed rule and return to the negotiating table.
499 According to the administration's own analysis, rolling back
500 those standards would directly eliminate at least 60,000 jobs
501 and that is just a fraction of the half million jobs that
502 could be lost throughout the automotive supply chain.

503 And public health and the environment will also lose.
504 The administration readily admits the rule will lead to
505 increased particle pollution and smog-forming sulfur dioxide.

506 The proposal would revoke California's longstanding ability
507 to set more protective vehicle standards, as well as other
508 States' and Territories' ability to adopt those standards.

509 My home State of New Jersey is one of 13 States, plus
510 the District of Columbia, that follow California's lead to
511 improve air quality, meet Clean Air standards, and improve
512 the health of our communities. And the Trump administration,
513 if it gets its way, will undermine those public health
514 protections.

515 The driving public will also lose. Independent experts
516 and career professionals within the EPA have found that the
517 Clean Car rollback will actually make our roads less safe,
518 causing more deaths and, at the end of the day, we will all
519 lose because this rule would increase carbon pollution by

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

520 more than seven billion metric tons.

521 If my Republican colleagues are as serious about
522 addressing climate change as they say -- they now say they
523 are, they should oppose this disastrous proposal.

524 So I just wanted to -- I know that -- I think one of my
525 colleagues wanted some time. Well, I guess that is not true.

526 All right, I will finish.

527 So the existing Clean Car standards were a victory for
528 consumers, manufacturers, and the environment. They
529 created--they created a single national program for getting
530 more fuel-efficient cars on the road, providing the American
531 auto industry with regulatory certainty, and spurred
532 innovation.

533 I just wanted to, unfortunately, say that throughout
534 this entire process, EPA and NHTSA have made it clear that
535 collaboration and transparency are not priorities and, as
536 Administrator Wheeler testified before this committee in
537 April, the only offer the Trump administration made to
538 California was this proposed as-is, which would gut the
539 existing standards, and the administration still walked away
540 from the table. That is more of a hold-up than a
541 negotiation. The administration should come back to the
542 negotiating table and work on establishing a meaningful,
543 unified, Clean Car program. And I really hope that that is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

544 what comes out of this, that we see the administration come
545 back to the table and renegotiate.

546 And with that, I yield back, Madam Chair.

547 Ms. Schakowsky. The gentleman yields back and now I am
548 happy to recognize Mr. Walden, the ranking member of the full
549 committee for 5 minutes for his opening statement.

550 Mr. Walden. Good morning, Madam Chairman, and welcome
551 to our witnesses and to folks in the audience as well.

552 Having chaired the committee the prior 2 years and in
553 talking with Chairman Upton, who was there the prior 6 years,
554 it was the policy of the committee when administration -- of
555 both parties -- that the appointees, such as we have today,
556 were on their own panel and I don't know why that is a big
557 issue today. It has been the protocol and process of the
558 committee in the past and probably will be going forward.

559 So we are just glad you are here and, hopefully, we can
560 get all that nonsense behind us and get to the real topic
561 because we need to explore the regulation of fuel economy
562 with the National Highway Traffic Safety Administration, the
563 EPA, and stakeholders.

564 This hearing touches on a prominent point of frustration
565 for a lot of American consumers and that is ineffective
566 duplicative Government programs that increase costs and
567 decrease their choices. Layered on top of consumer concerns

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

568 is an unnecessarily complicated regulatory scheme disguised,
569 until recently, as One National Program. What we are talking
570 about are the differing fuel economy programs administered by
571 NHTSA, the EPA, and California. That seems to be three.

572 As I said last week, it is a mistake to assume that a
573 clean environment or safety and efficiency are incompatible
574 with economic growth and job creation. We can have both. We
575 have proven that time and again. However, to succeed, we
576 need common sense regulations that protect the public without
577 suffocating innovation or failing to consider the practical
578 impact on American consumers and taxpayers. Consumer
579 interests are best served by ensuring our automakers have the
580 freedom to design, manufacture, and deliver products with the
581 features consumers want and can afford, and which are safe
582 and reliable.

583 So I expect today we will hear about the various goals
584 of the different programs, including the unique circumstances
585 of certain States but I would encourage all of us to refocus
586 on the underlying statutory authority for the National Fuel
587 Economy Program and the facts about the marketplace today.

588 One fact that I have said time and again is that climate
589 change is real but we need to be focused on innovative and
590 achievable solutions that protect the public, support the
591 economy and jobs, and don't take choices away from American

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

592 consumers.

593 So I look forward to hearing from Attorney General
594 Landry and others on the panel about impact of existing
595 conflicting programs on States outside of California and how
596 costs have been driven up for consumers in those States. In
597 fact, I was telling my colleagues yesterday, over the weekend
598 I attended my niece's graduation from Cal Poly and paid \$3.95
599 for a gallon of gasoline. So for those on the other side
600 worried about the cost of gas, I was in California paying
601 that and that seemed to be about the highest I have ever
602 paid.

603 While we approach some of these issues from various
604 perspectives, and you are going to hear that today, I believe
605 it is important that regulations for achievable and
606 affordable solutions that are common sense, constitutionally
607 permissible, and work for everyday Americans.

608 Now in my district, more than 66 percent of registered
609 vehicles are crossover SUVs, pickups, and vans. Less than
610 three-tenths of a percent of vehicles in my district are
611 electric or plug-in hybrid and less than two percent are
612 hybrids, including one that I own. That means more than 98
613 percent of the vehicles registered in my district are gas- or
614 diesel-powered. We need to be sure to keep in mind the needs
615 of our consumers for those types of vehicles in a rural area.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

616 It is also important to understand how we got here. So
617 in the 1970s, Congress delegated authority to NHTSA for
618 regulating fuel economy with clear statutory requirements in
619 law. The Obama-era EPA decided to get involved and develop
620 their own standards over at the EPA, while also granting
621 California a waiver under the Clean Air Act to allow a third
622 regulator in this space. In 2009, the Obama administration
623 announced this regulatory bottleneck as the One National
624 Program but, unfortunately, the One National Program has not
625 resulted in a single national standard and, today, we are
626 left with a system that does not work for the regulated
627 industry and is based on assumptions we know are faulty.

628 So believe it or not, under the scheme, it is possible
629 for automakers to be in full compliance with one Federal
630 regulatory standard but be subject to massive penalties under
631 another. This is an example of bureaucracy at its worst and
632 we need to fix it. Government should be working for the
633 people, not creating regulations that increase costs and
634 decrease choices for consumers and create a compliance catch-
635 22.

636 Per the comments made by the -- the commitments made by
637 the Obama administration, NHTSA and EPA were supposed to
638 jointly issue respective determinations on standards for
639 model years 2022 through 2025 in the spring of 2018.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

640 However, the Obama EPA abandoned its commitment, rushed
641 through its final determination without coordinating with
642 NHTSA or taking input from stakeholders in a meaningful way
643 just 7 days -- 7 days before the Trump administration was
644 sworn into office.

645 To the Trump administration's credit, they are
646 refocusing on the pre-2016 election commitments made under
647 the prior administration, setting one national standard. And
648 last August, NHTSA and EPA jointly issued a notice of
649 proposed rulemaking for the Safer Affordable Fuel Efficiency
650 Vehicle Rule or SAFE Rule, which seeks to unify and amend the
651 Federal standards for model years 2021 through 2026.

652 So today we are going to learn more about it.

653 Madam Chair, thanks for having this hearing and I yield
654 back.

655 Ms. Schakowsky. The gentleman yields back and the chair
656 would like to remind members that, pursuant to committee
657 rules, all members' written opening statements shall be made
658 part of the record.

659 And now I would like to introduce our first panel of
660 witnesses for today's hearing and thank them very much for
661 coming. Heidi King is the Deputy Administrator of the
662 National Highway Traffic Safety Administration and Mr.
663 William Wehrum, Assistant Administrator for the Environmental

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

664 Protection Agency's Office of Air and Radiation.

665 I think you are probably both familiar with the lights
666 in front of you. You know that they will turn yellow, from
667 green to yellow, when there is 1 minute. So I hope you will
668 begin to wrap up as close as you can to the red light after 5
669 minutes.

670 And so first, I would like to welcome the opening
671 statement for Ms. King and you are recognized for 5 minutes.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

672 STATEMENTS OF HEIDI KING, DEPUTY ADMINISTRATOR, NATIONAL
673 HIGHWAY TRAFFIC SAFETY ADMINISTRATION, U.S. DEPARTMENT OF
674 TRANSPORTATION AND HON. WILLIAM WEHRUM, ASSISTANT
675 ADMINISTRATOR, OFFICE OF AIR AND RADIATION, U.S.
676 ENVIRONMENTAL PROTECTION AGENCY

677

678 STATEMENT OF HEIDI KING

679 Ms. King. Thank you very much, Chairwoman Schakowsky,
680 Chairman Tonko, Ranking Member Rodgers, Ranking Member
681 Shimkus, and all of the members of this very esteemed
682 committee, which it was my honor, my great honor to serve
683 years ago.

684 Last year, NHTSA and EPA together proposed the Safer
685 Affordable Fuel Efficient Vehicles Rule, the SAFE Vehicles
686 Rule we will call it today, to establish new fuel economy and
687 greenhouse gas standards for model years 2021 to 2026
688 passenger cars and light trucks sold to consumers. These
689 standards are important because they determine what new
690 passenger cars and light trucks will be available to carry
691 our neighbors, our friends, consumers, families, to work and
692 to school, to haul goods on our farms and ranches, to travel
693 across this great country's mountains and its cities in good
694 weather and in bad.

695 This action response to NHTSA's commitment in 2012 in

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

696 the prior rulemaking to provide a totally fresh consideration
697 of all relevant consideration of all relevant information and
698 a fresh balancing of statutory factors given to us by
699 Congress to determine the maximum feasible standards and to
700 perform a midterm evaluation of the greenhouse gas standard
701 for model years 2022 through 2025.

702 That fresh consideration of relevant information has
703 caused the agencies to find that many of the predictions
704 made, many of the forecasts made years ago were incorrect.
705 Current information suggest that the standards previously set
706 for model year 2021 are unlikely to be maximum feasible and
707 that the greenhouse gas standards previously set for 2021 are
708 unlikely to be appropriate under the Clean Air Act. The
709 agencies sought comment on a range, a very broad range of
710 potential standards for model years 2021 through 2026.

711 Now this hearing today is important. These rules can be
712 complicated and it is important to make sure that we all
713 understand congressional direction and how the agencies are
714 executing on that congressional direction. In the Energy
715 Policy Conservation Act, EPCA, Congress directs NHTSA to
716 determine the maximum feasible level of fuel economy
717 standards for each model year considering four statutory
718 factors: technological feasibility, economic practicability,
719 the effect of other motor vehicle standards of the Government

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

720 on fuel economy, and the need of the United States to
721 conserve energy.

722 NHTSA and EPA are working together to ensure that this
723 important rule will rely on the best possible engineering and
724 the best possible economic information, data, and science and
725 that we review the comments thoroughly in order to assure
726 that when we do produce a final rule, that final rule is
727 reasonable, appropriate, transparent, and consistent with the
728 law, given current facts and current conditions.

729 I must assure that the SAFE Vehicles Rule will establish
730 a maximum feasible standard and would not prevent any auto
731 manufacturer from designing and building Next Generation
732 highly fuel-efficient vehicles. That includes hydrogen fuel
733 cell vehicles, battery electric vehicles, hybrids, plug-in
734 hybrids, or anything that the market demands that is more
735 fuel efficient than the maximum feasible standard in response
736 to market demands. In fact, I personally, as someone who
737 works in innovation, am very excited, we are all excited to
738 witness the expansion of diverse designs and power trains,
739 providing more choice for diverse consumers across the
740 Nation.

741 Now we all know that newer cars are safer and cleaner
742 than older cars. We also know that consumers can choose
743 whether to keep their older cars or purchase newer, safer,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

744 cleaner cars. That is particularly relevant because there
745 are more cars than there are adults in this nation. There
746 are more cars than there are licensed drivers.

747 Standards that increase the price of a new car,
748 therefore, can hinder safety by discouraging people from
749 replacing their older car with a cleaner, safer, newer car.
750 Today, we are facing an affordability crisis in the new car
751 market. The average price of a new vehicle exceeds \$37,000
752 and new vehicle prices have risen 29 percent in just the past
753 decade, while median family income grew only six percent
754 during that period. As fuel economy improves, the
755 incremental gains to consumers diminish. That means that
756 each additional fuel economy improvement becomes much more
757 expensive, lower cost technological improvements are
758 deployed, and there is less gain to the consumer from saving
759 fuel but it is more expensive.

760 So today, automakers are struggling to meet the existing
761 standards. EPA's latest trends report showed that despite
762 record fuel economy gains, all but three of 13 major
763 automakers failed to meet performance targets for 2017 model
764 year.

765 Newer cars are safer. Newer cars are cleaner than older
766 cars. Consumers are more likely to driver newer, safer,
767 cleaner cars, if regulations don't increase the prices beyond

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

768 consumers' means.

769 Thank you for hosting this very important hearing. I
770 look forward to your questions and to a very open dialogue
771 today. Thank you.

772 [The prepared statement of Ms. King follows:]

773

774 *****INSERT 1*****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

775 Ms. Schakowsky. Thank you, Ms. King.

776 Mr. Wehrum, you are recognized for 5 minutes.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

777 STATEMENT OF WILLIAM WEHRUM

778

779 Mr. Wehrum. Thank you very much. I appreciate the
780 opportunity to be here this morning.

781 Chairwoman Schakowsky, Chairman Tonko, Ranking Members
782 Rodgers and Shimkus, members of both subcommittees, thanks
783 for the opportunity to testify with Deputy Administrator King
784 today on the proposed SAFE Vehicles Rule.

785 This rule is the next generation of Corporate Average
786 Fuel Economy and Light-Duty Vehicle Greenhouse Gas Emission
787 standards. The proposal would revise the existing national
788 automobile fuel economy and greenhouse gas emission standards
789 to give the American people greater access to safer, more
790 affordable vehicles by setting new 2021 to 2026 model year
791 standards that must be achieved by each automaker for its car
792 and light-duty truck fleet.

793 Through this rulemaking, we are delivering on President
794 Trump's promise to the American public that this
795 administration would address and fix the current fuel economy
796 and greenhouse gas emission standards. The proposal aims to
797 strike the right regulatory balance, based on the most recent
798 information, that will enable more Americans to afford newer
799 safer vehicles.

800 It is important to note that the cost of new automobiles

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

801 has risen to more than \$35,000, which is out of reach for
802 many American families. Current standards have contributed
803 to these costs. Compared to the preferred alternative, our
804 proposal estimates that keeping in place the standards
805 finalized in 2012 would add \$2,800 to the cost of owning a
806 new car and reduce billions in societal costs over the
807 lifetime of vehicles through model year 2030.

808 In the proposal, NHTSA and EPA sought comment on a wide
809 range of regulatory options, including the preferred
810 alternative that locks in model year 2020 standards through
811 2026, providing much-needed relief from further costly
812 increases. The agencies' preferred alternative reflects a
813 balance of safety, economics, technology, fuel conservation,
814 and pollution reduction.

815 The joint proposal initiates a process to establish new
816 50-State fuel economy and tailpipe carbon dioxide emission
817 standards for passenger cars and light trucks covering model
818 years 2021 through 2026. The proposal estimates that the
819 preferred alternative will prevent thousands of on-road
820 fatalities and injuries, as compared to the standards set
821 forth in the 2012 final rule, as more people can afford safer
822 new cars.

823 EPA has worked with NHTSA throughout the rulemaking
824 process. Deputy Administrator King, and I, and our technical

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

825 teams have regular meetings and will continue to do until the
826 rule is finalized. Given the importance of these
827 regulations, both agencies are fully dedicated to getting the
828 rule out as soon as possible.

829 Again, I appreciate the opportunity to be here today. I
830 look forward to any questions you may have on the proposal.

831 [The prepared statement of Mr. Wehrum follows:]

832

833 *****INSERT 2*****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

834 Ms. Schakowsky. All right, thank you.

835 Now we have concluded the witness testimony and their
836 opening statements for our first panel. We will now move to
837 member questions. Each member will have 5 minutes to ask
838 questions of our witnesses and I will start by recognizing
839 myself for 5 minutes.

840 The key to good decisionmaking is good information and I
841 am concerned because the safety information supporting the
842 Trump administration's flawed Clean Car rollback is based, I
843 believe, on sham science and false assumptions. The result:
844 a remarkable overstatement of safety benefits that cannot
845 withstand public scrutiny.

846 Before the proposed rule was released, EPA officials
847 within the Office of Transportation and Air Quality
848 transmitted a letter, a lengthy memo to the White House
849 calling portions of NHTSA's safety analysis, quote, clearly
850 wrong, unquote, and quote, driving incorrect fatality
851 estimates. EPA's analysis found that the new standards could
852 actually increase automobile fatalities.

853 And it appears to me that political appointees at the
854 EPA and at the White House overrode the safety analysis of
855 career EPA employees, whose analysis this kind of -- who
856 analyze this kind of data for a living.

857 And so I wanted to ask you, Mr. Wehrum, do you agree

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

858 with the EPA's Office of Transportation and Air Quality that
859 the administration's Clean Car rollback could actually
860 increase auto fatalities?

861 Mr. Wehrum. Thank you, Chairwoman.

862 Let's start by taking a step back. These are really
863 complicated issues, and a lot of what we do is complex from a
864 rulemaking standpoint, and this is particularly complex. It
865 has to do a lot of inquiry into advanced technology, a lot of
866 inquiry into things like consumer choice, predictions about
867 gasoline prices, and it is doubly difficult for us to do
868 this, with all due respect, because we are joined at the hip
869 with our sister agency, NHTSA, here.

870 Ms. Schakowsky. So --

871 Mr. Wehrum. So, it is not surprising at all,
872 Chairwoman, that on this range of complex issues, even among
873 experts, there are disagreements as to you know the right
874 approach.

875 Ms. Schakowsky. I am asking you if you disagree with
876 the EPA's own Office of Transportation and Air Quality.
877 Roughly 400 employees solely dedicated to developing -- to
878 the development of pollution standards for our vehicles. So
879 are you disagreeing with their conclusion?

880 Mr. Wehrum. Chairwoman, with all due respect, they is
881 us. I mean that office is part of my office.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

882 Ms. Schakowsky. Yes, exactly. Exactly.

883 Mr. Wehrum. And I can tell you that we have spent hours
884 since I have been at USEPA delving very, very deeply into
885 these issues. And the great thing about the rulemaking
886 process is, and something we encourage internally, is people
887 should express their diverse opinions. That is what makes
888 our rules good. That is what makes our rules strong and --

889 Ms. Schakowsky. But at the end of the day, we have to--

890 Mr. Wehrum. -- we are only at a proposed rule process.

891 Ms. Schakowsky. But at the end of the day, we have to
892 come to a conclusion. And so I am asking you if this Office
893 of Transportation and Air Quality said that aspects of the
894 administration's safety model are indefensible and based on
895 unrealistic assumptions.

896 So, are you disagreeing with that?

897 Mr. Wehrum. We are looking -- chairwoman, no final
898 decisions have been made. We are looking at a wide range of
899 issues. Hundreds and hundreds of issues go into how the CAFE
900 model runs, how this analysis goes, and the safety issues
901 that we are talking about here are one of many, many things
902 that we continue to talk about.

903 Let me give you an example. You know one important
904 element that goes into the analysis is so-called rebound.
905 You know when people buy new, more fuel-efficient cars, they

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

906 drive them more. They like to drive their cars. They are
907 more fuel-efficient. They are cheaper to run. They drive
908 them more. That is well-established in the science. But
909 what scientists don't agree is how much more they drive them.

910 And there is a body of science out there and some of the
911 scientists say a couple percent more, sometimes they say 40
912 or 50 percent more. So how do we decide?

913 Historically, my office has assumed ten percent. NHTSA
914 has assumed 20 percent. So we come to this rule with an
915 immediate difference of opinion as to what the right number
916 is and it is a scientific inquiry. And that is one of many,
917 many issues that we continue to deliberate and we are working
918 very hard to get it as right as we can get it so that when we
919 issue the final rule it is defensible as it can be.

920 Ms. Schakowsky. With all due respect, I would say that
921 the information that is fed in has to be good if the
922 information coming out is to be good. You have heard the old
923 expression garbage in, garbage out.

924 I yield back and recognize now the ranking member.

925 Mrs. McMorris Rodgers. Thank you, Madam Chair.

926 The midterm evaluation put in place by the Obama
927 administration was intended for the agencies to evaluate the
928 assumptions that were built into the model year 2022 through
929 2025 standards and to adjust those standards, if necessary.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

930 Administrator King, can you please highlight which
931 assumptions of the market behavior have proven to be
932 incorrect, requiring you to adjust those projected standards,
933 was the driving force behind your decision -- was that your
934 driving force behind your decision to start the SAFE Vehicles
935 Rule rulemaking process?

936 Ms. King. Thank you very much for that question. The
937 factors that have changed are largely driven by markets and
938 they are out of the control of the regulating agencies. One
939 of them is that there has been a change in the fuel position
940 of the United States. There has been, I think as recently as
941 November 2018, the United States was for a single week a net
942 exporter. That has manifested a change in fuel prices.

943 In our 2012 rulemaking together, EPA and NHTSA had
944 forecasted that fuel prices would be \$3.63 in 2017, when
945 actually they were \$2.16, 40 percent less than forecast. So,
946 very, very important inputs to the modeling were 40 percent
947 less than forecast in the 2012 rulemaking.

948 Another, as we have referenced earlier, consumer
949 preferences towards trucks. The two agencies together, doing
950 very fine work and doing their best possible work predicting
951 into the future, anticipated that truck purchases would go
952 down year-over-year and consumers would prefer to buy
953 passenger vehicles. In fact, what we saw was the opposite.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

954 Again, we had forecast, the two agencies, in 2017 the
955 agencies thought 64.6 percent of new car purchases would be
956 passenger automobiles. What actually occurred in 2017 was
957 that only 52.5 percent, that is almost 20 percent lower, I
958 think it is 18.5 percent lower than forecast. So very
959 critical assumptions, what consumers will buy and fuel
960 prices, how they will make those decisions and how they will
961 drive, caused both agencies to recognize the importance of
962 updating the analysis to make sure we are protecting American
963 consumers going forward.

964 Mrs. McMorris Rodgers. Thank you.

965 Under the Obama administration, EPA and NHTSA agreed to
966 jointly determine whether the fuel economy standards for
967 model years 2022 through 2025 were appropriate but then, the
968 Obama EPA decided to act on its own.

969 Administrator King, can you please explain how this
970 last-minute move undermined the One National Program and why
971 coordination and consistency across Federal programs is
972 critical?

973 Ms. King. Well of course, the two agencies were to act
974 together in the midterm evaluation. Although I was not
975 employed by the administration at that time, the end of the
976 Obama administration, there was only one Agency that acted
977 and that was the Environmental Protection Agency.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

978 So when the new administration came in, the two
979 agencies, together, decided to make sure that all relevant
980 information could inform this very important decision,
981 including the information available to NHTSA. So the two
982 agencies began to work together.

983 Mrs. McMorris Rodgers. Did NHTSA consult with
984 California prior to releasing the notice of proposed
985 rulemaking on the SAFE Vehicle Rule?

986 Ms. King. Yes, for nearly a year. I believe my first
987 meeting with California occurred on the third day of my
988 employment at NHTSA. And as I recall, Bill's was on -- good
989 grief, was it your first day or second day?

990 So we immediately, upon taking office and working on
991 this very important rulemaking, began meetings with
992 California. And I certainly met both in Washington, I also
993 flew to California, had repeated meetings and also conference
994 calls, teleconference.

995 Mrs. McMorris Rodgers. It is clear that safety is a
996 priority for you and a major consideration with the proposed
997 SAFE Vehicles Rule.

998 Did the Obama administration focus on safety when they
999 were setting fuel economy standards?

1000 Ms. King. That is a very interesting question. At the
1001 time, as you may be aware, I was career staff in the White

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1002 House at the Office of Management and Budget and we were
1003 keenly aware that certain questions were raised about the
1004 safety impacts of the rulemaking. The two agencies, at that
1005 time working together, had different assumptions and
1006 different conclusions.

1007 It is difficult, as my colleague mentioned, to have two
1008 agencies with a different set of scientists come to
1009 consensus. At the proposed rule in I believe 2009-2010,
1010 there were different conclusions about the potential safety
1011 impacts. The two agencies worked together and I believe the
1012 direction was to assume no safety impacts before the rule was
1013 finalized.

1014 So because of that very important dialogue, because of
1015 guidance we received previously from National Academies of
1016 Science, we want to make sure that we don't sweep safety
1017 impacts under the rug but that we give adequate scrutiny.

1018 We have had 2 years of historic increases in traffic
1019 fatalities in the United States. Although we had good news
1020 that it seems to be trending down last year, when I came into
1021 office at NHTSA, 2 years of the largest proportionate
1022 increases in traffic fatalities in my lifetime and I am more
1023 than half a century old.

1024 So we felt very strongly that we needed to, on behalf of
1025 the American people, pause and think about safety before we

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1026 move forward to make sure that we were doing the best thing,
1027 considering the statutory factors Congress has directed us.

1028 Mrs. McMorris Rodgers. Thank you. Well, I appreciate
1029 today's hearing, where we can look at safety, affordability,
1030 and the high environmental standards that we have in this
1031 country. Thank you.

1032 Ms. Schakowsky. The gentlewoman yields back.

1033 And the chair now recognizes Mr. Tonko, subcommittee
1034 chair of the Environment and Climate Change Committee.

1035 Mr. Tonko. Thank you, Madam Chair.

1036 Administrator Wehrum, EPA has extensive experience in
1037 developing greenhouse gas emission standards for vehicles.
1038 In fact, a GAO report noted EPA's expertise in this area and
1039 stated, and I quote, NHTSA cannot be expected to have the
1040 same level of in-house expertise related to vehicle power
1041 train design and environmental issues as EPA.

1042 Is it correct that EPA's Office of Transportation and
1043 Air Quality was created with the purpose of supporting
1044 development of pollution standards for vehicles under the
1045 Clean Air Act? Yes or no?

1046 Mr. Wehrum. Thank you, Congressman. I will just -- I
1047 am going to give not a yes or no answer and just say I think
1048 my staff and the Office of Transportation and Air Quality are
1049 terrific. They are --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1050 Mr. Tonko. Well, that is not the question.

1051 Mr. Wehrum. Well, but --

1052 Mr. Tonko. Is it correct that it was set up to --

1053 Mr. Wehrum. No but they are true experts in automotive
1054 vehicle technology. We regulate tailpipe emissions from
1055 engines. We regulate characteristics of fuel. We look now
1056 at other vehicle --

1057 Mr. Tonko. So I am hearing that they were set up to
1058 develop expertise to engage the appropriate standards and
1059 address pollution coming from our vehicles.

1060 Mr. Wehrum. That is absolutely true and I will also say
1061 --

1062 Mr. Tonko. Okay, I want to move on. I don't want you
1063 to carry on any further than we need.

1064 Documents added to the rulemaking docket late in the
1065 process suggested that EPA technical staff had little role in
1066 the process, a role that should have included a review of and
1067 input into the modeling assumptions, the cost projections,
1068 technology evaluations, and environmental performance and
1069 effects of the program alternatives.

1070 So Administrator Wehrum, is this accurate?

1071 Mr. Wehrum. Just to finish my prior answer --

1072 Mr. Tonko. Is this accurate?

1073 Mr. Wehrum. -- I have worked with NHTSA a lot over the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1074 course of this rulemaking and just want to give them some
1075 kudos, too. They have a tremendous amount of expertise --

1076 Mr. Tonko. Okay but is this accurate?

1077 Mr. Wehrum. -- related to vehicle technology and the
1078 combination of the teams is a very powerful combination.

1079 Mr. Tonko. But is it accurate that they had little
1080 involvement in the process?

1081 Mr. Wehrum. Through the course of this rulemaking, EPA
1082 has had a substantial amount of involvement and --

1083 Mr. Tonko. Okay, then --

1084 Mr. Wehrum. -- as I said a second ago, Chairman -- Mr.
1085 Congressman, no final decisions have been made --

1086 Mr. Tonko. Okay but let --

1087 Mr. Wehrum. -- and the goal of the proposed rule was
1088 to put out a wide range of alternatives and a wide range of
1089 information.

1090 Mr. Tonko. Sir, you are using up my time.

1091 Why then did EPA staff request that EPA's name and logo
1092 be removed from one or more of the regulatory documents?

1093 Mr. Wehrum. That was -- I believe that was the
1094 Regulatory Impact Analysis and that was a document drafted by
1095 NHTSA. It wasn't drafted by us. So that was purely an
1096 indication of --

1097 Mr. Tonko. But why did staff request that their name

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1098 and logo be removed?

1099 Mr. Wehrum. Well, as I said, because that was a
1100 document drafted by NHTSA and not by EPA.

1101 Mr. Tonko. Okay, let's move on.

1102 Is it correct that, until this rulemaking, EPA had used
1103 its OMEGA model to estimate the cost of complying with every
1104 set of vehicle standards proposed by the Agency?

1105 Mr. Wehrum. That, I don't know but what I do know is
1106 very early in this process --

1107 Mr. Tonko. Well can you -- you don't know. So can you
1108 get back to us with an answer?

1109 Mr. Wehrum. Well what I don't know is how long ago
1110 OMEGA was developed. So it certainly has been used for the
1111 last few EPA tailpipe standards but --

1112 Mr. Tonko. Can you get back to us with an answer?

1113 Mr. Wehrum. I would be happy to.

1114 Mr. Tonko. Thank you. Is it correct that, in this
1115 rulemaking, the model NHTSA created to estimate the cost of
1116 complying with fuel economy regulations, the CAFE model, has
1117 been used to estimate the cost of complying with EPA's
1118 greenhouse gas standards?

1119 Mr. Wehrum. I am sorry, Congressman. I didn't
1120 understand that question. Will you please repeat it?

1121 Mr. Tonko. Is it correct that, in this rulemaking, the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1122 model NHTSA created to estimate the cost of compliance with
1123 fuel economy regulations has been used to estimate the cost
1124 of complying with EPA's greenhouse gas standards?

1125 Mr. Wehrum. If I understand your question, the answer
1126 is yes, we are using --

1127 Mr. Tonko. Okay, thank you. The answer is yes.

1128 Mr. Wehrum. -- a single model. A decision had to be
1129 made early on are we going to run two models or are we going
1130 to run one model --

1131 Mr. Tonko. Okay. Sir. Sir, I only have 5 minutes so I
1132 want to use them well.

1133 Mr. Wehrum. Well, you are asking complex questions,
1134 Congressman and they are not solely yes or no answers.

1135 Mr. Tonko. They require yes or no answers.

1136 Interagency review documents released around the time of
1137 the proposed rule show that EPA staff using the OMEGA model
1138 found compliance costs that were half those found by the
1139 NHTSA model. Has EPA considered its own results in
1140 developing the greenhouse gas standards?

1141 Mr. Wehrum. As I said a second ago, a decision was made
1142 early on that we would rely on a single model instead of
1143 having two sets of books. So the CAFE model, which was
1144 developed by NHTSA, is the model that we are using for this
1145 regulation and we will rely on the results of that model when

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1146 we take final action.

1147 Mr. Tonko. Then why is there no discussion of these
1148 results in the proposal's regulatory impact analysis?

1149 Mr. Wehrum. Well we are relying on the CAFE model and
1150 there is a lot of discussion of the results from the CAFE
1151 model in the record.

1152 Mr. Tonko. If EPA was not involved in developing the
1153 technical analysis supporting the EPA standards, how has EPA
1154 satisfied its own obligations under the Clean Air Act to
1155 develop greenhouse gas pollution standards for vehicles?

1156 Mr. Wehrum. We had been involved and we will continue
1157 to be involved until this rule is signed.

1158 Mr. Tonko. It sounds to me like there is professional
1159 staff, expertise that suggests that they were not as involved
1160 as they ought to be and it bothers me with an administration
1161 that calls climate change, climate science a hoax and also
1162 rejects science to kind of go forward with this operation
1163 that creates this proposed rule.

1164 And with that, Madam Chair, I yield back.

1165 Ms. Schakowsky. Thank you.

1166 The chair now recognizes Mr. Shimkus, the Subcommittee
1167 on Energy, Environment, and Climate Change ranking member.

1168 Mr. Shimkus. Thank you, Madam Chairman.

1169 Mr. Wehrum, can you please walk me through what

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1170 processes are legally required of the Agency, such as a
1171 public hearing, in order to lawfully issue a new rule?

1172 Mr. Wehrum. I would be happy to.

1173 The rulemaking process is important to us. It is a very
1174 public way in which we make decisions under our authority
1175 that Congress gives us to establish legally-binding
1176 regulations. And the whole goal of the rulemaking process is
1177 to create an open public record that includes all of the
1178 information that we rely on justifying our final rule.

1179 So that begins well before our proposed rule is issued.

1180 We create a docket. We put in all of the information, and
1181 modeling results, and policy justification of what we are
1182 doing. We publish a proposed rule in the Federal Register.
1183 We provide an opportunity for the public to provide written
1184 comments. If anyone asks, we will hold a public hearing and
1185 we will hold the comment period open after the public hearing
1186 for a period of time for comments, in light of what is heard
1187 in the public hearing.

1188 And then we will do that all over -- well, most of that
1189 all over again. We will take consideration of the comments
1190 and additional information. We will formulate our final
1191 decision. We will document that decision in the docket and
1192 then we will publish that in the Federal Register and that
1193 represents the final Agency action.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1194 Mr. Shimkus. In this particular case, have you done --
1195 have you met these requirements, so far, as you laid them
1196 out?

1197 Mr. Wehrum. I believe we have not only met, we have
1198 exceeded what is necessary under the law, sir.

1199 Mr. Shimkus. During your comment period, have you
1200 received comments from all stakeholders, including public
1201 interest, environmental, and industry groups?

1202 Mr. Wehrum. We have received hundreds of thousands of
1203 comments from all different perspectives, including all of
1204 the groups that you mentioned.

1205 Mr. Shimkus. Under Clean Air Act Section 307(d), are
1206 you required to review each of these comments?

1207 Mr. Wehrum. We review all of the comments that are
1208 submitted and part of our obligation in creating a record of
1209 the final rule is to respond to all substantive comments on
1210 the proposed rule, which we have.

1211 Mr. Shimkus. Under the same Clean Air Act subsection,
1212 is there a response required for any significant comments,
1213 new data, criticism, and oral and written presentations?

1214 Mr. Wehrum. You said it better than I did a second ago.
1215 That is absolutely true.

1216 Mr. Shimkus. Good staff work behind me. So I
1217 appreciate that.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1218 Would a final rule be subject to review and potentially
1219 be overturned if the Agency failed to do these things?

1220 Mr. Wehrum. Absolutely true. All of our final rules,
1221 nationally-applicable final rules are directly reviewable in
1222 the D.C. Circuit Court of Appeals.

1223 Mr. Shimkus. What actions are planned to comply with
1224 this requirement?

1225 Mr. Wehrum. Well, we are working on the final rule
1226 right now. We are working on completing the docket
1227 supporting our decision. We are working on making final
1228 decisions. And once we complete that work, we will publish
1229 it in the Federal Register and then we will wait to see if
1230 anyone chooses to challenge that.

1231 Mr. Shimkus. As I mentioned in my opening statement,
1232 our current Federal transportation fuel standards, namely,
1233 the RFS, doesn't necessarily give us liquid fuel formulations
1234 that maximize energy efficiency. Likewise, CAFE and
1235 greenhouse gas requirements don't necessarily result in the
1236 kinds of engines that would make the best use of available
1237 fuel formulations.

1238 Without asking you to endorse any specific proposal or
1239 legislation, do you think consumers would benefit from a more
1240 holistic or harmonious Federal approach to fuels and fuel
1241 economy standards?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1242 Mr. Wehrum. Yes, I agree with that, sir.

1243 Mr. Shimkus. Could raising the octane levels of regular
1244 gasoline increase fuel economy in vehicles designed to use
1245 higher octane fuel?

1246 Mr. Wehrum. It certainly could. Higher octane allows
1247 for higher compression ratios and higher compression ratios
1248 allows for more efficient engines. So, it certainly could
1249 have that effect.

1250 Mr. Shimkus. Thank you all for being here.

1251 And with that, Madam Chairman, I yield back.

1252 Ms. Schakowsky. The chair now recognizes Congresswoman
1253 Diana DeGette for 5 minutes.

1254 Ms. DeGette. Thank you so much, Madam Chair, for
1255 holding this really important hearing.

1256 Last week, I chaired a hearing of the Oversight and
1257 Investigations Subcommittee on the mission of the EPA. And
1258 we had four former EPA administrators, who served both under
1259 Democratic and Republican Presidents going all the way back
1260 to the Reagan administration. And all four of them expressed
1261 serious concerns about the mission of the EPA under the Trump
1262 administration.

1263 Governor Christine Todd Whitman, for example, who was
1264 the administrator under George W. Bush, testified that the
1265 EAP's current leadership is hostile to its own mission. She

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1266 told us, quote, by all accounts, industry has captured EPA's
1267 regulatory process. This is a disaster for the Agency, the
1268 environment, and public health. End quote.

1269 The other administrators, all three of them, leveled
1270 similar criticisms. So I want to ask you a couple of
1271 questions against that backdrop, Mr. Wehrum.

1272 Prior to your current tenure in the EPA's Air Office,
1273 you were an attorney in private practice. Is that correct?

1274 Mr. Wehrum. Correct.

1275 Ms. DeGette. And you provided legal services to a
1276 number of industrial companies and trade associations. Is
1277 that correct?

1278 Mr. Wehrum. Correct.

1279 Ms. DeGette. And so I have got here your financial
1280 disclosure report that you submitted and, according to this
1281 financial disclosure report, your previous clients included
1282 the American Petroleum Institute and the American Fuel and
1283 Petrochemical Manufacturers. Is that correct?

1284 Mr. Wehrum. Yes, and actually, a --

1285 Ms. DeGette. Thank you.

1286 Mr. Wehrum. -- full list of clients is in --

1287 Ms. DeGette. Excuse me, sir.

1288 Mr. Wehrum. Just my recusal --

1289 Ms. DeGette. No, no, excuse me, sir.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1290 So, Madam Chair, I would ask unanimous consent to submit
1291 Mr. Wehrum's public financial disclosure report for the
1292 record.

1293 Ms. Schakowsky. Without objection, so moved.

1294 Ms. DeGette. Thank you.

1295 Now, sir, since coming to the EPA, I would like to ask
1296 you have you met with the American Petroleum Institute?

1297 Mr. Wehrum. Not that I recall.

1298 Ms. DeGette. And have you met with the American Fuel
1299 and Petrochemical Manufacturers to discuss fuel economy,
1300 greenhouse gas, tailpipe standards, or any aspect of the SAFE
1301 Vehicle Rule?

1302 Mr. Wehrum. Not that I recall, no.

1303 Ms. DeGette. Do you know if any member of your staff
1304 has met with either of these organizations?

1305 Mr. Wehrum. It is possible. We --

1306 Ms. DeGette. Are you aware of it? Are you aware of it?

1307 Mr. Wehrum. I am virtually certain that API and AFPM
1308 have been in on a range of issues but when those requests
1309 come in, they get delegated. You know I don't even see them
1310 because of my recusals.

1311 Ms. DeGette. So, you have not met with them. Is that
1312 your testimony today?

1313 Mr. Wehrum. I don't recall having met with API or AFPM

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1314 since I have been at EPA.

1315 Ms. DeGette. And can you please provide me with a list
1316 of the meetings and participants of the meetings those two
1317 organizations have had with your staff?

1318 Mr. Wehrum. I would be happy to take that back, that
1319 request back to our Congressional Office, yes.

1320 Ms. DeGette. So will you provide me with a list, yes or
1321 no?

1322 Mr. Wehrum. Well, as I said, I would be happy to take
1323 that back to the Congressional Office.

1324 Ms. DeGette. So you are not committing that you will
1325 tell me who your Agency is meeting with from the American
1326 Petroleum Institute or the American Fuel and Petrochemical
1327 Manufacturers. Is that correct?

1328 Mr. Wehrum. What I will tell you is that my calendar
1329 and I believe the calendar of my political staff are a matter
1330 of public record.

1331 Ms. DeGette. So, therefore, you should be happy to
1332 provide me with a list of those meetings, right, since it is
1333 a public record?

1334 Mr. Wehrum. Well, as I said, my Congressional Office
1335 manages relations and manages requests. So I would be
1336 happy--

1337 Ms. DeGette. So you are not committing. Would that be

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1338 a fair statement?

1339 Mr. Wehrum. I am committing to taking it back to my --

1340 Ms. DeGette. You can say yes or no to that.

1341 Mr. Wehrum. I am committing to back it back to my

1342 Congressional Office.

1343 Ms. DeGette. Right. So I just want to say this is the

1344 problem we are having with your Agency every day is a lack of

1345 cooperation, a lack of documents, a lack of disclosure and

1346 this will not be allowed to continue. I just want to tell

1347 you that right now and you can take that back to your

1348 Congressional Office also.

1349 Now, I want to ask you, given what these bipartisan

1350 commissioners said -- administrators said, and given what you

1351 have just told me today, refusing to even tell me whether

1352 your staff has met with the American Petroleum Institute or

1353 the American Fuel and Petrochemical Manufacturers, why the

1354 American people should have any confidence in your leadership

1355 at the EPA.

1356 Mr. Wehrum. Oh, I think the American people should have

1357 great confidence in what we are doing. The American people

1358 elected President Trump. President Trump appointed me to

1359 this position and the Senate confirmed me to this position.

1360 And every single day I come to work I work as hard as I

1361 possibly can to meet the laws that have been assigned to us

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1362 to implement by the U.S. Congress and to do it in the most
1363 robust, fairest, fullest, and public way.

1364 And in response to the questions that I got from
1365 Congressman Shimkus, I explained that virtually everything we
1366 do is through a very open process of rulemaking and --

1367 Ms. DeGette. Apparently no so open that you have to
1368 work with Congress.

1369 And I yield back the balance of my time.

1370 Mr. Wehrum. And I would just recommend on your --

1371 Ms. Schakowsky. No. I now recognize Mr. Walden for 5
1372 minutes for his questions.

1373 Mr. Walden. Thank you, Madam Chair. I hope we can get
1374 to -- yes I know. You got that extra set there. I just have
1375 the panel ones.

1376 So we do appreciate your being here and I hope we can
1377 get back on the issue of the rule and the topic at hand.

1378 And Administrator King, could you explain the process
1379 the administration is undertaking for the SAFE Vehicles Rule?

1380 Let's get to that. There are many inflammatory allegations
1381 made in some of the submitted testimony. So I would like to
1382 hear from you directly and give you a chance to actually
1383 respond.

1384 Are you following the law?

1385 Ms. King. Absolutely.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1386 Mr. Walden. Are you accepting comments from all
1387 stakeholders?

1388 Ms. King. Absolutely.

1389 Mr. Walden. Can you confirm that the proposed rule
1390 included many options and the Democrats' and media portrayal
1391 of a freeze and rollback of standards is not accurate, given
1392 that we do not know what is in the final rule?

1393 Ms. King. That is correct.

1394 Mr. Walden. Assistant Administrator Wehrum, do you
1395 believe the previous administration's rule was outside the
1396 bounds of the Clean Air Act's authority?

1397 Mr. Wehrum. I believe the prior rule was not well-
1398 justified in that regard. I do believe it was beyond their
1399 authority.

1400 Mr. Walden. And if so, can you explain why?

1401 Mr. Wehrum. Yes, I would be happy to. And in brief, as
1402 Ms. King stated earlier, certain assumptions had to be made
1403 to justify the prior rule and those assumptions, like an
1404 ever-increasing cost of gasoline, ever-increasing penetration
1405 of advanced technologies, like electric technologies,
1406 consumer choice, where it was assumed that consumers would
1407 want to buy the fuel-efficient cars that would be mandated
1408 under this rule, all of those assumptions proved to be false.

1409 The purpose of the midterm review was to do a reality

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1410 check, recognizing this program reached well over a decade
1411 and it is difficult to predict over a decade in an area like
1412 this that is constantly evolving.

1413 So I believe an honest look, as I believe we did in our
1414 midterm evaluation, of these evolving issues should have
1415 caused the prior administration to conclude that things are
1416 different enough than what they predicted that they should
1417 have made changes, as we are making changes here.

1418 Mr. Walden. And to each of you, could you highlight the
1419 critical differences between the two programs run by your
1420 agencies? Ms. King.

1421 Ms. King. Thank you. And by the way, I apologize if I
1422 answered questions that were directed to my colleague. It is
1423 a sign, I suppose, that we work well together.

1424 So the programs harmonize better than one might expect.

1425 In particular, the Clean Air Act assigns the responsibility
1426 to consider safety to my colleagues at EPA. And of course,
1427 NHTSA is a safety agency, traffic safety, specifically.

1428 One of the differences that must be considered is that
1429 the law that is implemented by NHTSA has requirements that we
1430 cannot consider, I am quoting statute now, may not consider,
1431 when prescribing a fuel economy standard, the trading,
1432 transferring, or availability of credits under these
1433 sections. So we cannot consider credit. We can't set a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1434 stringent standard that is infeasible and then use credits to
1435 get us out of the bind. We have to actually set a real
1436 standard.

1437 Mr. Walden. All right.

1438 Ms. King. We also have a requirement which is --

1439 Mr. Walden. And these are statutory requirements you
1440 are referencing?

1441 Ms. King. This is from Congress. This is EPCA, yes,
1442 the Energy Policy and Conservation Act. We have a very
1443 important area of law that we implement at NHTSA which says,
1444 this is preemption clause, when an average fuel economy
1445 standard prescribed under this chapter is in effect, a State
1446 or political subdivision of a State may not adopt or enforce
1447 a law or regulation related to fuel economy standards or
1448 average fuel economy standards for automobiles covered by an
1449 average fuel economy standard under this chapter.

1450 Now this is very important because, as many of you know,
1451 fuel economy and greenhouse gas emissions are so closely
1452 related that they are measured in exactly the same way for
1453 compliance purposes and that is at the tailpipe. So the law
1454 that is the responsibility of NHTSA to execute, as directed
1455 by Congress, would prohibit State standards, whereas, I
1456 believe the Clean Air Act has some opportunity to offer a
1457 waiver, which my colleague can describe.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1458 Mr. Walden. All right. Do you want to speak to that,
1459 the differences?

1460 Mr. Wehrum. Yes, I will just go back to the original
1461 question. We have very different missions. NHTSA, my
1462 understanding of their mission is primarily highway safety.
1463 In this case, you know Corporate Average Fuel Economy, for
1464 purposes of energy security, our mission is to manage air
1465 pollution.

1466 Now when it comes to cars and trucks, those missions
1467 overlap substantially and that is what makes it hard for us
1468 to do the rule because NHTSA comes at it from a particular
1469 perspective. Congress said you know regulate fuel economy,
1470 upon consideration of relevant factors for purposes of making
1471 sure we have energy security and enough fuel economy that it
1472 supports that outcome. And our mission is to regulate cars
1473 and trucks to reduce emissions upon consideration of a lot of
1474 factors like cost and safety so that we strike the right
1475 balance between emissions reduction and other important
1476 things like highway safety.

1477 Mr. Walden. All right. My time has expired. Thank you
1478 very much. We thank you both for your public service.

1479 And I yield back.

1480 Ms. Schakowsky. Now I yield 5 minutes to the chairman
1481 of the full committee, Mr. Pallone.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1482 The Chairman. Thank you, Madam Chair.

1483 In my opinion, the only ones that support the proposal
1484 that the EPA has put forth are oil companies poised to make
1485 money from the increased use of fossil fuels. And yesterday,
1486 I wrote a letter to oil interests asking for details
1487 regarding their lobbying efforts. A month ago, I sent the
1488 EPA Administrator a letter highlighting how the Agency
1489 rejected its own expert's conclusions that the CAFE rollback
1490 will result in increased gas pollution and job losses.

1491 Mr. Wehrum, a few questions yes or no. If you can't
1492 answer yes or no, I am just going to move on.

1493 Were you briefed on the memo written by the Office of
1494 Transportation and Air Quality detailing the problems with
1495 the proposed rule?

1496 Mr. Wehrum. Yes.

1497 The Chairman. And was Administrator Wheeler briefed as
1498 well, to your knowledge?

1499 Mr. Wehrum. Yes.

1500 The Chairman. Okay. Has Ms. King or anyone else at
1501 NHTSA told you that NHTSA will correct any of the problems
1502 identified by the Office of Transportation and Air Quality?

1503 Mr. Wehrum. That is not susceptible to a yes or no
1504 answer. So I am happy to give you an answer or move on.

1505 The Chairman. Well I mean I am just asking you if they

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1506 said they would correct them.

1507 Mr. Wehrum. I am sorry, the crowd noise.

1508 The Chairman. I am just trying to find out if anyone at
1509 NHTSA told you that NHTSA would correct the problems?

1510 Mr. Wehrum. Well, so I am sorry, it is not a yes or no
1511 but that assumes everything my office said is correct. And
1512 as I said earlier, these are very, very complex issues --

1513 The Chairman. All right, let's move on. Let me go to
1514 Ms. King.

1515 Mr. Wehrum. -- and we are working --

1516 The Chairman. Let me just ask her directly.

1517 Will you correct the problems identified by the EPA
1518 office?

1519 Ms. King. Where we find errors in math or where we find
1520 opportunities to improve the modeling, and those are
1521 opportunities that we can, in the given time and with given
1522 resources, improve, absolutely. We want the best possible
1523 information --

1524 The Chairman. All right. All right. I appreciate it.

1525 Ms. King. -- to improve, to inform the rule.

1526 Thank you, Chairman.

1527 The Chairman. Now, I requested a variety of brief --
1528 this goes back to Ms. DeGette and the problems with us
1529 getting access to documents. I requested a variety of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1530 briefing materials in my May 23rd letter, much of which is in
1531 your possession, Mr. Wehrum. Will you commit to providing
1532 those materials requested, yes or no, by the end of next
1533 week?

1534 Mr. Wehrum. As I responded earlier, those kind of
1535 requests I have to take to my Congressional Office and I
1536 would be happy to do that.

1537 The Chairman. All right. I just want to say I am
1538 deeply troubled by EPA's lack of transparency and its
1539 disregard for science and the expertise of its career staff.

1540 EPA and NHTSA should probably comply with this committee's
1541 oversight requests moving forward, again, along the lines of
1542 Ms. DeGette's request.

1543 Now I wanted to ask about UARG. Mr. Wehrum, I can't let
1544 you leave here without asking you just a few clarifying
1545 questions about your former association with Utility Air
1546 Regulatory Group or UARG and I want to make sure I get my
1547 facts straight.

1548 So first, just to confirm, you represented UARG when you
1549 were at Hunton. Is that correct; yes or no?

1550 Mr. Wehrum. That is correct, UARG was a client.

1551 The Chairman. And correct me if I am wrong but that
1552 means you represented each individual member of UARG. Is
1553 that correct?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1554 Mr. Wehrum. That is not my understanding.

1555 The Chairman. All right. So was each individual member
1556 of UARG also a client of Hunton as individual members?

1557 Mr. Wehrum. That is not my understanding.

1558 The Chairman. And then finally, you told Politico in
1559 February, and I quote, UARG is an entity. It is a legal
1560 entity. End of quote.

1561 Just explain to me what you meant by that, if you can.
1562 When you said that it was an entity, a legal entity, what did
1563 you mean?

1564 Mr. Wehrum. I don't recall that conversation so I am
1565 not going to speculate as to what that was about.

1566 The Chairman. Okay. You know I am just trying to
1567 confirm statements that you made to the press. So you know I
1568 don't know why it is so difficult to answer but whatever. I
1569 guess if you are not willing to answer some of these things,
1570 we can find another time to summon you back to answer them.

1571 But the reason I am asking these questions is because,
1572 in April of this year, this committee opened an investigation
1573 into the Utility Air Regulatory Group and that is the
1574 secretive litigation group formerly run by Mr. Wehrum and his
1575 former colleagues at the law firm then known as Hunton and
1576 Williams. And I was very pleased that 1 month later, in
1577 response to the investigation, the group announced it would

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1578 dissolve. And so we are closely monitoring their progress.

1579 I just want to reiterate again, because my time is
1580 almost gone here, it is very important, wherever possible, to
1581 give us documents, whether it is the request from Ms.
1582 DeGette, who is our Oversight and Investigations chair, or
1583 my own in these letters. To be honest, we have had a certain
1584 level of cooperation from the EPA on other issues and I just
1585 would like to see more cooperation from your office, if at
1586 all possible.

1587 Thank you. I yield back.

1588 Ms. Schakowsky. The chair now recognizes the ranking
1589 member of the full committee, Mr. Upton.

1590 Mr. Upton. Well I don't have that spot anymore.

1591 Ms. Schakowsky. Oh. Oh, I am sorry.

1592 Mr. Upton. Walden is leaving the room angry.

1593 Ms. Schakowsky. What was I thinking? Fred, I am sorry.

1594 Mr. Upton. There has been a coup. There has been a
1595 coup.

1596 Thank you, Madam Chair.

1597 Ms. Schakowsky. I recognize you anyway.

1598 Mr. Upton. Thank you. Good to have you here and Ms.
1599 King, particularly, your role before. You know for me,
1600 particularly not only from Michigan but as an American, and
1601 one that knows the importance of the industry and also clean

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1602 air, it is important that we have the right standards. I
1603 have supported better safety standards, better fuel standards
1604 for everyone.

1605 And I was part of the group, I guess, a long time ago,
1606 that looked at this long fuel economy standard issue. And it
1607 was important, and we had an agreement by both Republicans
1608 and Democrats that we were going to have another look at this
1609 and that we would, in fact, we insisted on a midterm review
1610 so that years out we would see where the assumptions were,
1611 and where things were, and we would be able to recalibrate,
1612 if we had to. And as one that supports a one standard,
1613 knowing that we can't really have 50 standards, or 10
1614 standards, or whatever, it was important that we have our act
1615 together and see if we can't accommodate all the many
1616 different interests there that protect not only the industry
1617 and the jobs, but also the consumers, as well as the
1618 environment.

1619 And you said something early on in your testimony that
1620 literally within a day or 2 of your becoming administrator,
1621 you met with folks in California and indicated that EPA had
1622 done the same thing. I just know that, as we are in this
1623 crux as to where we are going to go as it relates to the
1624 midterm review, has California -- so you have met with them.
1625 You know who they are. Have they made a proposal, an offer

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1626 back to you in the time that you have been there, in terms of
1627 where we should go, knowing that we had to relook at these
1628 standards?

1629 Ms. King. I am --

1630 Mr. Upton. In essence, have they had a counteroffer?
1631 Have they put anything on the table that they might be able
1632 to accept, other than the path that leads us to 54 miles per
1633 gallon?

1634 Ms. King. At the end of the year of conversations,
1635 there was -- well, first of all, we had a gentlemen's
1636 agreement or gentlewomen, given that both my colleague from
1637 CARB, Mary Nichols and I, we are both Californians, I, a
1638 former California State Park Ranger, and she leading the
1639 California Air Resources Board, we had a gentlemen's
1640 agreement to maintain the confidentiality of our
1641 conversations in order to assure the maximum probability that
1642 we could find a common point.

1643 That being said, it was not until the very end of the
1644 conversation, when something was floated that had not yet
1645 been vetted either by the outgoing or incoming governor or
1646 the attorney general of California. So we very much
1647 appreciated that there was the suggestion that there might be
1648 a path forward but I don't know whether or not the full
1649 authorities of the State of California would have been there

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1650 to support it as an offer.

1651 Mr. Upton. So there has not been -- you are really not
1652 prepared to say where they are and there is no -- there is
1653 nothing out there in the public realm for us to look at in
1654 terms of a counteroffer, other than the original standard.

1655 Ms. King. No, I am afraid not. Because the auto
1656 manufacturers, as most in this room know, need to actually
1657 design and build cars, they need to have some advance
1658 notice--

1659 Mr. Upton. Right.

1660 Ms. King. -- we need to make decisions and get to the
1661 final rule. So at some point, after a year of meetings,
1662 after a year of traveling, both California colleagues coming
1663 to Washington, us traveling to California, at same point we
1664 need to say it has been a year. We are not making progress.

1665 We need to just work from the public docket, from the public
1666 comments, from the best possible science, engineering, and
1667 data, make decisions and move on. And that is the stage we
1668 are at now.

1669 Mr. Upton. And Mr. Wehrum, at EPA is it the same story?
1670 Is there anything different?

1671 Mr. Wehrum. No difference, sir.

1672 Mr. Upton. You know let me just ask a quick question,
1673 knowing my time is expiring.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1674 You indicated, Ms. King, that early on you saw that
1675 there was a real spike in fatalities, when you came on. And
1676 I am just -- was your conclusion that it was just smaller
1677 vehicles? Is that why? I mean I am just looking at all the
1678 safety standards.

1679 And you know I had to rent a car this weekend because my
1680 flights were canceled. And it has a lot more safety stuff
1681 than my car and comes with a little design in the mirror so
1682 you know that there is a car there in your blind spot. You
1683 know this committee pushed forward on tire standards. I mean
1684 we have done a lot of things over the recent years but why --
1685 what was the basic conclusion as to why fatalities really
1686 spiked?

1687 Ms. King. The truth is we don't know. It is complex
1688 and it is likely a number of factors. Economic growth means
1689 that people are driving more. That means there is more
1690 exposure to roadway hazards.

1691 The increase in people choosing to walk and bicycle,
1692 that is a cultural change we see in our cities, certainly
1693 here in Washington.

1694 Mr. Upton. Scooters.

1695 Ms. King. We have seen a growth in the use of drugs
1696 among drivers. So our roadside survey shows more and more
1697 people are driving with marijuana, opioids, or impairing

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1698 pharmaceuticals in their blood.

1699 So the individual vehicles are safer than they have ever
1700 been. Newer cars are safer than older cars but complex
1701 factors come to our roadways. It is something that we --
1702 because we don't collect the data on things we don't know
1703 about, we don't have the data to fully explain the increase
1704 in fatalities but we have launched programs to do everything
1705 we can on all fronts to reduce those fatalities.

1706 Mr. Upton. If I can just have 10 more seconds and I
1707 won't ask a question for a response and I hope that I have
1708 got a colleague down on the other side here that might ask
1709 about, as you look at alcohol and opioids, some devices that
1710 might added to vehicles.

1711 But I will yield back.

1712 Ms. Schakowsky. I now recognize Congresswoman Matsui
1713 for 5 minutes of questioning.

1714 Ms. Matsui. Thank you very much, Madam Chair.

1715 I want to bring up an issue that I believe no one has
1716 brought up yet, and that is the California waiver. And it is
1717 the authority for the State of California, under the Clean
1718 Air Act, and 13 other States to set its own standards for
1719 vehicle emissions through a waiver.

1720 Now since 1968, California has requested and been
1721 granted waivers more than 100 times and the legislative

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1722 history of the Clean Air Act clearly states that Congress
1723 intended California to have the broadest possible discretion
1724 in selecting the best means to protect the health of its
1725 citizens. Our State's leadership has led to cleaner air,
1726 improved public health, and has driven technological
1727 innovation in the automotive industry.

1728 Ms. King, and quickly here, when did NHTSA decide to
1729 conclude that the Energy Policy and Conservation Act preempts
1730 the Clean Air Act's special grant of authority to California?

1731 Ms. King. So the language that I read is the language
1732 from EPCA. It is not a decision of NHTSA. And that language
1733 is described and discussed in the proposed rule. There is no
1734 final rule yet.

1735 Ms. Matsui. Okay, moving on here. Mr. Wehrum, when did
1736 EPA decide to revoke California's waiver?

1737 Mr. Wehrum. No decisions have been made yet,
1738 Congresswoman.

1739 Ms. Matsui. Okay. Well the Clean Air Act was carefully
1740 crafted with the obvious intention to grant California this
1741 authority. Two federal courts have already rejected the
1742 preemption argument and the Clean Air Act does not provide
1743 EPA with authority to revoke a waiver. This deeply flawed
1744 legal argument is an enormous mistake that will throw the
1745 entire American automobile industry into chaos for years.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1746 Now in April of this year, Administrator Wheeler
1747 appeared before this committee and testified that the final
1748 rule had not been completed at that time but the EPA was
1749 moving forward to revoke the waiver. Administrator Wheeler
1750 also testified that the EPA is bound by administrative law to
1751 consider all evidence and comments submitted before making a
1752 final decision.

1753 Mr. Wehrum, isn't it true that a California waiver has
1754 never been revoked; yes or no?

1755 Mr. Wehrum. No.

1756 Ms. Matsui. Okay.

1757 Mr. Wehrum. Well --

1758 Ms. Matsui. What?

1759 Mr. Wehrum. And I am sorry. We denied a waiver request
1760 at the end of the Bush administration. So that wasn't
1761 strictly a revocation but it wasn't --

1762 Ms. Matsui. It has never been revoked. You say it has
1763 been revoked?

1764 Mr. Wehrum. I was just clarifying my statement,
1765 Congresswoman. I wanted to be clear. At the end of the Bush
1766 administration, when I was previously at EPA, we denied a
1767 waiver request from the State of California for greenhouse --
1768 you know a waiver request that would allow them to regulate
1769 greenhouse gas emissions. That denial was in litigation at

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1770 the change of administration and the Obama administration
1771 reversed it.

1772 Ms. Matsui. Right. So we can move on.

1773 So let me just say this. Obviously, if this was
1774 rejected at this time, we know there would be disastrous
1775 outcome, should the administration move forward.

1776 Now, and it could be avoided, let me tell you this is a
1777 back and forth here with good faith negotiations with
1778 California. In fact, and I really wish that Chair Nichols
1779 could be with you because we can answer the question right
1780 there but Chair Nichols actually states that California was
1781 open to accommodation, such as adjustments to compliance,
1782 timing, and flexibility. So it wasn't California's fault.
1783 They were open with the -- if you actually had just the same
1784 situation always, you wouldn't move at all.

1785 Now, Mr. Wehrum, given the evidence that California
1786 clearly put forth a compromise, why won't you engage? Why
1787 did you walk away from the table, given you had these
1788 options?

1789 Mr. Wehrum. Administrator Wheeler sent a letter to
1790 members of the committee and I think it was made available to
1791 all members of the committee this morning.

1792 Ms. Matsui. And what did he say?

1793 Mr. Wehrum. And he is addressing the testimony provided

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1794 by Ms. Nichols that --

1795 Ms. Matsui. Well, let me --

1796 Mr. Wehrum. -- in essence, that we were not
1797 negotiating in good faith. So I would recommend each --

1798 Ms. Matsui. Well, I will ask Chair Nichols about that.

1799 Now I would like to discuss another issue that most
1800 certainly will arise, should your Agency move forward with
1801 its unlawful decision to revoke California's Clean Air Act
1802 waiver. Under the Clean Air Act, federally-funded
1803 transportation projects must demonstrate that they meet air
1804 quality goals set forth in the State's Clean Air Act
1805 Implementation Plan. In other words, those projects can't
1806 adversely impact a State's ability to meet air quality
1807 requirements. If they do so, Federal transportation funding
1808 can either be delayed or lost entirely.

1809 The proposed rule concedes that California and other
1810 States that incorporate California standards into these
1811 implementation plans would be compromised in their ability to
1812 meet federal air quality standards for criteria pollutants
1813 like ozone, which means planned transportation projects in
1814 those States will not be able to show, as required by Federal
1815 law, that they will not worsen air quality or delay
1816 attainment of air quality goals.

1817 Mr. Wehrum, California is projected to receive tens of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1818 billions of dollars of Federal transportation funding in the
1819 coming years. Wouldn't revocation of California's waiver and
1820 implementation of the proposed rule jeopardize these billions
1821 of dollars of Federal transportation funding for needed
1822 projects?

1823 Quickly, I am running out of time.

1824 Mr. Wehrum. CARB submitted supplemental comments to the
1825 record of this rulemaking yesterday or the day before. And I
1826 think their supplemental comments answer your question that
1827 the tone of the comments is that this is going to create a
1828 great problem.

1829 Ms. Matsui. Yes.

1830 Mr. Wehrum. But if you read their letter carefully,
1831 they don't conclude that it does. They said it might, it
1832 may, and --

1833 Ms. Matsui. Well, I think that there was that question
1834 and --

1835 Mr. Wehrum. -- when you look at the analysis that we
1836 did in support of the proposed rule --

1837 Ms. Matsui. -- I think Chair Nichols will -- okay. I
1838 think I have run out of time. So, I yield back.

1839 Thank you.

1840 Ms. Schakowsky. Thank you.

1841 I know recognize for 5 minutes of questions, Mr. Latta.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1842 Mr. Latta. Well, thank you very much, Madam Chair, and
1843 thanks for today's hearing. And thanks to our witnesses for
1844 being with us today.

1845 If I could start my questions with you, Administrator
1846 King, if I could. Back in 2012, under the Obama
1847 administration, when it first finalized that rule, quite a
1848 few assumptions were made. And again, as had been pointed
1849 out a little earlier, that it was thought that gas prices
1850 would be over \$4 a gallon and that most Americans would say
1851 they would rather have a much smaller vehicle than a larger
1852 vehicle, and being in the mid-sized range, and going with
1853 electric and hybrid vehicles. And pretty much what we have
1854 heard today that these assumptions have been pretty much
1855 proved wrong over time.

1856 As my friend from Oregon mentioned when he was in
1857 California, he almost paid \$4 for gasoline. Over the
1858 weekend, when I was in my district, I paid \$2.34. I just
1859 checked and in one of the parts of my district you can buy
1860 gas for \$2.25.

1861 So also in the State of Ohio, just last year, that
1862 hybrid and electric vehicles amounted to less than 2.5
1863 percent of the new vehicle purchases. And as I said, where
1864 the gas prices have gone down in the \$2.30-\$2.40 range in a
1865 lot of areas and down to \$2.25 in some areas in the district

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1866 right now. And when you look at it, 65 percent of all the
1867 new vehicle purchases in 2018 in Ohio were crossovers, SUVs,
1868 and trucks.

1869 So let me ask, did you take these assumption failures
1870 into account when you decided to revise the SAFE Vehicle
1871 Rule?

1872 Ms. King. The updated information was inserted into any
1873 analysis performed at the proposed rule stage.

1874 I want to describe briefly, this may also help address
1875 some of Chairman Tonko's questions, the two agencies' career
1876 staffs have worked very closely together, as directed by
1877 President Obama, for 10 years. We are now at the 10-year
1878 anniversary of the two agencies working closely together.
1879 That means sharing information, sharing analysis, sharing
1880 input files, some of which is provided from Department of
1881 Energy or other sources. The modeling takes inputs from EPA
1882 to go into the model. We share modeling. We help improve,
1883 through criticism and through debate, one another's modeling.

1884 And the two agencies have done so as recently as in the
1885 midterm evaluation technical analysis that was performed at
1886 the end of the last administration before the EPA acted
1887 independently in issuing the determination alone in January
1888 2017.

1889 So the agencies have always and will continue to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1890 consider updated fuel prices, vehicle fleet information,
1891 technologies that are used to improve fuel economy, the
1892 prices that are described to us, you characterize them --

1893 Mr. Latta. So it is actually important that, when you
1894 are doing this, that you are looking at accurate current
1895 information --

1896 Ms. King. That is right.

1897 Mr. Latta. -- to make sure that when you are working
1898 those rules and the regs out there that they are current --

1899 Ms. King. Yes.

1900 Mr. Latta. -- that they have current information.

1901 Ms. King. Absolutely.

1902 Mr. Latta. Thank you.

1903 Would you speak in more detail about how the standards
1904 set in the SAFE Vehicle Rule would still push for cleaner,
1905 safer vehicles, while still providing for more consumer
1906 choice?

1907 Ms. King. Because the statute requires that we set a
1908 maximum and not choose the individual types of vehicles that
1909 are available, the maximum means that there can be very low
1910 or minimum vehicles that are within that bound. Highly fuel-
1911 efficient vehicles can and will continue to be manufactured
1912 for consumers who would like them but some consumers need a
1913 vehicle that maybe has more power or other attributes. And

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1914 setting maximum feasible allows the opportunity, at a fleet-
1915 wide average for there to be diverse vehicle --

1916 Mr. Latta. Well, if I can interrupt for a second
1917 because, again, when you are looking at these numbers and
1918 these averages that we are hearing from different States,
1919 like in Ohio, you know where you are looking at over 60-plus
1920 percent of the people wanting a SUV --

1921 Ms. King. Correct.

1922 Mr. Latta. -- or they want a crossover, or they want a
1923 pickup type truck, type vehicle. So again, you are saying
1924 that when you are looking at these numbers, now are you
1925 taking those percentages in or how did you say you are going
1926 to do that, again? Because again, if one area's percentages
1927 are going up --

1928 Ms. King. Right. Over time --

1929 Mr. Latta. -- do you factor that in there?

1930 Ms. King. Over time, we are seeing fewer and fewer
1931 consumers who are choosing passenger vehicles. Instead,
1932 people are moving to trucks, or SUVs, or other types of
1933 vehicles. Because the fuel economy standards are calculated
1934 as a fleet-wide average, when consumers choose larger or less
1935 fuel-efficient vehicles, that means that our prior forecasts
1936 of what would be achieved will be wrong.

1937 Mr. Latta. Okay and that goes back to the earlier

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1938 question. You have to make sure that when you are working on
1939 these regulations that you have got to constantly be revising
1940 your information that you have received.

1941 Ms. King. Yes, the direction given to NHTSA by Congress
1942 is that we are not allowed to set standards for more than 5
1943 years at a time. Congress explicitly says the Secretary
1944 shall issue regulations prescribing fuel economy standards
1945 for at least 1 but not more than 5 years because Congress
1946 recognized that technology changes.

1947 Mr. Latta. Thank you very much.

1948 Madam Chair, my time has expired and I yield back.

1949 Ms. Schakowsky. Thank you.

1950 And now I recognize Congresswoman Castor for 5 minutes
1951 of questioning.

1952 Ms. Castor. Thank you, Madam Chair.

1953 The Trump administration's rollback of our fuel economy
1954 and clean car standards is poor public policy. It is not
1955 just poor public policy, it is downright harmful to the
1956 ability -- to our ability to tackle the climate crisis and to
1957 keeping America's competitive edge.

1958 Mr. Wehrum, EPA's mission is to protect the public
1959 health and environment and clean air is critical to that
1960 mission but, in 2017 and 2018, the U.S. has more polluted air
1961 days than the average from 2013 to 2016. And in 2018, carbon

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1962 pollution increased after 3 years of decline.

1963 The EPA has found that carbon pollution endangers the
1964 health and welfare of Americans. And the Fourth National
1965 Climate Assessment, that EPA was part of, found last fall
1966 that impacts from climate change on extreme weather and
1967 climate-related events, air quality, and the transmission of
1968 diseases through insects, pests, food, and water increasingly
1969 threaten the health and well-being of the American people,
1970 particularly populations that are already vulnerable. And
1971 American families and businesses are now dealing with the
1972 escalating cost of the climate crisis.

1973 But now EPA is making it worse. Yesterday, EPA
1974 finalized a rule that will achieve less than one percent
1975 emissions reduction from the power sector. But it is
1976 transportation that is now the largest source of carbon
1977 pollution. But today, you are here defending a proposal that
1978 provides for a massive increase in carbon pollution, the
1979 tailpipe standards for the cars that we drive.

1980 With carbon pollution increasing and more polluted air
1981 days happening, EPA freezing tailpipe standards at 2020
1982 levels through 2026 is clearly at odds with the Clean Air Act
1983 requirement of protecting the public health and welfare,
1984 isn't it?

1985 Mr. Wehrum. No, Congresswoman.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

1986 Ms. Castor. But Mr. Wehrum, last August you admitted,
1987 as reported in the L.A. Times, that rolling back the
1988 standards would hurt public health and the environment. You
1989 said, quote, if we lock in the 2020 standards, we are not
1990 getting as much emissions reductions as we otherwise would
1991 and that translates into incrementally less protection of
1992 health and the environment.

1993 The Trump administration's rollback of fuel economy
1994 standards is harming American families and businesses in
1995 other ways as well. Fuel economy standards drive investment
1996 and innovation. Every time we have encouraged automakers to
1997 do better, they have met the challenge. They have made parts
1998 lighter and stronger, transmissions and engines more
1999 efficient, and vehicles more aerodynamic. But by freezing
2000 the CAFE standards, the administration seems to want to aid
2001 foreign automakers instead. Because this is a global and
2002 very competitive market for the cars we drive and the trucks
2003 we drive. And you seem to say America can retreat. We are
2004 not going to be the best anymore in building cars. America
2005 is last. American last in innovation, last in fuel
2006 efficiency, last in air quality. We are not going to stand
2007 for it.

2008 Deputy Administrator King, given that automakers have
2009 written President Trump raising concerns about the effect of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2010 the rollback on innovation and investment, how can you claim
2011 that the American automobile industry would continue to be a
2012 leader in clean car innovations under the administration's
2013 proposal, which freezes clean car standards?

2014 Ms. King. I would be delighted to answer that question.
2015 Of course when we set a very stringent regulatory standard
2016 that requires advanced engineering, all the engineers need to
2017 work on that standard. Whereas, if we set a maximum standard
2018 that is feasible, as required by law, as Congress has
2019 directed us to do, that allows engineers to innovate on
2020 safety as well.

2021 Ms. Castor. No, you are letting them off the hook in
2022 doing that. That just flies in the face of experience over
2023 the last decades.

2024 Ms. King. Advanced safety technology --

2025 Ms. Castor. Every time we have set better standards,
2026 they have met them --

2027 Ms. King. Advanced --

2028 Ms. Castor. -- because this is the United States of
2029 America and we will not retreat --

2030 Ms. King. Not in 2017.

2031 Ms. Castor. -- and it is not time to retreat.

2032 Ms. King. Not in 2017.

2033 Ms. Castor. Canada is increasing their clean car

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2034 standards to 55.2 miles per gallon for cars and 40.6 miles
2035 per gallon for light-duty trucks. And the European Union has
2036 proposed to increase their clean car standards to 64.3 miles
2037 per gallon for cars, 45.7 miles per gallon for light-duty
2038 trucks. China, Japan, and South Korea continue to meet
2039 aggressive fuel economy targets.

2040 Why wouldn't Europe, Asia, or Canada become the
2041 epicenters of clean car investment an innovation under your
2042 proposal?

2043 Ms. King. It is important to look at how those numbers
2044 are calculated. And remember in 2017, most automakers could
2045 not meet the standard in the United States. So I don't know
2046 where the information is suggesting that folks were able to
2047 meet that.

2048 Ms. Castor. It is plain as day and thank you.

2049 I yield back my time.

2050 Ms. Schakowsky. Mr. McKinley, you are recognized for 5
2051 minutes.

2052 Mr. McKinley. Thank you, Madam Chairman.

2053 I want to acknowledge, first, Administrator King and
2054 Administrator Wehrum for your service and thank you. I know
2055 when you and I we served together here on the Committee on
2056 Energy and I was with you yesterday at a special celebration
2057 about the ACE Rule. Despite what some people were whining

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2058 about that, I think it is going to be a very effective rule
2059 over the long-term.

2060 Let me just quickly get into it. One thing that I have
2061 learned, Madam Chairman, to change direction here a little
2062 bit, is that in my 9 years here on the committee following
2063 the Constitution, one of the things I have found out, the
2064 executive branch, pardon the pun here, but the executive
2065 branch trumps the legislative branch.

2066 We are seeing time and time again that, as House Members
2067 and Members of Congress, that we have given up a lot of our
2068 authority to the agencies. Now, we are having this hearing
2069 today. Why? Because once again, the administration is
2070 unilaterally changing a regulation and someone is
2071 disapproving of it. That is the way this system has worked.

2072 I don't like it.

2073 So my question goes back to more fundamentals, Madam
2074 Chair. If we don't like something, why don't we change the
2075 law? If we have a problem with 1975 CAFE standard, change
2076 the law, not whine and complain about it. They have been
2077 doing it for decades. When the GOP had the majority, we
2078 complained about what Clinton and Obama did. And when the
2079 Democrats are not whining about what happened under Trump,
2080 they did the same thing under Bush.

2081 But let me understand -- let me point out if we continue

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2082 to give up this authority to control how these agencies
2083 operate that are passing the rules and regulations, we are
2084 going to see more of this.

2085 As an example, this is something we prepared. Our
2086 office prepared something about 4 or 5 years ago. These
2087 are--just let it roll out. These are the rules and
2088 regulations that were passed against the fossil fuel industry
2089 under the Obama administration -- 1,500 rules and
2090 regulations.

2091 We need to regain control, I believe, of this process,
2092 instead of whining about the agencies are doing because every
2093 4 years, potentially, we change administrations and they
2094 change direction. We don't have certainty. When we had the
2095 Clean Air Act, it was passed and it gave certainty. We need
2096 to get that back again, instead of complaining about what the
2097 rules are. Then let's tighten up what the CAFE standards
2098 are, or whatever those might be.

2099 We had back under the Obama administration there was an
2100 interesting book written by Professor Howe and it said -- the
2101 title was Power Without Persuasion and it was using the
2102 rulemaking to influence what we should be doing here in
2103 Congress. And he talked about Obama, the State waivers under
2104 Federal mandates, if they agreed to education overhauls, if
2105 they increased the greenhouse standards through environmental

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2106 regulations, I could go on. We have all got some lesson of
2107 what the administrations have done. I don't care whether we
2108 are Republican or Democrat, we just have given up that power
2109 on it.

2110 So Madam Chairman, I would say what is our authority in
2111 Congress? Is it every 4 years, we are going to sit there, we
2112 are going to have people come before us as these two folks,
2113 and we are just going to criticize them and rip them apart?
2114 Why don't we tighten up how our agencies should be operating,
2115 so that we have a role, instead of whining about them when
2116 they come in or the next administration?

2117 So I would ask just, and quickly, Heidi -- Administrator
2118 King, what problems would be presented to your group in
2119 transportation if Congress had a voice in the regulations
2120 before they go final? Would that crush you?

2121 Ms. King. Representative McKinley, first, let me assure
2122 you for myself, on behalf of the entire Department of
2123 Transportation, that we are seeking to comply with all of the
2124 direction and laws given to us by Congress. We are not
2125 seeking to trump Congress. In fact, I believe that the
2126 difficulties and the challenges we are having here and the
2127 purpose of this hearing is because we are trying to restore
2128 regular order.

2129 The Administrative Procedure Act requires that we

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2130 complete analysis, that we put it out for public comment, and
2131 that the public be allowed to replicate the modeling on our
2132 website and submit comment, and then we inform a final
2133 decision, not backroom deal-making where you take
2134 manufacturers and have a meeting at the White House and pick
2135 a number, and not violating statutory direction.

2136 Mr. McKinley. I respect that but you saw the list,
2137 86,000 mine jobs, coal mining-related jobs were lost because
2138 of those 1,500 regulations that were passed without
2139 Congressional approval.

2140 So it is not you, it is the process. We need to perfect
2141 the process instead of criticizing you.

2142 Thank you. I yield back my time.

2143 Ms. King. I don't feel criticized. I am very pleased
2144 to comply with the direction of Congress in this very --

2145 Ms. Schakowsky. The gentleman has yielded back.

2146 And now I recognize Mr. McNerney for 5 minutes.

2147 Mr. McNerney. I thank the chair and I will resist the
2148 temptation to respond to Mr. McKinley's comments there.

2149 Mr. Wehrum, do you support the role and expertise that
2150 the EPA Science Advisory Board can provide to assess
2151 underlying science backing regulatory actions?

2152 Mr. Wehrum. The SAB gives us important advice on a lot
2153 of important issues, absolutely.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2154 Mr. McNerney. Thank you. I think the same thing.

2155 Four former EPA administrators testified before this
2156 committee last week. All supported upholding the science in
2157 deciding Agency action.

2158 Now, the SAB has recently decided to review the rule
2159 that is being proposed. Will you commit to cooperating with
2160 the SAB's review of the proposed rule?

2161 Mr. Wehrum. Congressman, the Administrator has already
2162 responded to that request in a letter back to SAB a few days
2163 ago. I don't have the exact date here.

2164 Mr. McNerney. Well, I am asking you. Will you commit
2165 to working with the Science Advisory Board?

2166 Mr. Wehrum. I guess what I am telling you is my boss
2167 made a decision, so I have got to do what my boss decided to
2168 do.

2169 Mr. McNerney. What was the decision of your boss?

2170 Mr. Wehrum. He said, and I am reading from his letter,
2171 and this is on the topic of you know SAB recommended that
2172 this rule, the SAFE proposal, be submitted for further
2173 review. So I am just reading from the letter.

2174 And the last sentence of the Administrator's response on
2175 this particular topic says, the EPA believes that the Clean
2176 Air Act Advisory Committee, which is one of my standing FACA
2177 committees, and its Mobile Source Technical Review

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2178 Subcommittee, which is a mobile source-oriented subcommittee
2179 of the Clean Air Act --

2180 Mr. McNerney. But those aren't science boards. Those
2181 are committees of some kind.

2182 Mr. Wehrum. Well, they are full of folks who are
2183 interested -- with expertise. And particularly, the
2184 Subcommittee of Mobile Sources Technical Review is full of
2185 folks from car companies, and environmental groups, and
2186 outside experts.

2187 Mr. McNerney. So will you commit to not finalizing the
2188 proposed rule until the Science Advisory Board has had time
2189 to complete its review?

2190 Mr. Wehrum. The proposed rule was finalized a good
2191 while ago. I think you meant the final rule.

2192 And again, the Administrator has responded to the SAB
2193 and he said that we will get advice that we need from these
2194 other advisory committees.

2195 Mr. McNerney. That is not acceptable.

2196 Do you think it is okay to continue business as usual
2197 with carbon dioxide emissions?

2198 Mr. Wehrum. Well business as usual includes our efforts
2199 to regulate carbon dioxide through a wide variety of
2200 regulatory mechanisms. Yesterday, we finalized the ACE Rule,
2201 which regulates greenhouse gas emissions. We are working

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2202 hard on finalizing the SAFE Rule that will regulate
2203 greenhouse gas emissions. I administer a major source
2204 permitting program that regulates greenhouse gas emissions.

2205 And I think my job here with regard to greenhouse gas
2206 emissions is to faithfully and fully execute my
2207 responsibilities in the Clean Air Act and that is exactly
2208 what we are trying to do.

2209 Mr. McNerney. Well I mean do you agree that the climate
2210 is changing largely due to carbon dioxide emissions, that the
2211 change is accelerating, that the impacts of climate changes
2212 are likely to be very damaging to catastrophic well before
2213 the end of this century? Do you agree with that?

2214 Mr. Wehrum. Well, Congressman, what is most important
2215 is what I do in my job. And the EPA, prior to my arrival,
2216 made an endangerment finding and a contribution finding that
2217 authorized and actually obligated regulation of the Clean Air
2218 Act and a wide variety of provisions.

2219 I think it is noteworthy we have not sought to reverse
2220 that endangerment or those contribution findings. What we
2221 have done is continued the regulatory program and process, in
2222 the way that I described earlier.

2223 Mr. McNerney. And weaken the carbon dioxide emission
2224 standards, despite the evidence that we are seeing about the
2225 climate.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2226 Mr. Wehrum. No, the Obama administration was trying --

2227 Mr. McNerney. So do you believe that human-caused
2228 climate change is happening and that it is a danger?

2229 Mr. Wehrum. The Obama administration tried to use the
2230 Clean Air Act --

2231 Mr. McNerney. I am not asking about the Obama
2232 administration. Do you believe that climate change is a
2233 danger to this country?

2234 Mr. Wehrum. I am regulating greenhouse gases every day
2235 of the week.

2236 Mr. McNerney. So you are not going to answer that
2237 question directly.

2238 Mr. Wehrum. Like I said, what is most important is how
2239 I administer my authority. My authority and obligation is to
2240 regulate greenhouse gas emissions and that is exactly what we
2241 are doing.

2242 Mr. McNerney. Well your office told the SAB that the
2243 EPA and NHTSA jointly proposed the standards that public
2244 records shows career experts at the EPA Office of
2245 Transportation and Air Quality disagreed with NHTSA's work on
2246 that rule.

2247 Your office also claimed that, quote, the EPA believes
2248 the Clean Air Act Advisory Committee and its Mobile Source
2249 Technical Review Subcommittee would be more appropriate

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2250 venues for any necessary advice on these actions.

2251 It does appear that your office has been dismissive of
2252 the SAB at the time of its rulemaking to avoid input from the
2253 SAB on this action. Nothing you have said today has changed
2254 that conclusion.

2255 I yield back.

2256 Ms. Schakowsky. I now recognize Mr. Johnson for 5
2257 minutes for questions.

2258 Mr. Johnson. Thank you, Madam Chairman.

2259 I was sitting here observing what my colleague, Mr.
2260 McKinley did. I wish I had thought of that. That was pretty
2261 neat, rolling out all of those thousands and thousands of
2262 pages of regulations that you know many of them, many of them
2263 under the previous administration that had very little to do
2264 with protecting the environment and solving the problems that
2265 my colleagues on the left want to talk about. They were
2266 about shutting down fossil fuel industries, particularly the
2267 coal industry.

2268 And I applaud what the administration is doing and what
2269 the EPA is doing to reverse that course. And you can count
2270 me in as a champion to help you do that every chance I get.

2271 You know like other members on this committee, I come
2272 from a state that has a history of manufacturing and
2273 producing automobiles. I know firsthand that these

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2274 manufacturing plants are typically steady and reliable
2275 sources of good-paying jobs but, with the recent closure of
2276 the GM Lordstown Plant, I have, unfortunately, also witnessed
2277 the kind of devastating impact that plant closures can have
2278 on local economies and communities when they do shut down.

2279 Now, there were a lot of factors that went into that
2280 plant's closure but the Federal Government -- we know this --
2281 I believe this: The Federal Government should not be issuing
2282 overly burdensome rules that make it too costly to
2283 manufacture or for consumers to purchase American-made new
2284 automobiles, especially as the market trends further towards
2285 trucks and SUVs.

2286 If another company decides to buy the Lordstown
2287 facility, I want to ensure that that company has a clear set
2288 of transparent, cost-conscious Federal rules to follow. The
2289 Federal Government should be a partner in American auto
2290 manufacturing and production, not a barrier.

2291 So Administrator King, in your testimony, you highlight
2292 the effect the SAFE Vehicles Rule will have on the types of
2293 vehicles that will be available for consumers. Can you
2294 please explain how the proposed rule will help improve
2295 consumer choice?

2296 Ms. King. The proposed rule is considering the factors
2297 that Congress has required we consider to set a standard that

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2298 is maximum feasible. Now within maximum feasible, there can
2299 be all kinds of cars that, on average, meet the maximum
2300 feasible fleet standard.

2301 What we are reconsidering is a standard that is
2302 infeasible because the forecasts and the projections that
2303 were made in 2012 turned out to be wrong, one of those being
2304 that consumers don't want to drive only passenger cars; they
2305 increasingly want larger trucks. So we are trying to make
2306 sure that, following Congressional direction, we set a
2307 standard that is in fact maximum feasible, considering all of
2308 the statutory factors that allows for the consumers to have
2309 access to vehicles they need.

2310 Mr. Johnson. Okay. Well, how can fuel economy
2311 standards drive up the price of cars?

2312 Ms. King. When a very, very stringent or infeasible
2313 standard is set, the investment that goes into meeting that
2314 standard could be very, very expensive. So for example --

2315 Mr. Johnson. And they just pass that on to consumers,
2316 right?

2317 Ms. King. That is right.

2318 So for instance, moving cars into all electrified power
2319 trains because --

2320 Mr. Johnson. Sure.

2321 Ms. King. -- that is a very expensive technology. Not

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2322 every consumer wants it but that might be the only one that
2323 fleet-wide average could meet the standard.

2324 Mr. Johnson. Okay, well thank you. Let me move on to
2325 Mr. Wehrum.

2326 Mr. Wehrum, vehicle choice is important. And as
2327 Administrator King's testimony states, the SAFE Vehicles Rule
2328 contains no language that would prevent any auto manufacturer
2329 from designing and building different types of vehicles.
2330 Natural gas vehicles are an important part of that mix and I
2331 hope that any final rule can help ensure regulatory parity
2332 between vehicles like NGVs and EVs.

2333 As EPA and NHTSA continue to move through this
2334 rulemaking process, will you work with my staff and
2335 colleagues to ensure greater parity is achieved for NGVs?

2336 Mr. Wehrum. Yes, Congressman. We have heard from many
2337 folks in the natural gas vehicle industry about these issues
2338 and I think we have a good appreciation of what the concerns
2339 are and that is one of many things that we continue to
2340 deliberate as we put the final --

2341 Mr. Johnson. Well, I appreciate that because I think
2342 that is an area where you know, if we are smart, we can find
2343 bipartisan agreement on. Everybody agrees that natural gas
2344 is much cleaner than many other forms of energy and it makes
2345 perfect sense that we move in that direction and bring about

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2346 that parity.

2347 So thank you both for your testimony. I, too,
2348 appreciate the service that you are providing to our country.

2349 I yield back.

2350 Ms. Schakowsky. The chair recognizes Congresswoman
2351 Clarke for 5 minutes.

2352 Ms. Clarke. Thank you very much, Madam Chair. I thank
2353 our chairs and our ranking members for this very important
2354 hearing on the Trump administration's proposed rollback of
2355 the fuel economy and Clean Car standards. And I thank our
2356 panelists for bringing your expertise to bear today.

2357 Since 1975, the Corporate Average Fuel Economy
2358 standards, otherwise known as the CAFE standards, have played
2359 a critical role in improving vehicle fuel efficiency,
2360 increasing vehicle safety, spurring American innovation and
2361 investment, and significantly decreasing tailpipe emissions.

2362 As a direct result of these standards, families in my home
2363 State of New York have already saved nearly \$2 billion today,
2364 not to mention the invaluable public health benefits that
2365 have accrued, thanks to cleaner vehicles, especially in low-
2366 income communities and communities of color.

2367 Unfortunately, even with these standards in place,
2368 greenhouse gases -- excuse me -- greenhouse gas emissions
2369 from the transportation sector officially surpassed those

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2370 from the electricity sector in 2017, making transportation
2371 the single largest source of climate-warming emissions in the
2372 United States. In fact, the amount of greenhouse gas
2373 emissions from our transportation sector alone is greater
2374 than almost every other single nation's total emissions.
2375 Now, at a time when we should be strengthening vehicle
2376 emission standards to protect our most vulnerable communities
2377 from the worst effects of climate change and air pollution,
2378 the Trump administration's EPA is once again abdicating its
2379 responsibility to protect public health and the environment.
2380 Instead, they are proposing a rule change that benefits no
2381 one except for the oil and gas industries.

2382 So having said that, according to American Lung
2383 Association's most recent State of the Air Report, nearly
2384 four in ten Americans live in areas with dangerous air
2385 pollution. My district might not be home to major auto
2386 manufacturers or suppliers but it is home to nearly -- to
2387 over 700,000 Brooklynites, whose health is threatened by this
2388 proposal.

2389 Mr. Wehrum and Ms. King, with a simple yes or no, would
2390 you agree with the medical community's determination that
2391 tailpipe pollution is linked to numerous health problems,
2392 such as aggravated asthma, and other respiratory, and
2393 cardiovascular conditions?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2394 Ms. King. Congresswoman, from the proposed rule, if we
2395 finalized a flat standard, there is no noticeable impact to
2396 net emissions of smog-forming or other criteria air
2397 pollutants. There is no impact.

2398 Ms. Clarke. But would you agree that it would be a
2399 health concern --

2400 Ms. King. In this rulemaking, no.

2401 Ms. Clarke. -- such as for those with aggravated
2402 asthma, and other respiratory, and cardiac-cardiovascular
2403 conditions?

2404 Ms. King. The impacts of this rulemaking, no, I do not
2405 agree, as the modeling and science show us.

2406 Ms. Clarke. Currently. So you are saying that with
2407 this rule, we are going to be decreasing the emissions, we
2408 are going to be decreasing the number of individuals who will
2409 be impacted by tailpipe emissions?

2410 Ms. King. I am glad you asked. It is about the same
2411 and the reason for that is if cars are --

2412 Ms. Clarke. So then you have answered my question.

2413 Ms. King. -- more expensive, people can't afford to
2414 buy a new car.

2415 Ms. Clarke. You have answered my question. It is not
2416 going to abate it.

2417 Mr. Wehrum, yes or no?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2418 Mr. Wehrum. Excuse me, I didn't have my mike on.

2419 You are asking simple questions about complex issues.

2420 Ms. Clarke. Okay.

2421 Mr. Wehrum. No, we are balancing --

2422 Ms. Clarke. All right, if we can't --

2423 Mr. Wehrum. We are balancing highway safety against
2424 environmental --

2425 Ms. Clarke. If we can't even talk about health concerns

2426 --

2427 Mr. Wehrum. No, we are not going to put blinders on.

2428 Ms. Clarke. Yes.

2429 Mr. Wehrum. We are not going to put blinders on and
2430 seek additional emission reductions to the exclusion of what
2431 our analysis predicts to be substantial --

2432 Ms. Clarke. Okay, let me --

2433 Mr. Wehrum. -- impacts on highway safety, fatalities
2434 and --

2435 Ms. Clarke. -- move on. Let me move on. You are not
2436 going to filibuster here today. You are not going to
2437 filibuster. I am going to reclaim my time.

2438 Are you both aware of how premature death rates among
2439 white children with asthma compare to those among black and
2440 Latinx children with asthma, yes or no?

2441 Mr. Wehrum. I haven't seen the latest data.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2442 Ms. Clarke. Okay. Well, it turns out that Latinx
2443 children are twice as likely to suffer from asthma than their
2444 white peers. African American children are ten times more
2445 likely.

2446 These stark public health consequences are the primary
2447 reason that my home State of New York adopted California's
2448 Clean Car standards in 1993, 26 years ago, to improve air
2449 quality, clean up our communities, and protect our children.

2450 I only have 13 seconds left but I think that you know
2451 this is a very critical issue for our communities. And as
2452 cities continue to grow and to expand, you have an obligation
2453 to know these stats. You have an obligation to know this
2454 information because at the end of the day, the rulemaking
2455 that is taking place here will have an impact on human life.

2456 Ms. King. Your constituents won't be able to --

2457 Ms. Clarke. Madam Chair, I yield back.

2458 Ms. King. -- afford a clean, new, safe car. We want
2459 to --

2460 Ms. Schakowsky. She has yielded back.

2461 And now I recognize Congressman Long for 5 minutes.

2462 Mr. Long. Thank you.

2463 Ms. King, I drive a mid-sized SUV. It is 13 years old
2464 and that puts me right along with most of my constituents.
2465 And the average age of a registered vehicle in my district is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2466 almost 14 years old. So I guess when the 2020s come out,
2467 mine will be 14 years old.

2468 When people are deciding to purchase new vehicles, a lot
2469 of them are buying trucks and crossovers. Three out of every
2470 one thousand vehicles purchased are electric. With a rural
2471 district like mine, a person's car is not just a means of
2472 getting around, it is oftentimes their business and their
2473 livelihood.

2474 When I was a real estate broker and auctioneer for 30-
2475 some years before I came to Congress, on average, I put
2476 35,000 miles a year on my car and I very rarely got out of
2477 what is now my congressional district. It is about 100 miles
2478 across and 100 miles deep. And so I know what it is like to
2479 make your living out of your car and driving 35,000 miles a
2480 year in a pretty limited area.

2481 In your opinion, how did the previous administration's
2482 CAFE standards impact people like those in my district, and
2483 me in my life before Congress, who are looking to purchase a
2484 new car?

2485 Ms. King. Certainly, a regulation was estimated and
2486 seemed to have added to the price of the car somewhat. But
2487 it is important to recognize and distinguish between the
2488 standards that have been executed to date and the future
2489 standards.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2490 The standards that were issued by the prior
2491 administration had a slow ramp-up in fuel economy and we are
2492 now at the point where it would dogleg up, and shoot up, and
2493 become very costly. So whereas, the historically-
2494 implementing fuel economy standards did not appear to take
2495 new cars -- new cars are more expensive than they have ever
2496 been but we are about to see where the standards are
2497 completely infeasible.

2498 So my hope is that we have at least assured both safety
2499 and fuel economy improvements in recent years but we have to
2500 be mindful, before going up that dogleg to a very steep fuel
2501 economy improvement that would raise the price of a newer,
2502 safer, cleaner car, make it out of the reach of an American
2503 family.

2504 Mr. Long. Okay, staying with your Ms. King, in my
2505 estimation, the Safer Affordable Fuel Efficient, SAFE,
2506 Vehicle Rule sets a more realistic goal for automakers to
2507 achieve, considering less than a quarter of major automakers
2508 met the performance targets for the model year 2017 under the
2509 CAFE standards. However, should more automakers reach the
2510 new goals, does it say anywhere in the new SAFE Vehicle Rule
2511 that once an automaker achieves the model year 2020 standards
2512 for miles per gallon, they can no longer continue to innovate
2513 further and increase the average mile per gallon of their

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2514 fleet?

2515 Ms. King. Automakers can, and should, and I believe
2516 will continue to innovate to meet consumer demand and safety
2517 improvement requirements.

2518 Mr. Long. Aren't car companies incentivized to make
2519 safer and better cars, based on consumer demand instead of
2520 Government mandates?

2521 Ms. King. We, as consumers, depend upon it.

2522 Mr. Long. There is a lot of --

2523 Ms. King. Yes.

2524 Mr. Long. -- competition out there in the auto world,
2525 as you know, and I think that they all want to innovate and
2526 improve their miles per gallon as much as possible.

2527 So thank you and I yield back.

2528 Ms. Schakowsky. I am happy to yield now, for 5 minutes,
2529 to Congresswoman Dingell.

2530 Mrs. Dingell. Thank you, Madam Chair. Thank you for
2531 organizing this hearing today.

2532 Before I begin my questions, just in case you didn't
2533 know it, I want to make one thing perfectly clear. One
2534 National Program for fuel economy with strong reasonable
2535 standards that increase year-over-year and balance between
2536 goals of environmental protection and affordability are
2537 critical. Strong fuel economy standards have kept our

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2538 environment clean, reduced our dependence on foreign oil, and
2539 have saved consumers money at the pump.

2540 The administration's proposed rule has listed several
2541 options, the most acceptable being the flatlining of fuel
2542 economy standards. Flatlining is harmful to American
2543 leadership and innovation, as well as the environment.

2544 Additionally, the administration needs to respect, it
2545 just needs to respect California's role in the process. I am
2546 saying this as a Michigander who has had real -- you know it
2547 has been a history. And you have got to treat them as an
2548 equal partner in negotiations, rather than revoking their
2549 waiver under the Clean Air Act, which it would result in
2550 years of litigation and uncertainty for an industry and their
2551 employees across the country that simply can't take this
2552 uncertainty.

2553 I am really not interested in a pissing contest between
2554 California and this administration, to be perfectly blunt.
2555 And I take offense at this letter because I care about this
2556 and, just like I have nagged you two, and everybody else in
2557 the administration, I have talked to Mary Nichols regularly
2558 and I know she has wanted to come back to this table. And
2559 you all, quite frankly, have not put this table together and
2560 it really bothers me.

2561 I understand that you don't believe California has got a

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2562 right to regulate in this space but we do know that cutting a
2563 deal with them can save the industry money, give them more
2564 certainty, and reduce emissions as well. That is why they
2565 have written you a letter, and that is why they have written
2566 California a letter, and said we need one standard.

2567 Mr. Wehrum and Administrator King, what is more
2568 important to this administration, scratching your ideological
2569 itch by picking a fight with California or solving a problem
2570 by cutting a deal that maximizes environmental benefits and
2571 affordability?

2572 Ms. King. Executing the laws given by Congress that we
2573 execute in the executive branch.

2574 Mrs. Dingell. Mr. Wehrum, and your law is clear.

2575 Mr. Wehrum. Yes, ma'am. The President gave us two
2576 overarching instructions with regard to this rule; one, he
2577 instructed us to go try to make a deal with California. Last
2578 year, he said, go try.

2579 Mrs. Dingell. Yes, I know he did.

2580 Mr. Wehrum. And he said, get this rule done.

2581 So from my perspective, we made an honest and a good
2582 faith effort to find --

2583 Mrs. Dingell. Even the industry doesn't believe that,
2584 Mr. Wehrum. I talk to everybody every single week and that
2585 is why I am coming at all of you. American people are tired

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2586 of conflict. They are tired of partisan bickering. They
2587 want us to get something done. They want us to come up with
2588 practical solutions to practical problems. It is not rocket
2589 science.

2590 The Obama administration put five percent increases.
2591 You are proposing a flat line. There is not a way to
2592 compromise someplace in here? Would you two commit if we
2593 hear Mary Nichols on the next panel say she is willing to go
2594 to the table, will you commit to resume discussions
2595 immediately on a compromise; yes or no?

2596 Mr. Wehrum. My answer is we will keep doing what the
2597 President said. So --

2598 Mrs. Dingell. So I have to call the President and ask
2599 him to ask you to go back to the table?

2600 Mr. Wehrum. No, no, no, no. He said make a good faith
2601 effort. So I am willing to go --

2602 Mrs. Dingell. Well, I don't think your effort has been
2603 in good faith.

2604 Mr. Wehrum. Well, I disagree but I am willing to
2605 continue making a good faith effort but I am also going to
2606 get this rule done as soon as I can.

2607 Mrs. Dingell. So if she says she will come to the
2608 table, can we get that -- and the autos want you to go. What
2609 is it going to take?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2610 Ms. King, would you go back to the table?

2611 Ms. King. I don't know whether that would actually
2612 achieve the goal. I think it would be -- first of all, of
2613 course, we did meet for more than a year, or did meet for
2614 about a year. I --

2615 Mrs. Dingell. And then you stopped.

2616 Ms. King. I would be concerned about the uncertainty
2617 for automakers, should this rulemaking be dragged out for
2618 several more years.

2619 Mrs. Dingell. But they are worried about the
2620 uncertainty. If it is going to be dragged out, this is going
2621 to the courts. You and I both know that this is going to end
2622 up in the courts and that is an uncertainty they don't want
2623 and they have written you, and written the President, and
2624 told people that that is not what they want.

2625 Ms. King. In my experience, these rules tend to go to
2626 the courts, regardless of whether or not --

2627 Mrs. Dingell. This rule is going to the courts.

2628 I am just going to make -- you know the auto industry is
2629 really fragile right now and that is a message I want
2630 everybody here to take, too. And we can't take its health
2631 for granted.

2632 President Trump came to my State. He promised we would
2633 improve manufacturing in this country, yet everything you do

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2634 creates chaos. Trade is creating chaos. The lack of clarity
2635 in the rule for autonomous vehicles, which this committee and
2636 the House did pass, and now your two agencies are seeking to
2637 throw another wrench into this mix with misguided proposal on
2638 fuel economy, revoking California's waiver, flatlining the
2639 standards will take years to litigate and will cost this
2640 industry a significant amount in regulatory uncertainty and
2641 the inability to move ahead.

2642 I urge you to go back to the table, please.

2643 Thank you, Madam Chair.

2644 Ms. Schakowsky. Thank you and I now recognize Mr.
2645 Bucshon for 5 minutes.

2646 Mr. Bucshon. Thank you. I mean based on that what my
2647 friend just said, it sounds like if we would just give into
2648 California, as a country, then we wouldn't have a problem.
2649 Unfortunately, the Constitution doesn't say that.

2650 I also want to talk about what Mr. McKinley said about
2651 Congress and usurping our authority. I totally agree with
2652 him. We have passed, over the last few Congresses, through
2653 the House what is called the REINS Act, which would give
2654 Congress the ability to approve rules and regulations that
2655 have more than \$100 million impact on our economy and
2656 Democrats haven't supported it. So maybe they want to
2657 reconsider. I think it had something to do with the fact

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2658 that it was the Obama administration that didn't want it.

2659 Now we have Trump administration and here we have conflict

2660 again.

2661 As a Congressman in the 8th District of Indiana, this
2662 hearing is important and it directly impacts the Hoosiers
2663 across all 19 counties. In my district, the auto and auto
2664 supplier manufacturers provide 191,495 jobs and that changes,
2665 obviously, to Hoosiers, who contribute more than \$15 billion
2666 to Indiana's gross domestic product each year, the second
2667 highest in the Nation.

2668 It is imperative that the CAFE standard creates
2669 certainty and uniformity. I do, I agree with that. And
2670 while we must take steps to curb emissions, we want to make
2671 certain that standards are feasible for the industry and
2672 address technological constraints in the current market
2673 realities within the industry, which have been described by
2674 both of you.

2675 I wanted to directly bring up some concerns, though,
2676 about some statements in the NPRM on the statement of
2677 rationale that suggested that lightweighting vehicles is
2678 unsafe. This is in contradiction to two NHTSA studies from
2679 2012 and 2017, where researchers concluded that light-weight
2680 materials meet or exceed Federal safety performance
2681 requirements. Furthermore, the statement puts at risk many

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2682 high-skilled jobs, potentially, in Indiana in my
2683 Congressional district.

2684 I would request that you would consider removing this
2685 language from the NPRM, since it is contradicted by studies
2686 from NHTSA. Can you comment on that, Ms. King, and then Mr.
2687 Wehrum?

2688 Ms. King. Lightweighting is very important. It is not
2689 unsafe. Lightweighting is one of the most, and I believe it
2690 is the most cost-effective way to achieve increased fuel
2691 economy. So lightweighting is not unsafe. However, the laws
2692 of physics do apply. If I have one cup here of paper and an
2693 identical cup of lead and the two met, the lead cup, physics
2694 tell us, may endure better. So weight does matter because
2695 when two objects collide on a street, the lighter weight
2696 object is likely to suffer more --

2697 Mr. Bucshon. I would agree but if you crash a '57 Chevy
2698 into a new automobile today, which one is more likely to
2699 cause injury to the passenger?

2700 Ms. King. The newer cars are safer than older cars and,
2701 over time, because of the innovations and engineering, the
2702 relationship between safety and lightweighting has been
2703 broken, basically. So engineering techniques, safety
2704 technology, cars have never been so safe.

2705 Mr. Bucshon. Agreed.

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2706 Ms. King. I go back to lightweighting is not unsafe.

2707 Physics still apply but lightweighting is not unsafe.

2708 Mr. Bucshon. Okay, Mr. Wehrum.

2709 Mr. Wehrum. I agree with Ms. King.

2710 Mr. Bucshon. Okay, great.

2711 Mr. Wehrum. She is the safety expert.

2712 Mr. Bucshon. Thank you for that. I just want to -- you
2713 know like I said, you crash a '57 Chevy into an automobile
2714 today, which has a lot of plastic, aluminum, other
2715 lightweight products in it, it is more likely, for a
2716 multitude of reasons, why the lighter vehicle actually
2717 results in more safety for the passenger than the heavier
2718 all-steel vehicle that we have had in the past.

2719 So this is for Mr. Wehrum. On January 12, 2017, 8 days
2720 prior to President Trump's inauguration, the Obama
2721 administration implemented the final determination of the
2722 midterm evaluation, as we have talked about, providing only
2723 30 days for public comment and 13 days for the administration
2724 to review those comments -- thirteen days.

2725 Mr. Wehrum, can you discuss how -- is it feasible on
2726 something this complex for the EPA to review and address all
2727 the comments in 13 days, in your view?

2728 Mr. Wehrum. In my view, it is virtually impossible to
2729 do a good job in 13 days.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2730 Mr. Bucshon. And so did this play a role in the
2731 reasoning for reopening the midterm evaluation, the
2732 expediency of this proposal?

2733 Mr. Wehrum. The decision was made before I joined the
2734 EPA, but from discussing the issue with Administrator Pruitt,
2735 it is very clear he was concerned that there was a rush to
2736 judgment and it is very clear he was concerned, as I said
2737 earlier in this hearing, that fundamental things had changed
2738 and that those changes had not been adequately considered.
2739 So, we believe there was a firm, firm basis for
2740 reconsideration.

2741 Mr. Bucshon. Okay, I yield back. Thank you.

2742 Ms. Schakowsky. And now I recognize Mr. Soto for 5
2743 minutes.

2744 Mr. Soto. Thank you, Madam Chairwoman.

2745 A bleeding heart liberal chairman Bill Ford stated his
2746 company, the Ford Motor Company didn't want to roll back and
2747 supported increasing Clean Car standards through 2025. The
2748 cost of believing in climate change, quote, is just not -- of
2749 not believing in climate change is just too high. So it kind
2750 of makes me curious why we are here today. Why are we
2751 rolling back standards when even major industry leaders
2752 aren't asking for it? And we would be lowering people's gas
2753 bills at the pump.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2754 And I think a little back to the fact that from the
2755 enactment of the Clean Air Act in 1963, under Johnson,
2756 through Obama we have had this progress made. So why are we
2757 pulling back? I mean it is an aberration, I think, in
2758 history. We are going to look back on this period and say
2759 why. And I empathize because you all have to do what
2760 President Trump tells you to do. So I get the position you
2761 are in today. But, nonetheless, we have to talk about these
2762 things.

2763 So we saw the rollout of the Affordable Clean Energy
2764 Rule, potentially a misnomer, that will lead to higher
2765 emissions than the EPA initially anticipated in the proposal.
2766 The increased carbon pollution resulting from this rollback
2767 would be equal to the annual emissions to 82 percent of the
2768 countries on Earth. That is a lot.

2769 Ms. King, NHTSA used a new model to calculate fleet
2770 turnover. Why would you use a new model and was this method
2771 ever peer-reviewed before you used it?

2772 Ms. King. Over the many years of issuing fuel economy
2773 standards, since NHTSA was first directed by Congress to do
2774 so, we used modeling econometrics and statistical analysis to
2775 inform the statutory factors. So the model we used is one
2776 that has been, the primary model, has been used in prior
2777 rulemakings. And each time we use that model, we take public

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2778 comment, we hear from experts how we can improve it, and we
2779 continue to improve it.

2780 Two of the improvements this time are accounting for
2781 vehicle turnover and accounting for consumers responding to
2782 price changes. And that is because we know that consumers
2783 are less likely to replace their older, less safe car with a
2784 newer, cleaner, safer car if that newer, cleaner, safer car
2785 is 20 percent more expensive.

2786 Mr. Soto. Why did NHTSA exclude several pieces of
2787 valuable modeling data, notably the fleet turnover model,
2788 from the public docket?

2789 Ms. King. I don't know what you are referring to but we
2790 do take very seriously scrutinizing all public comments. And
2791 everything that can improve the model that is backed in
2792 facts, and science, and rigorous methodology, and can be done
2793 with available resources, we will incorporate.

2794 Mr. Soto. So you have the world-class OMEGA model that
2795 is being used by the EPA. Why wasn't that used for the
2796 modeling?

2797 Ms. King. So Congress directed fuel economy standards
2798 to be established by the National Highway Traffic Safety
2799 Administration, or NHTSA, and the CAFE model was developed
2800 exclusively for that purpose. We work with EPA. We work
2801 with Department of Energy. It has been peer-reviewed. It

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2802 has been, for many years, publicly available. It performs, I
2803 understand from career staff comments, given identical inputs
2804 it would provide similar outputs to the OMEGA model.

2805 But we did decide to use one model for this rulemaking
2806 because the public found it confusing to be navigating
2807 multiple models in prior rulemakings and, essentially, we are
2808 representing that newer cars are safer than older cars, that
2809 if you increase prices, consumers are less likely to afford a
2810 new car, and fundamentally, more expensive rigorous
2811 technologies to meet stringent standards would increase the
2812 price of a car.

2813 Mr. Soto. Thank you, Ms. King. My time is limited.

2814 I guess the concern is that adding in these new economic
2815 factors is really -- can fudge the numbers, can cook the
2816 books, could get to a desired result.

2817 Mr. Wehrum, do you believe that NHTSA's unproven
2818 modeling was ready for prime time or would EPA's OMEGA model
2819 have done the trick, as it has in the past?

2820 Mr. Wehrum. Well, as Ms. King just said, we decided
2821 early on we would use one model and not two models. It
2822 doesn't make any sense to keep two sets of books here.

2823 And we have been working hard --

2824 Mr. Soto. Okay, thank you. Thank you, Mr. Wehrum.

2825 Forgive me, my time is limited.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2826 The last thing I just want to comment about is we saw
2827 that long list of fossil fuel regulations rolled out and I
2828 worry you know this rhetoric about a rural and urban divide
2829 in vehicles, big vehicles in the rural areas, smaller
2830 vehicles in urban areas, but these hurricanes don't
2831 discriminate. The floods in the upper Midwest don't
2832 discriminate. The tornadoes in the lower Midwest -- you know
2833 there is going to be a longer list of disaster victims, of
2834 climate change victims than that fossil fuel regulation list
2835 ever was, if we don't come together. It is not whining to
2836 combat climate change. It is our job.

2837 And I yield back.

2838 Ms. Schakowsky. Thank you.

2839 I recognize Mr. Duncan for 5 minutes.

2840 Mr. Duncan. Thank you, Madam Chair. And I want to
2841 thank both of you for being here. It has been an interesting
2842 hearing to listen to.

2843 I think there is a lot of misconceptions perpetuated by
2844 some of the media and the other side related to the SAFE Act.

2845 This was not so much a rollback of regulations but an effort
2846 to maybe correct the course, regulatory assumptions that
2847 swung and missed on the realities of the market and what
2848 consumers want to drive.

2849 Look, I am from South Carolina. I am in a rural

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2850 district. Billy Long was in the auction business and was a
2851 broker. I was in the auction business and a broker. He
2852 drove 35,000 miles. I drove about 65,000 miles chasing
2853 business. I drive a Chevy Duramax diesel truck now to this
2854 day because of it.

2855 In my district, according to Auto Alliance, almost 50
2856 percent of my constituents that own a vehicle either drive an
2857 SUV, a pickup truck, or a minivan; 99 percent of the vehicles
2858 in my district are gasoline or diesel; 0.02 percent are
2859 electric vehicles.

2860 This breakdown is emblematic of several of the Obama
2861 administration misconceptions that they based their
2862 aggressively high standards on. People in rural America do
2863 not want electric vehicles because they don't fit their
2864 lifestyle, their pocketbook, their needs, and they don't have
2865 the charging availability. People in rural America don't own
2866 small vehicles. Many of the jobs that my constituents have,
2867 they require pickup trucks or bigger vehicles.

2868 The median household income in my district is just over
2869 \$47,000 but the price of a new vehicle continues to increase
2870 and they are now above \$37,000. Go price a new pickup truck,
2871 a Chevy Duramax diesel right now and tell me what that cost
2872 is going to be, if you need that in your job. Maintaining
2873 the Obama-level standards will price the middle class of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2874 America out of the new vehicle market.

2875 Now I was thinking about an analogy and I will try this
2876 one. South Carolina is a right to work State. So we don't
2877 allow the union security agreements, okay? What if the
2878 Department of Labor was given a tremendous rulemaking and
2879 regulatory promulgation ability under a broad act like the
2880 Clean Air Act that gave the EPA these broad rulemaking
2881 abilities, and the Department of Labor said you know what, we
2882 are going to reach out and we are going to grab South
2883 Carolina's right to work standard and we are going to make
2884 that the standard for all the other States? Because that is
2885 what is happening now is this California standard is becoming
2886 the standard for all the other States, who are sovereign.

2887 We are a Republic. There is federalism. We, the
2888 Congress, has given a law so that we don't have one State
2889 dictating what other States have to do.

2890 But what if the Department of Labor said we are going to
2891 make all the States adhere to right to work laws of South
2892 Carolina? I don't think the other States would like that.

2893 And so I am sitting here listening to a lot of the
2894 argument on the other side that takes market forces out of
2895 the equation of what the consumers want, because I believe
2896 the vehicle manufacturers, they are trying to see what the
2897 consumers want, and they are building the vehicles that they

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2898 can sell. But we are from the Government. We know best. We
2899 are going to tell you what you have to build and we are
2900 going to force that on the American people. Because that is
2901 what is happening is that Government is telling the
2902 automobile manufacturers what you have to build, regardless
2903 of what the consumer market wants, what you have to build and
2904 what you have to offer.

2905 We don't want the vehicles that they are selling in
2906 Europe. Small, tiny roads require small, tiny vehicles and
2907 that is not appealing to the American consumer.

2908 We got to talking about federalism a while ago. And I
2909 am going to ask Mr. Wehrum -- Administrator Wehrum: How does
2910 cooperative federalism factor into the Clean Air Act?

2911 Mr. Wehrum. Well there are certain parts of the Act
2912 where Congress said that is how we should implement it, split
2913 responsibility between us and the States, and local
2914 governments. And importantly, there are certain parts of the
2915 Act where the Congress said don't do that.

2916 And the motor vehicle emission standards are one of
2917 those places. They are general federal preemption in place.

2918 There is opportunity for a waiver for California but that is
2919 under particular circumstances. And if those circumstances
2920 aren't met, then general federal preemption is in place.

2921 Mr. Duncan. Administrator King, real quickly, can you

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2922 elaborate on how the California requirements create perverse
2923 disincentives on the national auto market, things I talked
2924 about, and not just for choice and affordability, but for
2925 safety as well? Real quick, you have got 20 seconds.

2926 Ms. King. We want to make sure that the innovators are
2927 focusing not only on fuel economy but on safety and other
2928 attributes that consumers value, and not only on that one
2929 dimension of fuel economy.

2930 Mr. Duncan. Thank you both for being here.

2931 And, Madam Chair, I yield back.

2932 Ms. Schakowsky. Thank you.

2933 And now I recognize Mr. Veasey for 5 minutes.

2934 Mr. Veasey. Thank you, Madam Chair.

2935 As we will hear today, the standards implemented by the
2936 Obama administration are driving innovation, creating jobs,
2937 and saving consumers thousands of dollars at the pump over
2938 the lifetime of the ownership of their vehicle, and not to
2939 mention it is a major victory for the things that we are
2940 trying to accomplish for the environment. Despite these
2941 benefits, the Trump administration seems intent on rolling
2942 these standards back.

2943 Mr. Wehrum -- am I pronouncing that right, Mr. Wehrum --
2944 and Ms. King, I assume that you have both seen the letter
2945 from the automakers to President Trump opposing the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2946 administration's actions. You both have seen the letter?

2947 Ms. King. I have not seen the letter from consumers or
2948 the public to the President, only from the automakers.

2949 Mr. Veasey. You have seen it from the automakers. The
2950 letter states that the automakers support a unified standard
2951 that both achieves year-over-year improvements in fuel
2952 economy and facilitates the adoption of vehicles with
2953 alternative power trains.

2954 Do you agree with the automakers on the value of these
2955 goals? If not, why?

2956 Ms. King. We must comply with the direction that
2957 Congress gave us, which is to include economic factors and
2958 which is to --

2959 Mr. Veasey. So do you disagree with the automakers?

2960 Ms. King. I agree in some parts and not in other parts.

2961 But again, I want to be very clear about the mission of
2962 NHTSA is to serve the public, 327 million Americans and not
2963 one specific private sector entity.

2964 Mr. Veasey. Mr. Wehrum, do you agree with the
2965 automakers?

2966 Mr. Wehrum. We have tried real hard to get to a deal.

2967 Mr. Veasey. Do you agree with the automakers?

2968 Mr. Wehrum. Well, their letter says keep trying. And I
2969 said earlier in the committee that the President said that we

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2970 should try and I am willing to do that. The President also
2971 said get the rule done and I am working on doing that.

2972 Mr. Veasey. The letter goes on to say that, for our
2973 companies, a broadly supported final rule will provide
2974 regulatory certainty and enhance our ability to invest and
2975 innovate by avoiding an extended period of litigation and
2976 instability, which could prove as untenable as the current
2977 program.

2978 Do you agree with the industry that the litigation, that
2979 is certain to occur as a result of these new proposed rules,
2980 will be extremely costly, create uncertainty, and make
2981 investments more difficult? Either?

2982 Mr. Wehrum. Well, I will start. I can't control
2983 whether or anybody challenges a final rule that I issue and,
2984 frankly, virtually every final rule I issue gets challenged
2985 by somebody. So the fact of litigation doesn't change my
2986 thinking.

2987 Mr. Veasey. So you don't think the litigation is going
2988 to stifle that?

2989 Mr. Wehrum. Well, I was just going to say the fact of
2990 the litigation doesn't influence the decisions. We have to
2991 decide under the law, based on specified factors and that is
2992 what is most important. And if we can avoid litigation, that
2993 is great but it is awfully hard to do in my business.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

2994 Mr. Veasey. In regulatory filing in 2018, Shell Oil
2995 Company said improving fuel economy is an important lever for
2996 reducing DHG from vehicles while emerging technologies
2997 continue to develop. To date, efficiency standards have
2998 demonstrated the greatest impact on CO2 abatement in
2999 transport relative to other policies.

3000 Do you agree with Shell that the fuel economy standards
3001 are one of the strongest tools we have in the fight against
3002 climate change, Ms. King?

3003 Ms. King. Forgive me. Do I agree with Shell that fuel
3004 economy standards are one of the most important --

3005 Mr. Veasey. Do you agree with Shell that fuel economy
3006 standards are one of the strongest tools we have in the fight
3007 against climate change?

3008 Ms. King. Based solely upon the analysis completed by
3009 NHTSA and EPA together, I would have to disagree only because
3010 if you will see in the proposed rule analysis, there is
3011 almost no impact whatsoever on climate change between the
3012 proposed standard and the preferred alternative because of
3013 the impact of price that many families cannot afford a
3014 cleaner, safer, newer car with a strict price increase. So
3015 that means that we have the choice of either keeping families
3016 in older, dirtier cars or helping them get into newer cleaner
3017 cars. That is where the impact comes.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3018 So there is very, very little climate impact associated
3019 with this rulemaking.

3020 I believe they may be referring to transportation more
3021 broadly, which I believe is responsible for between 25 and 30
3022 percent of anthropogenic carbon emissions in the U.S.

3023 Mr. Veasey. And I understand that bringing more of
3024 these cars to scale makes them more affordable for a lot of
3025 the families, as you just mentioned.

3026 Ms. King. It depends.

3027 Mr. Veasey. Madam Chair, I wanted to also state for the
3028 record that myself and Congress Ron Wright, a Republican from
3029 Texas, we both share General Motors' most profitable plant in
3030 their entire division. We make the SUVs in Arlington, Texas,
3031 the Tahoes, the Denalis, the Suburbans and I will do anything
3032 that I can to make sure that that plant stays open and that
3033 it stays operating. It has been a plant that has been a very
3034 stable employer, particularly for many people in the black
3035 and Hispanic community. And I don't think that these
3036 standards that we are trying to put into place and keep in
3037 place that will keep our environment clean is going to harm
3038 the workforce at that facility in Arlington, Texas.

3039 Thank you, Madam Chair. I yield back.

3040 Ms. Schakowsky. Thank you.

3041 Now I recognize for 5 minutes Mr. Carter.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3042 Mr. Carter. Thank you, Madam Chair.

3043 And thank both of you for being here. Obviously, it is
3044 a very important subject.

3045 Ms. King, I was struck earlier in your testimony by your
3046 concern of safety and some of the figures that you cited
3047 about the number of fatalities having gone up and I couldn't
3048 help but think to myself about what has changed. And one of
3049 the things that I know -- and full disclosure, I am adamantly
3050 opposed to the recreational use of marijuana and particularly
3051 those states that allow that. And impaired driving is
3052 something that is of concern to me. And being on the Health
3053 Subcommittee and being currently the only pharmacist serving
3054 in Congress, the opioid epidemic is something that I have
3055 worked diligently on.

3056 And I am wondering what role does NHTSA have in any of
3057 this. Is there anything that the Agency can do to help in
3058 this fight?

3059 Ms. King. Very much so and we have been very active
3060 since I took office at the National Highway Traffic Safety
3061 Administration. First, we launched a campaign demonstrating
3062 Federal leadership in educating the public that driving
3063 impaired by any substance, whether it be marijuana, opioids,
3064 pharmaceuticals, or illicit drugs is dangerous.

3065 We have also increased our support for local State

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3066 programs, Offices of Traffic Safety grant monies, support for
3067 law enforcement, whose activities to identify impaired
3068 drivers and remove them from the roads. We support
3069 prosecutors who help make sure that if there is a repeat
3070 offender, an impaired driver, that they have the tools, they
3071 are educated and have the tools to make sure that driver is
3072 directed appropriately in court.

3073 So we have been supporting not only public education,
3074 but the system at the State and local level that can remove
3075 those dangerous drivers from our roads. I believe it starts
3076 with public education because the market research has shown
3077 us again and again that marijuana users, in particular, think
3078 they drive better when they are high and yet, when they are
3079 in a test simulator, the evidence shows they are impaired.
3080 They are not driving better. They are slower to decide.
3081 They make bad decisions and their reaction time is slowed.

3082 Mr. Carter. Absolutely. I can't believe anyone would
3083 assert anything to the contrary.

3084 Nevertheless, is there any technology? You know you get
3085 to alcohol and you have got the breathalyzers and you have
3086 got you know we can lock the steering wheels and everything.

3087 Is there anything technology-wise that can help us with
3088 something like that --

3089 Ms. King. There are numerous technologies --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3090 Mr. Carter. -- specifically the marijuana, and opioid
3091 use, and impaired driving?

3092 Ms. King. Of course blood tests can show the evidence
3093 of --

3094 Mr. Carter. But you can't take a blood test before you
3095 crank a vehicle every time.

3096 Ms. King. Oh, I understand. So there is not something
3097 that is related to actually stopping operation of a vehicle.

3098 There are roadside tools being developed. There is
3099 something oral fluid testing, where something like a swab can
3100 test for active THC or other marijuana constituents. And we
3101 should be issuing a report soon that discusses some of those
3102 technologies.

3103 Mr. Carter. But nothing technology -- no kind of
3104 technology on the car itself that NHTSA might be able to say
3105 you are going to have to do this or do that?

3106 Ms. King. Not yet. We have for alcohol. We have
3107 supported innovations that can detect alcohol on the presence
3108 of breath and that can be related to whether or not the
3109 vehicle can be operated but that has not been developed for
3110 marijuana. Not yet.

3111 Mr. Carter. Well and I do thank you for your efforts on
3112 that because it is something that is very important, and
3113 should be very important to all of us and, certainly,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3114 something that is very important to me.

3115 Mr. Wehrum, I would like to ask you very quickly, it
3116 looks like, from what I understand, the proposed SAFE Rule
3117 that should be finalized sometime soon freezes targets at the
3118 model year 2020 levels. And I understand that but yet we are
3119 still going to, from what I have gathered hearing here that,
3120 by 2026 because of certain elements, if you will, certain
3121 changes, that we are still going to be able achieve the
3122 decrease in emissions that was proposed by the previous
3123 administration. How is that? How can we possibly do that?

3124 Mr. Wehrum. Well, part of what we are trying to do with
3125 the rule is make it cleaner and simpler. And I will give you
3126 an example of something that effects the standards on paper
3127 versus what they do in real life, which is for every electric
3128 vehicle sold, it counts as more than one vehicle for
3129 compliance purposes. And that doesn't produce any additional
3130 emissions reduction. That is purely an accounting exercise
3131 for purposes of trying to promote the development of electric
3132 vehicles.

3133 So that is one example of where you look at the paper
3134 and it looks like you know that the current standards are
3135 considerably more stringent than the alternatives we have
3136 proposed but, when you take into account the practical
3137 reality, it is not so much.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3138 Mr. Carter. Well, good. Again, I want to thank both of
3139 you for doing this.

3140 I am one who believes that this is what we should be
3141 doing when we come to policies and, particularly,
3142 legislation. I have never seen a perfect piece of
3143 legislation. It has to be tweaked. It has to be massaged
3144 over time and I think that is exactly what we are doing here
3145 and I applaud your efforts and thank you.

3146 And I yield back.

3147 Ms. Schakowsky. I know recognize Congresswoman Blunt
3148 Rochester for 5 minutes.

3149 Ms. Blunt Rochester. Thank you Madam Chairwoman. And
3150 thank you to the panelists.

3151 I wanted to first start my questions to Deputy
3152 Administrator King. Also, I wanted to thank Congressman
3153 Tonko as well for this joint hearing.

3154 I wanted to first direct my questions to you. And there
3155 were more surrounding NHTSA's rulemaking and setting of
3156 standards. And it is my understanding, and you can just
3157 confirm or deny, that NHTSA was to set a standard on side
3158 impact requirements for child restraints systems by October
3159 1, 2014. Are you familiar with that?

3160 Ms. King. I am familiar with the rulemaking, but not
3161 the date, and I am familiar with the work. As you know,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3162 these very important safety rules that rely on engineering,
3163 we have to get them right if we are going to save lives. And
3164 so research is involved in developing the rules.

3165 Ms. Blunt Rochester. Okay. And then the rear seatbelt
3166 reminder rulemaking was due October 1, 2015. Are you
3167 familiar with that one?

3168 Ms. King. I am familiar. And similarly, we want to
3169 make sure we are making decisions from the best possible
3170 information.

3171 Ms. Blunt Rochester. And then the rulemaking ensuring
3172 that consumers are notified of safety recalls via email, in
3173 addition to the mandate requiring consumer information about
3174 crash avoidance technologies to put on vehicle labels.

3175 I guess the line of questioning is really to ask how do
3176 you prioritize. What is the process that made NHTSA really
3177 focus less on these congressional mandates that are in the
3178 pipeline and change the CAFE standards? How did you come to
3179 that determination of the prioritization?

3180 Ms. King. First, I am pleased to find a fan of our
3181 safety rulemakings. They are very important to us and our
3182 teams work very, very hard. I can't say that it is -- we
3183 issue the rulemakings when we are ready.

3184 With vehicle technology, vehicles are more complicated
3185 than they have ever been before. They are the most -- they

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3186 now are among the most complex digital products that each of
3187 us own, not our computers, but our cars. So when we are
3188 responding to congressional direction to issue a new
3189 rulemaking, we have to make sure that the researchers design
3190 and do research to inform that rulemaking so we don't
3191 accidentally issue a standard that could have unintended
3192 consequences, including unintended safety consequences.

3193 So we have research in progress. Oftentimes, the
3194 rulemakings on our regulatory agenda that are not meeting
3195 timelines, that is because the engineers at NHTSA and the
3196 academic universities are finishing the research that will
3197 inform the rulemaking.

3198 Ms. Blunt Rochester. So basically, you are saying these
3199 5-year-old missed deadlines are because you are waiting for
3200 external forces to influence and that the change in the CAFE
3201 standards, which seems to be complicated as well --

3202 Ms. King. Yes, and a different team. We have a
3203 dedicated team on the fuel economy standards. Now these, the
3204 folks working on this, the engineers, rulemaking, they have
3205 an expertise in fuel economy engineering. We have a team of
3206 vehicle safety research engineers that work on the other
3207 research to inform rulemakings.

3208 I am happy to sit with you or have my team sit with your
3209 staff and walk through all of our rulemakings. But I will

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3210 say we will always be science and data-driven to make sure we
3211 do the right thing for safety.

3212 Ms. Blunt Rochester. Well one of the concerns I have is
3213 that when it is 5 years out and they are congressional
3214 mandates, that is a concern and 40,000 deaths on the roads
3215 really, in our country, is a priority, particularly when we
3216 are trying to decrease the standards of something that have,
3217 I think, been for the betterment of our country.

3218 And I want to turn now to Mr. Wehrum because I wanted to
3219 follow-up on Ms. Clarke's line of questioning. In the State
3220 where I am from, Delaware, we are one of the lowest lying
3221 States in the country and so we are the lowest and it is --
3222 the whole issue of air pollution is priority for us,
3223 especially emissions of nitrogen and sulfur oxides from other
3224 States that travel across State lines and settle over
3225 Delaware. Twenty-five percent of children in the city of
3226 Wilmington have been diagnosed with asthma. The rate is
3227 nearly 30 percent for African American children in my State.

3228 And my first question is really just a yes or no
3229 question, which is: Is the EPA mandated to consider public
3230 health when developing environmental regulations? Is the EPA
3231 mandated?

3232 Mr. Wehrum. Of course.

3233 Ms. Blunt Rochester. Yes. And then will this proposed

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3234 rule -- this is also yes or no. Will this proposed rule, if
3235 promulgated result in the increase of emissions of more
3236 localized air pollutants?

3237 Mr. Wehrum. As Ms. King pointed out, it is a mixed bag.
3238 Our projection says some pollution would go down and a
3239 couple of pollutants would go up. And when you put it all
3240 together, it is kind of a wash.

3241 Ms. Blunt Rochester. So, Mr. Wehrum, please, in the
3242 Federal Register, you actually stated that it will increase
3243 emissions of more localized air pollutants or their chemical
3244 precursors. That was in the Federal Register, Volume 83,
3245 Number 165, page 4,367.

3246 Chairman Schakowsky, I ask unanimous consent to submit a
3247 copy of the Federal Register that I am quoting from.

3248 Ms. Schakowsky. Without objection, so ordered.

3249 [The information follows:]

3250

3251 *****COMMITTEE INSERT *****

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3252 Ms. Blunt Rochester. Thank you.

3253 I just want to end up, because I know my time has run
3254 out, by saying we, as a country, want to be improving, not
3255 just maintaining or going backwards. And so I hope that this
3256 hearing will impress upon you the importance of it, not just
3257 for my State, not just for our country, but for the world.

3258 Thank you and I yield back.

3259 Ms. Schakowsky. Thank you.

3260 And now, Mr. Gianforte, you have 5 minutes for your
3261 questions.

3262 Mr. Gianforte. Thank you, Madam Chair. Thank you for
3263 our panelists being here today.

3264 Administrator King, could you explain how costly
3265 regulations for fuel economy standards are forcing Americans
3266 to stay in older cars longer?

3267 Ms. King. I am happy to. Today, vehicles are more
3268 expensive than they have been in memory, certainly, more than
3269 \$37,000 is the average price of a new car.

3270 Now, because vehicles have been developed to last for a
3271 while, the average age of our cars is also older. It is
3272 almost 12 years now. So one could say nobody needs a new
3273 car. There are more cars licensed to operate on our roads
3274 than there are adults, about 270 million cars licensed to
3275 operate on our roads, about 240 million drivers with drivers'

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3276 license.

3277 So the question is: How do you get folks into newer,
3278 safer, cleaner cars to have the environmental safety and fuel
3279 economy benefits? Raising the price is not going to get
3280 people into newer cars. We know that consumers are price-
3281 sensitive because they have fixed budgets. So increasing the
3282 price of a new car will reduce safety and not help with the
3283 other goals either.

3284 Mr. Gianforte. Could you explain a little more about
3285 how people staying in older cars longer impacts safety?

3286 Ms. King. Newer cars include technologies, whether it
3287 be lightweighting or whether it be crash avoidance. There
3288 are new designs for vehicles that help protect the passenger
3289 compartment. Airbags, that has been a fantastic innovation
3290 to improve safety. So we want to make sure that folks have
3291 the opportunity to buy a newer, safer car and take advantage
3292 of those technological advances, not only crash protections
3293 now, but also crash avoidance. Occupant protection and crash
3294 avoidance can save a lot of lives on our roads.

3295 Mr. Gianforte. Okay, a follow on the same question,
3296 except related to air quality.

3297 Ms. King. Yes.

3298 Mr. Gianforte. What impact does keeping people in older
3299 cars longer have on air quality?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3300 Ms. King. Older vehicles are not as fuel efficient.
3301 Older vehicles, on average, emit more. So the decision or
3302 the policy that helps get folks into newer, safer, cleaner
3303 cars, while of course those newer, safer, cleaner cars, if
3304 they are a very stringent standard, folks may not go into --
3305 not as many people will buy the newer car. If it is a less
3306 expensive standard, more people can get into the newer,
3307 safer, cleaner cars.

3308 And the effect on emissions is somewhat of a wash. So
3309 for the criteria pollutants that are associated with asthma
3310 or other health problems, particulate matter, ozone, NOx,
3311 those pollutants, it is all a wash because you get more
3312 people into cleaner cars when the standard is realistic.

3313 Mr. Gianforte. Okay, just to put a point on it, you
3314 stated in your testimony that newer cars are safer, and
3315 cleaner, and you repeated that here. Is one of the
3316 objectives of the SAFE Vehicle Rule to get more Americans
3317 into the newer cars? And if we do that, instead of the
3318 negative side, talk about the positive side of that. What
3319 would the outcome be if we got more people in newer, safer,
3320 cleaner cars?

3321 Ms. King. Now of course the standard is set, as it
3322 needs to be. Congress directed us to make it maximum
3323 feasible, which takes into account economic practicability.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3324 So the positive effect of getting folks into newer,
3325 cleaner, safer cars is, not only safety and reduced emission
3326 at the family level, improved fuel economy at the family
3327 level. So at the individual family level, there are
3328 tremendous benefits. And in aggregate, it is a very good
3329 option as well.

3330 Mr. Gianforte. So everybody benefits?

3331 Ms. King. We believe so but we have not made a decision
3332 yet. We are modeling. We are reading the public comments
3333 and we are considering all public comments we receive before
3334 make decisions in the final rulemaking.

3335 Mr. Gianforte. Okay. And then Administrator King, I
3336 have a real problem with Government dictating consumer choice
3337 and repetitive inconsistent bureaucracy increasing cost on
3338 consumers. Can you explain how the proposed rule is taking
3339 those concerns into consideration?

3340 Ms. King. Yes, this is a maximum feasible standard,
3341 which allows for innovation that suits people who do want
3342 highly fuel-efficient, battery electric alternative power
3343 train vehicles, as well as someone who might need a vehicle
3344 which is large, and powerful, and can help meet their needs
3345 in rural America, perhaps working in a setting where they
3346 don't have capability to plug in, charge.

3347 So we are trying to set a standard that is maximum

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3348 feasible across the entire fleet, taking into account market
3349 realities and consumer needs, safety, and prices.

3350 Mr. Gianforte. Our needs in Montana are different than
3351 L.A. We need four-wheel drive in the winter. We need bigger
3352 vehicles just for road safety and other things. So I
3353 appreciate you taking that into account. We shouldn't be
3354 telling consumers what they can and can't buy. So I
3355 appreciate your testimony today.

3356 With that, Madam Chair, I yield back.

3357 Ms. Schakowsky. Thank you.

3358 And now, Mr. O'Halleran, you have 5 minutes for
3359 questioning.

3360 Mr. O'Halleran. Thank you, Madam Chair.

3361 First, a little brief statement. I think on your
3362 modeling, and your safety issues, and stuff like that, I
3363 would like to know a little bit more. And are you going to
3364 allow those to be transparent to others within the public of
3365 how that modeling process works and what information went
3366 into the modeling process?

3367 Ms. King. Yes, in fact, it is on our website. It has
3368 been public for quite some time. It even has videos. You
3369 can download the model. You can run it. You can watch a
3370 video on how.

3371 Mr. O'Halleran. Great. And also I am aware that health

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3372 experts from around this country, hundreds and hundreds of
3373 them have clearly indicated that health would be affected by
3374 this change. And as a grandfather, as a parent, folks, I
3375 just don't understand how we are going to balance this
3376 concern about health care and then, obviously, experts around
3377 the country are also concerned about the carbon emissions,
3378 and the impact we have seen on both our climate, our weather,
3379 and the long-term viability of some of the systems that we
3380 have in our country and our health.

3381 So first of all, Deputy Administrator King, your Agency
3382 received comments from the National Tribal Air Association,
3383 which has 136 principle member Tribes as participants,
3384 opposing the proposal to roll back carbon pollution standards
3385 and fuel efficiency standards. The Association urged EPA and
3386 NHTSA to uphold the current standards.

3387 Are you aware of this comment?

3388 Ms. King. I am aware of commenters who have that
3389 concern, yes.

3390 Mr. O'Halleran. But this comment here, are you aware of
3391 it?

3392 Ms. King. We had received about 650,000 comments --

3393 Mr. O'Halleran. Okay, thank you.

3394 Ms. King. -- and I don't remember them all. I am
3395 sorry.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3396 Mr. O'Halleran. Thank you. Did your agencies consider
3397 the impact of this proposal on Tribal sovereignty?

3398 Ms. King. I am sorry?

3399 Mr. O'Halleran. Did your consider the impact of your
3400 proposal on Tribal sovereignty?

3401 Ms. King. We are required by law to consider so and so,
3402 I believe that we must have. I don't recall the specific
3403 language here yet but there are certain executive orders that
3404 apply to all regulations which we address rigorously in all
3405 rulemakings.

3406 Mr. O'Halleran. Okay, thank you.

3407 To both witnesses: Is it your intention to finalize a
3408 rule that will weaken Tribal authority to improve air quality
3409 and reduce carbon pollution on Tribal lands?

3410 Ms. King. It is not our attention, no. And I am not
3411 familiar with the issues that may be raised there. So I
3412 would be happy to learn more.

3413 Mr. O'Halleran. Is it because you didn't reach out to
3414 the Tribal Nations?

3415 Ms. King. No, that is not so. It is because we have
3416 650,000 comments.

3417 Mr. O'Halleran. Well, I will get to that in a second.

3418 Is it your intention to finalize a rule that will
3419 prevent Tribes from reducing air pollution and its

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3420 accompanying health problems in their communities?

3421 Ms. King. That is not an intention, no. Our intention
3422 is to execute the direction of Congress to the Agency to set
3423 a maximum feasible fuel economy standard.

3424 Mr. O'Halleran. And Mr. Wehrum, what about you?

3425 Mr. Wehrum. That is not our intention, Congressman.

3426 Mr. O'Halleran. Thank you.

3427 Considering these severe impacts on Tribes, did your
3428 agencies reach out to Tribes for consultation? Specifically,
3429 did your Agency comply with Executive Order 13175, which
3430 requires consultation and coordination with Tribal
3431 Governments?

3432 Ms. King. I will check back with my agency and reply to
3433 you, to make sure I provide the most accurate information.

3434 Mr. O'Halleran. I am disappointed by the lack of
3435 consultation. It appears, at least from my perspective, from
3436 the start, EPA and NHTSA have shut Tribal Governments and
3437 communities out of discussions about this rule. This is my
3438 input from -- I represent 12 Tribal Nations and the largest
3439 number of population of any district in the country of Tribal
3440 members.

3441 Will your agencies commit to engaging in a government-
3442 to-government consultation on this in future actions related
3443 to carbon pollution and emissions, and air pollution,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3444 especially considering the unique and disproportionate
3445 vulnerabilities to climate change experienced by Tribes?

3446 Ms. King. Our engagement with all partners is very,
3447 very important to us because safety is where the rubber hits
3448 the road in our communities, whether they be Tribal, city,
3449 county, State. So we will continue in all of our programs,
3450 whether they be regulatory or safety programs, to be very
3451 eager to partner and hear from our very important partners.

3452 Mr. O'Halleran. And what about the EPA?

3453 Mr. Wehrum. I agree with Ms. King.

3454 Mr. O'Halleran. Thank you.

3455 And so I just guess that I hope we all agree,
3456 eventually, on the concerns about health care, and climate
3457 change, and all those other elements, and how they factor
3458 into your decisions, and how they factor, if at all, into
3459 your modeling processes into the future.

3460 So thank you very much and I yield.

3461 Ms. Schakowsky. Thank you.

3462 And now welcome to the subcommittees, Mr. Loeb sack, who
3463 is waiving on, and you are recognized now for 5 minutes.

3464 Mr. Loeb sack. Thank you, Madam Chair. And I want to
3465 thank Chairman Tonko and the Ranking Members McMorris Rodgers
3466 and Shimkus for allowing me to wave on today.

3467 I am doing this for an important reason. I am from

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3468 Iowa. That is corn country and, as you might imagine, Mr.
3469 Wehrum, we are going to be talking about some things that
3470 have to do with the RFS.

3471 And I do want to thank you, first, you, and the folks at
3472 the EPA, and the President who worked to finalize the rule
3473 for year-round E15. That is something I have been working on
3474 since I got to Congress, quite honestly. I took the previous
3475 administration to task on that. I have taken this
3476 administration to task on that. I am fully bipartisan in my
3477 concerns because I am from Iowa and, as you might imagine, it
3478 is very important for us.

3479 And unfortunately, the rule cannot possibly undo the
3480 damage that is being done to the biofuels industry by the
3481 literal explosion of small refinery waivers that the EPA has
3482 issued under this administration. We have seen those numbers
3483 skyrocket in recent years.

3484 I understand you were with Administrator Wheeler and the
3485 President in Iowa recently. Is that correct? Did you
3486 accompany them?

3487 Mr. Wehrum. Last week, yes.

3488 Mr. Loeb sack. Yes, thank you. Thank you for being
3489 there.

3490 I understand, during that visit, that Kevin Ross from
3491 the Iowa and National Corn Growers Associations made another

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3492 appeal to the President to listen to farmers and to stop the
3493 abuse of the RFS small refinery waiver program. I know Kevin
3494 very well. I know all those corn growers, as you might
3495 imagine, very well.

3496 EPA recently has not denied a single waiver request for
3497 these small refinery waivers in the last 2 years and, in
3498 doing so, many have argued that essentially they have
3499 destroyed over two billion gallons of biofuel demand,
3500 directly hurting farmers who grow the corn and soybeans for
3501 ethanol and biodiesel, respectively.

3502 EPA has cited the court decision in the Sinclair case as
3503 justification for granting these additional waivers but a May
3504 16th Reuters article, you may have seen that, calls that
3505 justification into question and indicates that the decision
3506 to stop denying the waivers was made at least 4 months before
3507 the Sinclair decision. If EPA's justification was valid,
3508 then EPA must have adjusted the criteria for evaluating
3509 waiver applications in response to the court's decision.

3510 If this is the case, Mr. Wehrum, what are the new
3511 criteria for evaluating waiver applications and why didn't
3512 EPA provide public notice of the change in criteria and
3513 obtain public comments?

3514 Mr. Wehrum. Well, Congressman, to my knowledge, the
3515 criteria we consider are the same as they have ever been,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3516 that we are ultimately obligated to look at whether there is
3517 significant economic hardship on the small refineries imposed
3518 by the RFS program. And we rely a lot on the analysis done
3519 for us by DOE, as I am sure you know, and they do a very
3520 detailed review of the applications we receive for economic
3521 viability, and market position, and other structural issues.

3522 Mr. Loeb sack. Yes, I have to say I don't think that is
3523 consistent with the changes we have seen. So I think we are
3524 going to have to agree to disagree on that because prior to
3525 that decision, the criteria were different. Now how they get
3526 operationalized by you folks, that is another question and I
3527 do want to explore that more after this hearing, if we can do
3528 that.

3529 And also you mentioned DOE. We have had DOE here before
3530 and I have waved on to talk to folks from DOE. And I think
3531 that process is not very transparent and I think that is a
3532 big part of the problem we have here is a lack of
3533 transparency, quite honestly, both in DOE and how they do
3534 this, and how EPA does this as well.

3535 So you know I guess the question really comes to just
3536 sort of what EPA is doing with respect to these waivers. I
3537 really want to have a lot more clarity on that. I would like
3538 to have a lot more transparency in this process, both EPA and
3539 the Department of Energy.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3540 And I just think this really begs -- what this begs is
3541 the question of sort of how close to bankruptcy, if you will,
3542 do these small refineries have to be really to be granted the
3543 waiver. And I think we are going to see some discussion of
3544 that coming up.

3545 I just saw an article. I think the President has called
3546 for a review of this process. And so I am sure that you
3547 folks are going to be part of that review. We are going to
3548 continue to monitor that on a bipartisan basis, those of us
3549 who are from corn country and soybean country.

3550 But I do want to just say that, unfortunately, EPA has
3551 continued to fail to acknowledge the likelihood of waived
3552 gallons for the RVO as well. Because if we are going to see
3553 waivers going down, coming from the EPA, I think when we talk
3554 about RVOs for the upcoming year, we have to take into
3555 account some anticipation that some of that is not going to
3556 be fulfilled because of those waivers and we haven't seen
3557 that.

3558 I just think that the EPA is egregiously undermining the
3559 biofuels industry, and has been the last couple of years, and
3560 its actions really are causing irreparable harm to a lot of
3561 folks in corn country, as you might imagine. Combine that
3562 with the trade issues that we are seeing as well and it is a
3563 real problem for biofuels producers in the Midwest and for

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

This is a preliminary, unedited transcript. The statements within may be inaccurate, incomplete, or misattributed to the speaker. A link to the final, official transcript will be posted on the Committee's website as soon as it is available.

3564 people who work in those factories, as well.

3565 So I am looking forward to the President's review of the
3566 process. And I will continue to comeback and, hopefully, be
3567 waved on and ask some more questions in the future.

3568 Thank you.

3569 Mr. Wehrum. Thank you.

3570 Mr. Loeb sack. Thank you, Madam Chair, I yield back.

3571 Ms. Schakowsky. Thank you.

3572 Let me end by thanking our witnesses for being here. And
3573 so Panel I, we thank you.

3574 And we are going to take a 5-minute break, during which
3575 time if the Panel II can gather, we will be right back.

3576 [Recess.]

3577 Ms. Schakowsky. So we will now hear from our second
3578 panel, and the witnesses are Mary Nichols, who is chair of
3579 the California Air Resources Board.

3580 Nick Loris, deputy director of the Thomas A. Roe
3581 Institute for Economic Policy Studies and Herbert and Joyce
3582 Morgan Dellow in energy and environmental policy at the
3583 Heritage Foundation.

3584 We have Ramzi Hermiz, who is president and chief
3585 executive officer of Shiloh Industries, Inc.

3586 We have David Schwietert, interior chief executive
3587 officer of the Alliance of Automobile Manufacturers.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

3588 We have Josh Nassar, legislative director of the
3589 International Union United Automobile and Aerospace Workers
3590 and Agricultural and Implement Workers of America.

3591 We have Jeff Landry, attorney general of the -- attorney
3592 general of the state of Louisiana. Welcome. Okay. All
3593 right. Former member.

3594 Shoshana Lew, executive director of the Colorado
3595 Department of Transportation.

3596 And David Friedman, vice president of advocacy for
3597 Consumer Reports.

3598 We want to thank our wonderful diverse panel of
3599 witnesses for joining us today. We look forward to your
3600 testimony.

3601 At this time the chair will begin by recognizing Ms.
3602 Nichols for five minutes to provide her opening statement.

3603 STATEMENTS OF THE HONORABLE MARY D. NICHOLS, CHAIR,
3604 CALIFORNIA AIR RESOURCES BOARD; NICK LORIS, DEPUTY DIRECTOR
3605 OF THE THOMAS A. ROE INSTITUTE FOR ECONOMIC POLICY STUDIES;
3606 HERBERT AND JOYCE MORGAN FELLOW IN ENERGY AND ENVIRONMENTAL
3607 POLICY, HERITAGE FOUNDATION; RAMZI Y. HERMIZ, PRESIDENT AND
3608 CHIEF EXECUTIVE OFFICER, SHILOH INDUSTRIES, INC.; DAVID
3609 SCHWIETERT, INTERIM CHIEF EXECUTIVE OFFICER, ALLIANCE OF
3610 AUTOMOBILE MANUFACTURERS; JOSH NASSAR, LEGISLATIVE DIRECTOR,
3611 UNITED AUTO WORKER; THE HONORABLE JEFF LANDRY, ATTORNEY
3612 GENERAL, STATE OF LOUISIANA; THE HONORABLE SHOSHANA M. LEW,
3613 EXECUTIVE DIRECTOR, COLORADO DEPARTMENT OF TRANSPORTATION;
3614 DAVID FRIEDMAN, VICE PRESIDENT, ADVOCACY, CONSUMER REPORTS

3615

3616 STATEMENT OF MARY NICHOLS

3617 Ms. Nichols. Thank you very much. It helps to turn the
3618 button on.

3619 I, with your permission, am not going to read my
3620 prepared testimony, which has been submitted for the record,
3621 except for one paragraph because it goes to something that
3622 was said earlier this morning and to a rather shocking letter
3623 actually that was released just today that I heard about from
3624 the press, accusing me in advance of saying untrue things
3625 about the status of the discussions between California and
3626 the administration. So I am just going to read this piece of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3627 it:

3628 "California has worked hard to address the challenge
3629 with the spirit of innovation we bring to all we do. We have
3630 met more than a dozen times with members of this
3631 administration including at the White House on multiple
3632 occasions to try to come to resolution.

3633 "We have been open to accommodations that would adjust
3634 compliance, timing, and flexibility that would create new
3635 paths to promote innovative technologies and zero-emission
3636 vehicles and that would benefit the public.

3637 Each time the Trump administration has been unwilling to
3638 find a way that works. Their claim that California offered
3639 no counter proposal is false. They unilaterally decided to
3640 cut off conversations, an action which the automakers have
3641 asked them to reverse."

3642 I stand by every single word in that paragraph, Madam
3643 Chairman, and some of them are of particular significance, I
3644 think, because we have not talked publicly about precisely
3645 what was discussed in those meetings.

3646 I was under the belief that the meetings themselves were
3647 confidential, being conducted under Chatham House Rules and
3648 we never released specifics of what we talked about in those
3649 meetings.

3650 But I would state categorically that we proposed areas

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3651 in which we would be willing to come to a compromise with the
3652 administration and we never were told precisely what was
3653 wrong with any of those proposals. We were simply told that
3654 they were inadequate and that we had somehow failed to do our
3655 job by not bringing a proposal that the administration found
3656 to be acceptable.

3657 We were told in December that the administration had
3658 decided to cut off any further attempts to talk with us and
3659 so that was the last conversation that we -- that we had.

3660 Now, I want to talk a little bit about where we -- where
3661 we find ourselves at the moment. First of all, California is
3662 not here because we are seeking to defy the federal
3663 government.

3664 We are in the business of setting emission standards for
3665 vehicles based on a provision of the Clean Air Act that, in
3666 turn, has been part of the Clean Air Act ever since there was
3667 a national Clean Air Act going back to 1970, which recognizes
3668 the unfortunate fact that California is both very big and a
3669 very important market for vehicles, and also has some of the
3670 worst air quality in the United States in any given year,
3671 both in the Los Angeles region and in the Central Valley.

3672 So it is not only the city or urban areas. We also have
3673 severe air quality problems in our more rural areas, and
3674 these areas, in turn, are particularly affected by the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3675 transport from large commercial vehicles that go up and down
3676 the freeways and bring goods from our ports and to our ports
3677 to locations throughout the United States but also have a
3678 very serious impact on the health of the residents of those
3679 areas.

3680 So we have been working in these areas for a long time,
3681 and I was personally proud to be part of the negotiations
3682 that led to the standards that EPA and NHTSA are now
3683 proposing to roll back.

3684 I want to just address a couple of things that I think
3685 were said or implied that I think are important for the
3686 committee to understand.

3687 On several occasions when asked a question by members of
3688 the committee one or the other of the administration
3689 witnesses said these were really complicated issues and
3690 therefore they couldn't really address them directly.

3691 The issues actually are not all that complicated. What
3692 happened was that we adopted a set of standards that aligned
3693 the CAFE standards with the emissions standards that EPA
3694 administers.

3695 California, which derives its power from the Clean Air
3696 Act, came to the table, was part of the discussions, and we
3697 then agreed that these federal standards would serve as an
3698 alternative to the California standards.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3699 So we deemed the federal standards to be in compliance
3700 with California, thereby automatically accepting any car that
3701 needs -- car or light truck that meets the federal standards
3702 as meeting California standards, and we have been in that
3703 position together with the federal government for quite some
3704 time now, and we have wanted to be part of any discussions
3705 that happened about changes.

3706 We have participated in the technical review of the
3707 standards. We have also agreed that there were issues that
3708 were not entirely contemplated at the time that we adopted
3709 those standards, although I think it is stretching it to say
3710 that the companies have not been able to comply because, in
3711 fact, we have had no companies that were in violation either
3712 of the Clean Air Act standards or CAFE standards ever, and up
3713 through this year.

3714 Sometimes they have complied using credits that they had
3715 banked because of previous over compliance with the rule.
3716 But that's how the rule was structured.

3717 I know I am using my time. So if you would like me to
3718 stop at this point --

3719 [The prepared statement of Ms. Nichols follows:]

3720

3721 *****INSERT 3*****

3722 Mr. Tonko. [Presiding.] Yes. We will have a ton of
3723 questions --

3724 Ms. Nichols. Yes.

3725 Mr. Tonko. -- and I agree -- I agree with your
3726 sentiments that some of these questions earlier were
3727 straightforward. But, Chair Nichols, we thank you for
3728 participating.

3729 Now we move to Mr. Loris for five minutes, please.

3730 STATEMENT OF NICOLAS LORIS

3731

3732 Mr. Loris. Thank you.

3733 Chairman Tonko, Ranking Member McMorris Rodgers, Ranking
3734 Member Shimkus, and distinguished members of the
3735 subcommittee, thank you for this opportunity to testify
3736 today.

3737 The views I express in this testimony are my own and
3738 should not be construed as representing any official position
3739 of the Heritage Foundation.

3740 Fuel economy mandates harm American consumers by
3741 constraining choice and driving up prices for new and used
3742 vehicles. These costs have negative economic effects that
3743 ripple throughout our economy.

3744 In this regard, I would like to make four brief
3745 observations.

3746 First, consumers should control what type of cars they
3747 buy and drive. Consumers like saving money. They don't need
3748 the federal government to tell them that nor do they need the
3749 federal government to tell them how to do it.

3750 If car buyers value fuel economy over other vehicle
3751 traits, they will choose to purchase a more fuel efficient
3752 car without any mandate in place.

3753 In fact, a 2016 Journal of Public Economics study

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3754 examined consumers' willingness to pay for fuel efficiency
3755 based on changes in gas prices and found that consumers do in
3756 fact fully value fuel economy in the way that they should.

3757 However, consumers value other vehicle attributes such
3758 as weight, engine size, power and safety. When the federal
3759 government imposes more stringent fuel economy mandates,
3760 regulators override these preferences and skew investment
3761 decisions that automakers must make in order to comply with
3762 CAFE.

3763 Second, forcing automakers to install various fuel-
3764 saving technologies is costly. Mandates that drive up the
3765 sticker price by thousands of dollars per vehicle will price
3766 buyers out of the market.

3767 Several teams of economists and engineers accurately
3768 predicted that the model year 2016 standards hurt consumers
3769 by at least \$3,800 per car.

3770 My colleagues estimate that eliminating the more
3771 stringent standards will save 2025 car buyers thousands of
3772 dollars per vehicle more.

3773 Moreover, higher prices for new cars increase demand for
3774 used ones, causing the price of used vehicles to increase as
3775 well. Even after accounting for reasonable gas savings,
3776 economists find that fuel economy mandates impose net costs
3777 to consumers with low-income households being among the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3778 hardest hit.

3779 Higher prices reverberate throughout the market, which
3780 affects fleet turnover and, consequently, reduces fuel
3781 savings and emission reduction estimates.

3782 My third observation is that fuel saving estimates from
3783 CAFE regulations are not only difficult to project but are
3784 also likely too generous.

3785 When promulgating CAFE rules, the federal government
3786 projects gas prices several decades into the future. While
3787 those price scenarios are plausible, increases in oil supply
3788 and changes in consumer behavior could drive prices down
3789 either further and consumer would save much less money than
3790 projected.

3791 Simply put, when gas prices are low, there is less value
3792 to higher fuel economy. Either way, the reality is it is
3793 difficult to project gas prices 30 weeks into the future, let
3794 alone for the next 30 years.

3795 Importantly, many economic analyses of CAFE standards
3796 disregard the fact that households purchase more than one
3797 car. Three-quarters of American families are multi-car
3798 households and the purchase of their second or third vehicle
3799 may have less to do with fuel economy and more to do with
3800 size, storage, power, and other attributes that consumers
3801 desire.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3802 According to a joint paper from economists at Cal
3803 Berkeley, MIT, and the University of Chicago, this
3804 substitution effect erodes a substantial portion of the
3805 estimated gas savings.

3806 Furthermore, the well-known rebound effect and the
3807 lesser known scrapping effect negates some of the estimated
3808 fuel savings. The rebound effect occurs when people drive
3809 more because their vehicles are more fuel efficient and over
3810 time incentivizing more driving changes where people live and
3811 has perverse effects of creating more congestion.

3812 The scrapping effect occurs because CAFE mandates affect
3813 prices in both the new and used car market. Changes in used
3814 car prices influence when owners decide to scrap their
3815 vehicles.

3816 In a 2015 American Economic Review study, the authors
3817 note that the cascading price effects on used cars because of
3818 CAFE means consumers disproportionately hold on to their used
3819 gas guzzlers longer, resulting in additional fuel usage.

3820 As more stringent fuel economy standards increase new
3821 and used car prices, the authors estimate that 13 to 16
3822 percent of the expected fuel savings will leak away through
3823 the used vehicle market.

3824 My fourth observation is that no matter one stands on
3825 the urgency to combat climate change, CAFE mandates are an

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3826 ineffective policy instrument.

3827 By the Obama administration's own account, the 2012 to
3828 2025 standards would abate less than 200th of a degree
3829 Celsius warming by the year 2100.

3830 In conclusion, fuel economy mandates do far more harm to
3831 American families than good. Consumers should have the
3832 freedom to buy the vehicle of their choice.

3833 Neither Washington nor Sacramento should exclusively
3834 dictate those decisions. Rather than relying on regulations,
3835 pricing signals and consumers preferences should inform car
3836 buyers' choices.

3837 The federal government implemented CAFE standards under
3838 the false premise of imminent resource exhaustion. They are
3839 a relic of the past.

3840 These mandates were not good policy in the 1970s and
3841 they make even less sense today in an era of oil abundance.
3842 Americans will be best served when consumers are fully in the
3843 driver's seat.

3844 Thank you, and I look forward to your questions.

3845 [The prepared statement of Mr. Loris follows:]

3846

3847 *****INSERT 4*****

3848 Mr. Tonko. Thank you, Mr. Loris.

3849 Next, we will go to Mr. Hermiz for five minutes. You

3850 are recognized now. Thank you.

3851 STATEMENT OF RAMZI HERMIZ

3852

3853 Mr. Hermiz. Good afternoon, Chairman Tonko, Ranking
3854 Member Shimkus, and Ranking Member McMorris Rodgers. Thank
3855 you for inviting me for the opportunity to discuss the EPA
3856 and NHTSA's proposal for greenhouse gas emission standards,
3857 CAFE for light duty vehicles, and One National Program.

3858 My name is Ramzi Hermiz. I am the president and CEO of
3859 Shiloh Industries and I am also the chairman of the board of
3860 the Original Equipment Suppliers Association, which is a
3861 division of MEMA.

3862 Shiloh is a U.S.-based company headquartered in Ohio
3863 focused on developing and manufacturing technologies that
3864 provide improved performance, environmental, and safety
3865 benefits to the mobility market.

3866 Shiloh has over 3,800 employees with operations in North
3867 America, Europe, and Asia. Twenty-one hundred of those
3868 employees are located in Indiana, Michigan, Kentucky, Ohio,
3869 Tennessee, and Wisconsin.

3870 MEMA represents more than 1,000 companies that supply
3871 components to the automotive industry. The supply base is
3872 the nation's largest sectors of manufacturing jobs, directly
3873 employing 871,000 workers and creating more than 4.2 million
3874 indirect jobs.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3875 Every day companies like Shiloh work to provide job
3876 opportunities in the United States. We push ourselves to be
3877 world leaders in the development of innovative and safe
3878 technologies.

3879 As leaders, we challenge ourselves and our teams every
3880 single day. Shiloh and MEMA support the challenge of meeting
3881 continued improvement to fuel economy and emission standards
3882 under One National Program.

3883 We believe that this committee, through its leadership,
3884 has a unique opportunity to enable U.S. job growth, promote
3885 the U.S. automotive industry, and support U.S. technology
3886 leadership while benefiting the consumer and the environment.

3887 Of the alternatives proposed, it is our view that the
3888 U.S. can most effectively seize these opportunities through
3889 alternative six and eight, which call for annual improvements
3890 to the standards.

3891 My comments today will focus on three points: jobs,
3892 investment, and technology.

3893 First, IHS market recently found that demand for
3894 technology created by alternative eight would result in the
3895 auto industry growing an additional 250,000 jobs by 2025 in
3896 comparison to a zero percent improvement path that would
3897 result in the loss of 500,000 jobs over the same period.

3898 Second, a zero percent improvement path would strand

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3899 billions of dollars in its supplier investments made in the
3900 U.S. already that have transformed the industry's fuel
3901 economy and emissions performance.

3902 Further, a continued improvement objective, coupled with
3903 One National Program will provide certainty in economies of
3904 scale necessary for additional investment in R&D,
3905 manufacturing, jobs and training which will create a
3906 competitive advantage for the U.S. automotive industry and
3907 lead to continued innovation, reduce compliance costs and
3908 provide more choices and value for consumers.

3909 Third, continuous improvement to the standards will
3910 provide the U.S. industry with the structure and incentive to
3911 innovate here at home in the U.S. as we pursue global
3912 leadership in safe, fuel-efficient, and emissions-reducing
3913 technologies.

3914 Finally, we urge you to set the objectives without
3915 specifying a specific solution as we believe that our
3916 industry will use its experience, ingenuity, and grit to
3917 success while providing the automakers and consumers and with
3918 a wide array of options.

3919 Overall, our strategy for fuel economies and fuel
3920 efficiencies can be achieved through many different
3921 alternatives, light weighting being one of those
3922 opportunities.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3923 In conclusion, in order to preserve and grow jobs in
3924 investments in the U.S. and support U.S. technology
3925 leadership, Shiloh and MEMA urge you to support continuous
3926 improvement to the fuel efficiency and emission standards and
3927 One National Program.

3928 Thank you.

3929 [The prepared statement of Mr. Hermiz follows:]

3930

3931 *****INSERT 5*****

3932 STATEMENT OF DAVID SCHWIETERT

3933

3934 Mr. Schwietert. Good afternoon, Chairwoman Schakowsky,
3935 Ranking Member McMorris Rodgers, Chairman Tonko, and Ranking
3936 Member Shimkus.

3937 I would ask that my formal written statement be
3938 submitted for the record along with the attachments that I
3939 submitted to the committee earlier. But I will give an
3940 abbreviated oral statement.

3941 Ms. Schakowsky. Let me make sure that everybody knows
3942 who we are talking to. Mr. Schwietert -- is that right?

3943 Mr. Schwietert. That's correct.

3944 Ms. Schakowsky. Okay. I am sorry. Go ahead.

3945 Mr. Schwietert. Wonderful. I am David Schwietert --

3946 Ms. Schakowsky. Let me -- one other thing. I wanted
3947 you to know that in the anteroom here I was watching
3948 everything. So I saw the testimony. I don't want you to
3949 think that I left the room on you. I was just in the side
3950 room.

3951 Thank you. Okay.

3952 Mr. Schwietert. Thank you, Madam Chairwoman. I am
3953 David Schwietert and I am the interim president and CEO of
3954 the Alliance of Automobile Manufacturers and we represent 12
3955 leading auto makers who hail from three countries who

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3956 manufacture over 70 percent of new passenger vehicles sold in
3957 the United States.

3958 By creating jobs, fuelling innovation, building exports,
3959 and advancing mobility, automakers are driving the American
3960 economy forward. No other single industry is linked so much
3961 to U.S. manufacturing or generates so much retail business in
3962 employment.

3963 Nationwide, nearly 10 million workers and their families
3964 depend on the auto industry. Auto makers are committed to a
3965 cleaner future and the auto industry has invested billions of
3966 dollars on power train development and that investment is
3967 paying off.

3968 Automakers are providing customers with record-breaking
3969 choices in fuel efficient vehicles. Today, more than 490
3970 models are available on sale that achieve at least 30 miles
3971 per gallon, an increase of nearly 70 percent from the 2012
3972 model year, and more alternative power trains are on sale
3973 including 45 models of hybrids, 34 plug-in hybrids, 24 full
3974 battery electric models, and three fuel cell models.

3975 These investments are making a difference both for
3976 consumers and the environment. Since 2005, real-world fuel
3977 economy has increased by over 27 percent.

3978 These record gains are also important but they're not
3979 the only success story. Today, per mile carbon emissions

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

3980 from new passenger vehicles have dropped 22 percent in just
3981 15 years, which approaches the goals of the Paris Climate
3982 Accord for the U.S. to reduce economy wide greenhouse gas
3983 emissions by 26 to 28 percent over 20 years.

3984 Alliance members have committed to a roadmap for fuel
3985 economy and clean car progress. According to consumer
3986 research, our customers want it all, which is why automakers
3987 are committed to offering more fuel efficient autos with
3988 fewer emissions and the latest safety technologies.

3989 Automakers seek to accomplish this while working to keep
3990 automobiles affordable. Simply put, automakers support year
3991 over year increases in fuel economy that align with market
3992 demand and we support a data-driven fine rule in One National
3993 Program.

3994 One national program is important for many reasons
3995 because in the last decade automakers have been subject to
3996 three different regulators -- NHTSA, EPA, and the California
3997 Air Resources Board -- pursuing similar objectives in
3998 different ways.

3999 Redundant government programs drive compliance costs and
4000 that ultimately comes out of the wallets of our customers.
4001 Automakers worked with the three regulators to more closely
4002 align standards in two rulemakings covering model years 2012
4003 to '16 and 2017 to 2025.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4004 The result was that -- what is now called One National
4005 Program. Unfortunately, to this day we still have three
4006 separate programs. However, One National Program is still
4007 good policy to keep new vehicles affordable so more Americans
4008 can buy new vehicles, replacing older less efficient models.

4009 Automakers also support a data-driven final rule. When
4010 the 2012 to 2025 standards were developed, the mid-term
4011 evaluation was planned to be completed by April of 2018,
4012 halfway through the 14-year rulemaking.

4013 This evaluation was intended to compare assumptions made
4014 in 2012 or earlier with what was actually happening to
4015 evaluate whether future standards should be maintained or
4016 adjusted up or down, depending on a wide range of factors.

4017 This is what -- this was an agreement by all parties --
4018 automakers, the Department of Transportation, EPA, and CARB.

4019 One market reality is clear. No factor is more relevant
4020 than gas prices, which remain significantly lower than
4021 projected in 2012 when fuel standards were last set.

4022 As a result, consumers are buying more SUVs, pickups,
4023 larger engines and fewer automotive power trains like
4024 hybrids, electric vehicles than regulators expected.

4025 The clear challenge facing automakers is that consumer
4026 preferences do not align with market targets originally
4027 envisioned back in 2012.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4028 Under current federal regulations, automakers are judged
4029 by what consumers buy, not what they offer for sale in
4030 showrooms. Consumers have many different preferences, goals,
4031 or priorities when purchasing a new vehicle.

4032 The market demonstrates that these many factors,
4033 notably, affordability, safety, reliability rank much higher
4034 than fuel economy. Despite record numbers of models of
4035 alternative power trains and fuel-efficient vehicles being
4036 offered in dealer showrooms, sales of these vehicles remain
4037 low -- less than 4 percent of all new vehicle sales last
4038 year.

4039 If you remove hybrid vehicles, plug-in electric vehicles
4040 account for less than 2 percent of all sales nationwide. To
4041 put it concisely, at present consumer preference and market
4042 realities do not align with policy aspirations outlined in
4043 2012.

4044 The previous 22 to 25 standards do not reflect market
4045 realities and therefore warrant adjustments. In conclusion,
4046 this requires compromise, understanding, and a willingness to
4047 find a path forward that serves all interests and this is why
4048 automakers remain steadfast in our support for an agreement
4049 that balances environmental goals, consumer preference, and
4050 market realities.

4051 When it comes to fuel economy, the auto industry is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4052 committed to ongoing progress and a journey that has no end.
4053 After all, automakers have invested substantially in energy-
4054 efficient technologies that we would like to see consumers
4055 embrace. We expect that fuel economy will keep rising. The
4056 only issue is at what speed.

4057 Thank you.

4058 [The prepared statement of Mr. Schwietert follows:]

4059

4060 *****INSERT 6*****

4061

Ms. Schakowsky. Thank you, Mr. Schwietert.

4062

Let me now recognize Mr. Nassar for five minutes.

4063 STATEMENT OF JOSH NASSAR

4064

4065 Mr. Nassar. Thank you, Chairwoman Schakowsky, Ranking
4066 Member McMorris, Chairman Tonko, and Ranking Member Shimkus
4067 and members of the committee for the opportunity to testify
4068 today.

4069 I am testifying here on behalf of, and it is a real
4070 honor, of the 1 million members and retirees of the United
4071 Auto Workers, our president, Gary Jones, and the
4072 International Executive Board, and I want to just talk about
4073 why we care so much about this.

4074 Obviously, a lot of our members work in the industry and
4075 their very livelihoods are on the line here with the
4076 decisions that are made.

4077 It is not just that. It is also the wellbeing of our
4078 retirees is greatly dependent on the success of the auto
4079 industry. So, simply put, we look out for what is best for
4080 our members and what is going to create the most good jobs.
4081 That's our priority here.

4082 Now, as far as this proposal, we, after real careful
4083 consideration, we do not support the preferred alternative
4084 because we are really concerned that it is going to actually
4085 stifle companies from innovating and also from, you know,
4086 competing in a global economy as far as being export markets.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

4087 And I do want to say that, you know, many of the new
4088 technologies you see in cars and more efficient cars are
4089 built here in the United States and we want to keep it that
4090 way.

4091 Now, for us another reason why we oppose this because
4092 protracted legal chaos and just uncertainty of what's going
4093 on really does damage investment decisions. It absolutely
4094 does.

4095 So our concern is how policies being made today impact
4096 workers today and tomorrow. And so, in other words, for us
4097 this is not an abstract exercise and I could point to new
4098 technologies that our members make that probably would not
4099 have been made without the existing standards.

4100 So, for us, you know, we really see this as something
4101 that can be a win-win. I mean, we are proud of the role we
4102 played in setting -- helping set previous standards where
4103 there was compromise where people did work together, and we
4104 think that should happen again.

4105 We also do believe that, you know, very much that
4106 climate change is real and that we really have to do
4107 something about it. We all have an obligation.

4108 So good CAFE and THC policy is good for our membership.

4109 It is good for the auto industry, if it is done right and it
4110 has to be done right, and the only way that's going to happen

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4111 is if all the parties are around the table working on a
4112 compromise. That's what we want to do. That's what we did
4113 last time.

4114 Now, there are a lot of headwinds facing auto workers.
4115 Over the past 15 years wages -- when adjusted for inflation,
4116 wages have dropped over 20 percent for auto workers and parts
4117 and final assembly -- over 20 percent, adjusted for
4118 inflation.

4119 So -- and those are official states. So for us we are
4120 looking at, you know, why is that the case, and there's a few
4121 -- there's many, many reasons. One has to do with, you know,
4122 frankly, we have trade agreements which have really
4123 encouraged offshoring and we are hoping that these
4124 adjustments made to trade agreements that will deal with that
4125 situation.

4126 You know, we also -- there are perverse incentives in
4127 our tax code to -- that really reward companies investing
4128 overseas rather than in the U.S.

4129 We also lack an industrial policy as far as worker
4130 training and really encouraging workers -- you know, an
4131 alternate career path to college. We don't -- really don't
4132 do enough to encourage that at all.

4133 And, you know, at the end of the day, what -- we also
4134 have very weak labor laws and we have a lack of enforcement

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4135 of our labor laws, which has really led to a really hostile
4136 environment many workers face.

4137 These are the reasons why wages are dropping. It is not
4138 because of CAFE standards. So CAFE standards are not the
4139 main problem facing auto workers is what I am here to say.

4140 And finally, I want to talk for a minute about EVs.
4141 There's been a lot of talk about EVs.

4142 We agree there's a low acceptance. It is just -- the
4143 question is the world's moving forward with EVs; what are we
4144 going to do to make sure they're made here in the United
4145 States.

4146 We are really concerned that more and more EVs are made
4147 overseas. If you look at a lot of investments from the
4148 companies, and we are falling behind as far as, you know,
4149 building a lot of the technologies here in the U.S. and we
4150 are worried that trend is going to continue.

4151 The CAFE standards help encourage some of that. But we
4152 need other policies, too. We need to really improve the
4153 infrastructure for charging stations. We also think that
4154 companies who receive federal subsidies through the tax code
4155 or otherwise do have an obligation to build more in America
4156 and to treat their workers right. That is not the case
4157 today.

4158 So for us, this is a situation where we can have a win-

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4159 win. We have had a win-win. But that's going to take a
4160 different approach and I just want to say we are ready to
4161 work with everyone and this should not be a partisan issue.
4162 This is about what's best for the U.S. and what's best for
4163 workers.

4164 Thanks for your time. Look forward to answering your
4165 questions.

4166 [The prepared statement of Mr. Nassar follows:]

4167

4168 *****INSERT 7*****

4169 Ms. Schakowsky. Thank you, Mr. Nassar. You hit it
4170 right on the button, too.

4171 Now Mr. Landry, you're recognized for five minutes.

4172 STATEMENT OF JEFFREY LANDRY

4173

4174 Mr. Landry. Thank you, Chairwoman Schakowsky, Ranking
4175 Member Rodgers, Chairman Tonko, Ranking Member Shimkus, and
4176 members of the committee. Thank you for the opportunity to
4177 testify today.

4178 As stated, I am Attorney General Jeff Landry from the
4179 great state of Louisiana. Before I begin, I would like to
4180 acknowledge my former colleagues in the 112th Congress who
4181 are here on the committee.

4182 It is great to see so many of my friends before me. I
4183 was honored to serve in this body on behalf of Louisiana's
4184 3rd Congressional District and I am grateful for the
4185 opportunity to testify before the people's representatives.

4186 I am here today to support the administration's proposed
4187 safer affordable fuel-efficient vehicles rule, which will
4188 safeguard lower-income Americans from unnecessary costs,
4189 increases on newer safer vehicles. I support the proposal
4190 for the following reasons.

4191 One, a national standard should apply. Congress has
4192 made it clear that a single policy should apply and no
4193 compelling air quality concern exists that is unique to one
4194 state.

4195 California should not be able to effectively dictate

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4196 fuel economy standards, tailpipe emission requirements, and
4197 mandates for zero-emission vehicles for Louisiana and the
4198 rest of the nation.

4199 When a state is allowed to usurp congressional intent
4200 for their own design, all other states in our republic
4201 suffer, and by enacting its own regulations California is
4202 circumventing Congress and use its size to create a de facto
4203 national fuel efficiency framework affecting the national
4204 economy.

4205 Recognizing this abuse of authority, I joined a
4206 coalition of other state attorneys general in requesting the
4207 administration revoke California's waiver for emissions
4208 regulation.

4209 Number two, the rule of law should be -- it must be
4210 upheld. I am a firm believer in the separation of powers and
4211 the rule of law.

4212 I am committed to these principles even when it may not
4213 be politically prudent to do so and I recognize that
4214 maintaining consistency in these arenas is critical for our
4215 republic and our economy to thrive.

4216 I also concur with the assertion in a proposed rule that
4217 state-based greenhouse gas tailpipe standards mandates are
4218 preempted under the Energy Policy Conservation Act of 1975.

4219 That legislation was enacted to address the United

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4220 States dependency on OPEC by establishing uniform motor
4221 vehicle fuel economy standards across the nation.

4222 Unfortunately, it is impossible to achieve those uniform
4223 standards under current federal policy. Instead, the voters
4224 of states that prefer more stringent standards are allowed
4225 the latitude to legislate as they see fit while voters in
4226 states that prefer less stringent standards find themselves
4227 subjected to the more stringent state standards.

4228 When we allow one state's authority to increase federal
4229 standards for the entire nation while preempting any state
4230 that seeks to decrease them, we are acting inconsistent with
4231 bedrock principles of federalism.

4232 The current policy originated with the purported waiver
4233 issued under the Clean Air Act. I agree that this ostensible
4234 waiver was likewise preempted by the terms of the Energy
4235 Policy Conservation Act.

4236 Contrary to the Environmental Agency's prior
4237 interpretation of the correlation of these statutes, state
4238 standards preempted under the Energy Policy Conservation Act
4239 cannot rationally be afforded a valid waiver of preemption
4240 under the Clean Air Act.

4241 Number three, California's CHG waiver is inconsistent
4242 with the Clean Air Act. Finally, I believe that the
4243 administration improperly approved the California GHG waiver

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4244 as it is inconsistent with Section 209 of the Clean Air Act.

4245 After the Bush administration rejected California's
4246 application in 2007, the Obama administration granted it in
4247 2009. In doing so, EPA completely disregarded its own
4248 administrative duty and refused to consider opponents'
4249 waivers argument.

4250 California was then allowed to enact its own emissions
4251 regulations. There is no sound basis on which to conclude
4252 that California standards address compelling and
4253 extraordinary air quality concerns unique to California.

4254 Finally, manufacturing costs associated with a moving
4255 target standard create a great burden on our citizens.
4256 Accepting this approach will increase costs that are borne by
4257 consumers.

4258 We should not be in the business of letting one state
4259 drive the policy of the nation. This is inherently
4260 undemocratic and, in this case, inefficient to accomplish
4261 national goals.

4262 I support the implementation of President Trump's safe
4263 vehicle rule and urge a revocation of the EPA's previous
4264 waiver to California. After all, CAFE does not stand for
4265 California Assumed Federal Empowerment.

4266 Thank you very much for your time. I look forward to
4267 answering your questions.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4268

[The prepared statement of Mr. Landry follows:]

4269

4270

*****INSERT 8*****

4271 Ms. Schakowsky. And now I recognize Ms. Lew for five
4272 minutes.

4273 STATEMENT OF SHOSHANA LEW

4274

4275 Ms. Lew. Thank you, Chairwoman Schakowsky, Ranking
4276 Member McMorris Rodgers, Chairman Tonko, Ranking Member
4277 Shimkus, members of the committee.

4278 My name is Shoshana Lew and I am the executive director
4279 of the Colorado Department of Transportation. Thank you for
4280 inviting me here to address the state's opposition to the
4281 proposed rule which would freeze fuel efficiency standards
4282 that require year over year improvements to cars and light
4283 trucks.

4284 With the transportation sector on track to become the
4285 leading source of emissions in Colorado, it is of the utmost
4286 importance that we act boldly and aggressively to reduce
4287 congestion in the air and on the road.

4288 Achieving a cleaner fleet is a key component of Governor
4289 Polis's roadmap to achieving 100 percent renewable energy by
4290 2040.

4291 At the state level, we are making tremendous progress.
4292 Colorado electric vehicle sales in 2018 were over 22 times
4293 what they were in 2016. We are cutting ribbons at charging
4294 facilities.

4295 We are building fast-charging stations along five major
4296 routes and our legislature and governor enacted a range of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

(202) 234-4433

www.nealrgross.com

4297 bills to accelerate electric vehicle updates including
4298 extending tax credits in 2025.

4299 We are encouraged to see bipartisan collaboration in our
4300 legislature and cooperation between states and local
4301 partners. We are also encouraged by the commitment that
4302 automakers and dealers are showing to expanding ZEV sales in
4303 Colorado.

4304 This is an important moment with great promise for
4305 cleaner cars if we move together to move the ball forward.
4306 Unfortunately, the Trump administration's proposal and the
4307 contentious tone that it has perpetuated nationwide threatens
4308 just the opposite.

4309 If finalized, this proposal would unravel and effective
4310 consensus-based program that has brought together federal
4311 agencies, states, automakers, and environmental and labor
4312 partners.

4313 The proposal would also seek to undermine states' rights
4314 to retain strong standards. Improving the fuel efficiency in
4315 cars and trucks has historically transcended federal
4316 administrations and party lines.

4317 Both the Bush and Obama administrations increased fuel
4318 standards and fuel economy has improved by over a quarter
4319 since 2004.

4320 Predictable standards help industry to focus on

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4321 improvements that benefit the environment, create jobs, and
4322 keep the American auto industry competitive.

4323 By contrast, if federal agencies finalize their current
4324 proposal, it will be rightly challenged, creating needless
4325 uncertainty for an industry that employs over 7 million
4326 Americans including over 3 percent of Colorado's workforce.

4327 In sharp contrast to the administration's proposal,
4328 calls to compromise on a continued program of strong national
4329 standards have been widespread from states, car makers,
4330 suppliers, and utilities.

4331 The Alliance of Automobile Manufacturers has repeatedly
4332 encouraged collaboration to retain a program of strong
4333 standards that continue increasing fuel economy year after
4334 year because, quote, "climate change is real and we have a
4335 responsibility to reduce greenhouse gases."

4336 This month 17 automakers reiterated that call in letters
4337 to President Trump and Governor Newsom, asking for a, quote,
4338 "unified standard with consensus that includes states at the
4339 negotiating table."

4340 Even President Trump at one point directed his team to
4341 make a deal with California that that directive was followed
4342 by the current flat line proposal which is based on deeply
4343 flawed modelling conclusions that defy common sense.

4344 Let me give you just a few examples. First, while

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4345 conserving energy is the premise of NHTSA's statute, they
4346 argue that cutting oil consumption is now a lesser priority.

4347 Their proposal would increase U.S. fuel consumption by
4348 about half a million barrels per day. It is no surprise that
4349 much of the oil industry supports that pathway, though
4350 recently several oil companies have called for consensus as
4351 well.

4352 Second, new modelling of consumer behavior doesn't make
4353 sense, though it is a good idea to analyse this topic further
4354 in the future.

4355 For example, modelling predicts that stronger standards
4356 by virtue of increasing retail costs would depress new car
4357 sales, keep many more old cars on the road with the new cars
4358 they displace, and result in 692 billion extra miles driven
4359 because of higher standards.

4360 In the real world, why would you defer one new car
4361 purchase, hold on to multiple old ones, and then drive
4362 farther to the grocery store than you would have in a shiny
4363 new crossover?

4364 Third, the model shows that freezing standards would
4365 reduce roadway fatalities by 12,700, breaking from a long
4366 literature on the relationship between safety and fuel
4367 economy.

4368 The model is driven by problematic and internally

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4369 conflicting assumptions about how stronger fuel standards
4370 would increase driving and crashes. Vehicle weight, the best
4371 research area in the safety literature and fuel economy,
4372 accounts for just 1.2 percent of assumed total fatalities.

4373 These are just a few examples of the many problems with
4374 this proposed rule. There's a lot here that needs to be
4375 fixed, and serious and substantive dialogue between all
4376 parties could still yield a thoughtful resolution if the
4377 administration were willing to come to the table rather than
4378 force to conclusion a deeply flawed and ideologically-driven
4379 proposal that lacks the backing of stakeholders across the
4380 country.

4381 Thank you. I look forward to your questions and I would
4382 ask that my full statement be submitted to the record.

4383 Thank you.

4384 [The prepared statement of Ms. Lew follows:]

4385

4386 *****INSERT 9*****

4387 Ms. Schakowsky. Let's see. Thank you.

4388 And Mr. Friedman, you are now recognized for five
4389 minutes.

4390 STATEMENT OF DAVID FRIEDMAN

4391

4392 Mr. Friedman. Thank you, Chairwoman Schakowsky, Ranking
4393 Member Rodgers, and Ranking Member Shimkus and committee
4394 members. Thank you for inviting Consumer Reports to testify
4395 today.

4396 Now, we are here because the current administration, at
4397 the request of automakers and oil companies, has proposed to
4398 take money out of consumers' pockets to harm auto sales and
4399 to reduce our nation's energy security, all while failing to
4400 address a public health epidemic on our nation's roads.

4401 Consumer Reports is a data-driven nonprofit so let's
4402 start with some facts. First, newer cars are safer and more
4403 efficient, thanks primarily to NHTSA's safety and fuel
4404 economy standards.

4405 The former saved more than 600,000 lives through 2012
4406 and the latter will save Americans over \$660 billion, going
4407 forward.

4408 Second, Consumer Reports survey after survey show that
4409 consumers want safer, more fuel efficient vehicles and yet
4410 they face very limited choices on both counts when automakers
4411 don't have to meet strong efficiency and safety requirements.

4412 Just look at the rollover-prone gas guzzling SUVs of the
4413 '90s as Exhibit A. Finally, Americans like to spend money

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4414 when they can afford it. So when consumers save money,
4415 thanks to strong fuel economy standards, they spend it on
4416 things like going out to dinner, getting cool new tech, and
4417 buying new cars with more safety features.

4418 As we've seen over the last decade very clearly, this
4419 creates jobs, boosts auto sales, and insulates our economy
4420 from future price shocks.

4421 Despite these clear facts, the current administration
4422 released a plan to roll back fuel efficiency and emissions
4423 standards based on fundamentally flawed proposal filled with
4424 errors, untested modelling, faulty logic, and unsupported
4425 conclusions.

4426 I have to say, before, during, and after my time at
4427 NHTSA, I had never seen anything like this come out of the
4428 joint NHTSA and EPA efforts. Quite the opposite.

4429 In the end, it appears this administration was so
4430 determined to roll back the standards that no fact, no data,
4431 and not even basic economic theory would stand in their way.

4432 Making matters so much worse, they actually claimed and
4433 continue to falsely claim they're doing it for safety.

4434 Members of the committee, over the last 22 years more
4435 than 7.5 million Americans were injured and more than 90,000
4436 were killed in traffic crashes. And yet, Department of
4437 Transportation leadership has failed to finalize or even

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4438 propose a single significant life-saving vehicle safety
4439 standard. That is not putting safety first.

4440 No wonder people aren't taking their claims seriously.
4441 So let me end instead where I started, with the facts.

4442 One, time and again, consumers, leading academics, and
4443 researchers and the agencies themselves have made clear that
4444 strong fuel economy and emission standards are in the best
4445 interests of consumers and our nation.

4446 Two, the data show there is no such thing as an
4447 affordability crisis in today's car market. In fact, sales
4448 rose steadily since 2009 and have been at or near record
4449 highs since 2015.

4450 Consumers with more money in their pockets are simply
4451 spending more on bigger vehicles with more luxury features.
4452 If you take those away, inflation-adjusted prices for new
4453 cars have not changed, even while cars got more efficient and
4454 safer and the price of used cars has actually dropped.

4455 Third, when it comes to highway safety, at worst the
4456 standards will have absolutely no effect. At best, raising
4457 the standards will provide a small but positive effect by
4458 taking dangerous weight out of the heaviest vehicles and
4459 helping consumers afford newer safer vehicles.

4460 At the end of the day, Americans are more likely to
4461 upgrade to newer cleaner cars if they're actually on the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4462 market and if consumers have more money in their pockets to
4463 buy them because they're spending less on gas.

4464 And when it comes to safety, the only way to guarantee
4465 that those newer cleaner cars will be safer is if DOT
4466 leadership allows staff to propose and finalize strong new
4467 safety requirements for technologies like automatic emergency
4468 braking with pedestrian detection and vehicle-to-vehicle
4469 safety communications tech.

4470 That is the future we can all look forward to if
4471 existing fuel economy and emission standards are kept in
4472 place and DOT leadership lets NHTSA get back to its safety
4473 mission.

4474 Thank you again, and I look forward to your questions.

4475 [The prepared statement of Mr. Friedman follows:]

4476

4477 *****INSERT 10*****

4478 Ms. Schakowsky. I thank all of you for your testimony
4479 and I now want to begin the section where we ask questions of
4480 the witnesses. Each member will have five minutes and I will
4481 begin.

4482 Let me just start with a statement that clean car
4483 technologies do not develop in a vacuum. Automakers produce
4484 vehicles that are more fuel efficient and less polluting
4485 because of fuel efficiency standards.

4486 That's why Congress gave NHTSA the mandate to set the,
4487 quote, "maximum feasible," unquote, fuel economy standards.

4488 So Mr. Friedman, will automakers, given your experience
4489 with NHTSA and being a regulator yourself -- will automakers
4490 voluntarily produce vehicles with the maximum feasible fuel
4491 efficiency or are federal standards absolutely necessary?

4492 Mr. Friedman. History makes clear that unless fuel
4493 economy standards are increasing, automakers leave technology
4494 after technology on the shelf -- technology that could be
4495 saving consumers millions of dollars they don't put to work
4496 without standards.

4497 Ms. Schakowsky. And we haven't seen a scenario where
4498 the kind of innovation -- I think you mentioned that, Ms. Lew
4499 -- that develops from these standards has then hurt the auto
4500 industry. Is that true?

4501 Mr. Friedman. Quite the opposite. I mean, A, it is

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4502 basic economics. If people are saving money on gas, they're
4503 going to spend it in this country and they're going to spend
4504 it on a whole host of different things, including buying new
4505 cars. The last 10 years have shown this very clearly. Auto
4506 sales are up. Fuel economy is up. Safety is up.

4507 Consumers can have their cake and eat it, too, as long
4508 as they've got a government watching out for their backs.

4509 Ms. Schakowsky. Thank you.

4510 Without standard setting -- with standards setting a
4511 target for the automobile industry, there is no certainty for
4512 companies developing clean car technologies in this country.

4513 Billions of dollars of investment and thousands of jobs
4514 will go overseas to countries that prioritize clean air and
4515 oil independence.

4516 So, Mr. Nassar, I want to ask you, would auto
4517 manufacturers continue to invest in American clean car
4518 development, engineering, and manufacturing should the clean
4519 car rollback go into effect?

4520 Or would this investment go overseas? Are we losing the
4521 opportunity to export clean car technology and set the
4522 standard for the global market?

4523 Mr. Nassar. Thank you for the question.

4524 Absolutely, standards encourage the development of new
4525 technologies in vehicles here and there is a real danger that

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4526 if you have -- you know, if you don't have standards or if
4527 you have standards that don't push at all that'll be done
4528 elsewhere.

4529 A big lesson is here, too. We need to have diverse
4530 fleets, okay, because oil prices, yes, they are low now but
4531 that can change, and we've lived -- this has already
4532 happened. We don't need to repeat history here.

4533 So it is really going to be important that we have
4534 standards and I think to be sensible, but we got to have
4535 standards that really do encourage, you know, new
4536 technologies here.

4537 I just want to point out that the vast majority of
4538 lithium ion battery production is supposed to -- is projected
4539 by 2021 to be in China, and so as a country we really have a
4540 lot to do to get those new technologies here.

4541 Thank you for your question.

4542 Ms. Schakowsky. Thank you.

4543 Let me ask another one, Mr. Nassar. How would weakening
4544 our nation's fuel economy standards impact the UAW members
4545 and the auto industry and how has the uncertainty impacted
4546 the workforce and why should all members of this committee be
4547 concerned about the potential economic impact of the
4548 proposal?

4549 Mr. Nassar. Yes. Well, the reality is that, you know,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4550 investments for -- in plants and new vehicles have to be made
4551 many years out -- many years out -- and you really do need to
4552 know where we are heading.

4553 And the fact that we don't know where we are heading is
4554 creating some real problems because companies are -- they're
4555 global and they look around the world and at places where
4556 there is more certainty, where they do know where they're
4557 heading, that's where they are inclined to make more of the
4558 investments.

4559 As I said before, you know, we have other policies --
4560 tax and trade -- that hurt as well. But absolutely it is
4561 going to be important to have strong standards here.

4562 Ms. Schakowsky. Thank you.

4563 And, Mr. Friedman, again, if clean car technology and
4564 production moved overseas, what actions would American
4565 consumers have if they want to buy next-generation clean
4566 vehicles?

4567 Mr. Friedman. Well, it looks like they'd be out of
4568 luck. Maybe they could spend some extra money and fly
4569 overseas. But if the technology isn't available here they
4570 can't get it. It would, basically, leave it off limits to
4571 the average American and that's just not good for consumers
4572 or our nation.

4573 Ms. Schakowsky. Thank you.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4574 Mr. Nassar, how can Congress and the administration best
4575 protect these jobs?

4576 Mr. Nassar. A whole host of policies. We really need
4577 to have a pro-labor law, like, pass the PRO Act is going to
4578 help -- would help a lot. You need tax policy. You need to
4579 have sensible standards that last for a long time and
4580 investments in new technologies here. Make sure they're made
4581 here and with good worker standards. That would help a lot.

4582 Ms. Schakowsky. Thank you very much.

4583 I yield back, and the chair will now recognize Ms.
4584 Rodgers, subcommittee ranking member, for five minutes to ask
4585 questions.

4586 Mrs. McMorris Rodgers. Thank you, Madam Chair. Thank
4587 you all for being here today. I am always -- I am always
4588 amazed with American ingenuity and the entrepreneurial
4589 spirit, and we time and time again lead the world in new
4590 innovation and thinking of the better ways to solve our
4591 problems, and I think this is an important discussion today.

4592 America also leads the world in environmental standards
4593 and setting -- really, leading the world in combatting -- in
4594 bringing down carbon emissions. I do think it is noteworthy
4595 that the average car today costs \$37,000. For most
4596 hardworking Americans, that is out of reach for them, and
4597 from 2016 to -- when you look at fatalities in America, 2016

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4598 to 2017, 2017 to 2018, we had the largest increase in
4599 fatalities in 50 years.

4600 Thirty-six thousand people died. So there's a lot of
4601 considerations that go into making these decisions that are
4602 before this Congress in this discussion today.

4603 It is great to have former colleague and the attorney
4604 general of Louisiana here. Mr. Landry, I wanted to ask you
4605 just why do you support the safe vehicles rule?

4606 Mr. Landry. Well, again, there's this -- still a clause
4607 in the Constitution called the commerce clause, which is --
4608 which is supposed to allow the federal government in certain
4609 circumstances to allow for national standards and so to allow
4610 for California to dictate its policy on the rest of the
4611 country would be problematic and, again, would be in
4612 violation of the commerce clause.

4613 Mrs. McMorris Rodgers. Okay. Thank you.

4614 Mr. Schwietert, in a letter sent by several of your
4615 member companies on June 6th, it stated that, quote, "market
4616 conditions have changed materially since 2011," and then it
4617 went on to say that the administration's decision to review
4618 and update future auto standards was the proper choice.

4619 And you described the current program as untenable. Why
4620 is the current regulatory structure untenable for automakers?
4621 What are we leaving on the table in jobs and R&D investment

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4622 with fines if the current program is locked in place with
4623 litigation?

4624 Mr. Schwietert. Thank you for the question. I think
4625 that it speaks to something that auto manufacturers are
4626 committed to and that's a concern about effectively breaking
4627 up One National Program, which could lead to a bifurcated
4628 market.

4629 So you're absolutely right. As it relates to the
4630 standards that were set back in 2012, if standards aren't
4631 right sized, that causes concern not only for litigation
4632 risks and investment risks but also what consumers can
4633 actually afford.

4634 So that's ultimately why automakers have been clear from
4635 the beginning that we support a re-evaluation of the
4636 standards that were envisioned back in 2012 because market
4637 conditions have changed.

4638 Mrs. McMorris Rodgers. Thank you.

4639 Mr. Loris, can you explain further why you have
4640 described the proposed safe vehicles rule as a welcomed,
4641 quote, "victory for consumers' wallets?"

4642 Mr. Loris. Sure. Again, I think the fundamental aspect
4643 here is consumer choice, and while there are a lot of
4644 vehicles in the marketplace today, consumers do have choices.
4645 Every time the federal government chooses to impose more

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4646 stringent standards, they're overriding that choice.

4647 They're taking opportunity costs away from manufacturers
4648 to invest in different technology that ultimately consumers
4649 might want.

4650 So from a consumer standpoint, I would rather see the
4651 automakers make cars that people want to buy. I think that's
4652 the first fundamental problem with CAFE standards.

4653 The second issue really is price. We've seen across the
4654 academic literature that every time fuel economy standards
4655 are more stringent, they impose higher prices that ripple
4656 throughout the new and used car market.

4657 Mrs. McMorris Rodgers. So it is my understanding right
4658 now nationally 4 percent of vehicles are the alternatives --
4659 1.2 percent are electric.

4660 Ms. Lew, I just wanted to ask what percentage of
4661 vehicles in Colorado are electric?

4662 Ms. Lew. This past year's sales were just in excess of
4663 7,000. I can get back to you on the percent of the total
4664 market. But that was nearly double what it had been the year
4665 prior and the year prior to that.

4666 Mrs. McMorris Rodgers. Okay. I'll look up, then, what
4667 percentage. I was just curious if you were meeting the
4668 national standard or not. Anyway, I am going to yield back.

4669 Mr. Friedman. Just to clarify, no electric vehicles are

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4670 required to meet the national standard and projections, even
4671 by 2025, indicate even a couple of percent or two is more
4672 than enough and we are already at or above that level.

4673 I would also just quickly say --

4674 Mrs. McMorris Rodgers. Excuse me. My time has expired.

4675 I will yield back. Thank you.

4676 Mr. Cardenas. [Presiding.] The gentlewoman yields
4677 back.

4678 Next, we have the congresswoman from California,
4679 Congresswoman Matsui, for five minutes.

4680 Ms. Matsui. Thank you very much, Mr. Chairman.

4681 Chair Nichols, it is nice to see you here -- my
4682 constituent. That's great. I want to thank you for the
4683 extraordinary work you have done throughout your career to
4684 really clean the air not only for Californians but all the
4685 rest of the country.

4686 And for the last decade, you have been at the forefront
4687 of the fight against climate change and to improve public
4688 health.

4689 Now, I just want to make a comment here that I just
4690 found it kind of rich that Administrator Wheeler wasn't here
4691 to testify today but I think you addressed this. He sent a
4692 letter supposedly refuting your testimony.

4693 But I am going to say, it is hardly surprising that he's

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4694 hiding behind the letter instead of joining us here today
4695 because it is kind of a pattern of behavior -- refusing to
4696 negotiate with California in good faith.

4697 So enough said about that. I want to ask you a couple
4698 questions about the zero emission vehicle waiver. Chair
4699 Nichols, the fight against climate change and the fight to
4700 clean our air and improve public health are intertwined.

4701 Decades ago, California's leadership contributed to the
4702 creation of the modern catalytic converter. In 1990,
4703 California implemented a requirement that companies sell zero
4704 emission vehicles to help achieve federal clean air goals.

4705 Yet, the administration attempts to justify revoking
4706 California's ZEV waiver on the grounds that it is solely
4707 about carbon pollution.

4708 Chair Nichols, can you describe the role of ZEVs in
4709 meeting health-based air quality standards, reducing
4710 emissions of toxic pollutants as well as meeting greenhouse
4711 gas reduction targets?

4712 Ms. Nichols. Thank you, Ms. Matsui.

4713 First of all, I want to make it clear that as Mr.
4714 Friedman said earlier, the CAFE law and the emissions law
4715 that we are talking about here today, the regulations, do not
4716 contemplate electric vehicles. Any kind of zero emission
4717 vehicles are not covered by these regulations.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4718 That is actually a part of what makes this whole effort
4719 somewhat of a parallel universe to what's actually going on
4720 in the real world where all the car companies are investing
4721 heavily in the transition to either hybrids or all electric
4722 vehicles and they are not doing that because of California's
4723 mandates, although I think we played a role in getting that
4724 started and we are by far the largest market -- now four
4725 electric vehicles.

4726 But because it is now quite clear that the world as a
4727 whole is moving in the direction of electrified
4728 transportation and all of the companies want to be
4729 competitive, not just in California or in the U.S. but in the
4730 international and the global market as well.

4731 Our interest in these vehicles stems from our concerns
4732 about air quality, however, and it is really based on the
4733 fact that -- and there is a connection here, of course --
4734 using -- burning petroleum is the source of the emissions
4735 that cause health harm in all of our communities, both urban
4736 and rural.

4737 Burning of gasoline as well as the production,
4738 distribution, et cetera -- the network, if you will -- is the
4739 major contributor to health-harming air pollution, even now
4740 with all the tremendous progress that the industry has made
4741 and which we commend them for.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4742 Ms. Matsui. Right.

4743 Ms. Nichols. The sheer numbers of vehicles are such
4744 that we continue to have a serious problem.

4745 Ms. Matsui. Now, could I ask you -- I think you may
4746 have seen that we had the EPA Administrator Wheeler before
4747 the committee in April and I asked him about the proposed
4748 rule and he claimed that the carbon dioxide reductions in the
4749 safe vehicles rule would be pretty similar to what the Obama
4750 administration would have received under their rule.

4751 Chair Nichols, CARB has obviously done extensive
4752 analysis on this. How would you respond to this claim?

4753 Ms. Nichols. I, frankly, don't know to what Mr. Wheeler
4754 was referring. The proposed rule initially had a number of
4755 different alternatives that they took comment on. But the
4756 preferred alternative and the one that we understand is going
4757 to be sent for the final rule did not involve any continued
4758 improvement in emissions.

4759 And so the assumption had to be that somehow by the
4760 magic of the market that consumers would go out and buy these
4761 vehicles because they'd be cheaper and therefore we would see
4762 a faster fleet turnover.

4763 But that same analysis in the -- again, in the proposal
4764 was that there would also be a safer rule. We would have
4765 more safety because people would buy cars but they wouldn't

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4766 drive them. So they would be leaving the cars in the garage,
4767 in effect.

4768 We've also seen some, frankly, unsupportable citations
4769 in the rulemaking record regarding the costs of the standards
4770 in any event with wild swings.

4771 Somehow between President Obama and President Trump the
4772 cost doubled. Just happened that way without any noticeable
4773 change in the state of the economy.

4774 So I think we are sceptical. We, of course, will look
4775 very closely at whatever the final regulation is. But that's
4776 all I can say.

4777 Ms. Matsui. Okay. Well, thank you very much for
4778 appearing today, and I yield back.

4779 Mr. Cardenas. The gentlewoman yields back.

4780 And next we have the gentleman from Illinois,
4781 Congressman Shimkus.

4782 Mr. Shimkus. Thank you, Mr. Chairman, and I don't want
4783 to tangle with my friend, Doris Matsui. She's just too nice
4784 of a lady, and I am glad Debbie Dingell is here because I
4785 think the --

4786 [Laughter.]

4787 Mr. Shimkus. Well, I will tangle with her but she'll
4788 tangle back.

4789 You know, the elephant in the room is are you guys

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4790 talking or are you not, and are we going to get to some type
4791 of agreement. So I would like to ask unanimous consent that
4792 this letter that we are all talking about that I don't think
4793 has been appropriately asked to be submitted for the record
4794 be submitted for the record.

4795 Mr. Cardenas. Without objection, so ordered.

4796 [The information follows:]

4797

4798 *****COMMITTEE INSERT*****

4799 Mr. Shimkus. Thank you. And, Mary Nichols, it is great
4800 to have you here. Obviously, you work for the state of
4801 California. I have great respect. Don't take this in any
4802 adversarial role. We are just trying to get the answer.

4803 So Administrator Pruitt -- I mean, Wheeler -- in this
4804 letter said, "When she finally offered a counter proposal
4805 maintaining the previous administration's standard with one
4806 extra year of compliance, she" -- referring to you --
4807 "conveyed that outgoing Governor Brown and incoming Governor
4808 Newsom had not approved her counter proposal. She also
4809 informed me that the Attorney General Becerra had not
4810 approved her counter proposal, having already said she
4811 planned to sue -- that he planned to sue EPA. Further, she
4812 informed me that the members of the California Air Resources
4813 Board had also not approved her counter proposal."

4814 Of course, now, the letter is a couple more paragraphs.
4815 I think you saw it. True or false, or yes or no, or --

4816 Ms. Nichols. How about if I say out of context and
4817 therefore false? Because he's taking words that were stated
4818 on different occasions about different things and putting it
4819 together.

4820 Mr. Shimkus. So maybe -- yes, reclaiming my time. You
4821 know, I know Debbie Dingell pretty well. I think what she
4822 and I would want to do is get you two in a room and see what

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4823 the facts are and see how we can get some negotiated
4824 agreement, because I think everyone said we need a national -
4825 - we need a national standard. We don't want to destroy
4826 federal -- there's the interstate commerce clause.

4827 We don't want it perceived -- I am telling you, rural
4828 southern Illinois, if it is perceived that California is
4829 driving this train, that's not positive, right. Just telling
4830 you. How about it, Larry, right? Same thing in southern
4831 Indiana.

4832 So we just need a national standard. We need to move
4833 forward. We need to get in the room and someone -- it could
4834 be he said she said. But until -- we are not going to know
4835 that until we get focused and I hope we do that sooner rather
4836 than later.

4837 You know, President Trump was elected to be a disrupt
4838 or, and he has -- and he disrupts about everything in
4839 agencies and in government. And I will tell you there's a
4840 lot of people in this country who like that. They feel
4841 government is too big, costs too much, and directs us and
4842 tell us what's best for us.

4843 I think that's the gut of this problem, too, is that I
4844 want to make my own decisions. I want the autos to build
4845 cars that I want to buy. I don't want big government and a
4846 nanny state telling me, well, it is best for kumbaya and the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4847 world and you can only have these type of choices. That's
4848 the -- that's the uniqueness of this environment we are in.

4849 And so eventually -- I tell people -- they think we are
4850 very dysfunctional here in Washington and we are, most of the
4851 time -- we eventually get to compromise and that means give
4852 and take on both sides.

4853 So I would appeal to you all and I would appeal to the
4854 EPA. You know, we had our -- the first panel. They said
4855 they're willing to talk. They're willing to listen, and I am
4856 sure there's some of us that would -- if there's any way we
4857 can offer assistance in getting people into the room I think
4858 we'd be willing to do that.

4859 Ms. Nichols. May I just comment on the elephant that's
4860 in that -- in the room, and that is the option of California.

4861 Mr. Shimkus. And it is not me.

4862 Ms. Nichols. No, it is -- it is not you, sir.

4863 Mr. Shimkus. I've got my elephant tie on.

4864 Ms. Nichols. This is about the fact that in those
4865 discussions it was made very clear to us from day one that
4866 this administration was determined to take away California's
4867 waiver for the current standards that we have in effect as
4868 well as for any future standards and then we were told it was
4869 up to us to come up with a counter proposal that the
4870 administration would accept and if they somehow found it

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4871 acceptable they might possibly -- and this was really only
4872 hinted at -- consider not moving right away to take away the
4873 waiver.

4874 I ask you whether you or any state official, if you were
4875 a state official, would have considered that to be a starting
4876 point for negotiations, when you're already being told that
4877 there's a determination to treat you as illegitimate to begin
4878 with.

4879 Mr. Shimkus. Well, I am in the minority party so that's
4880 not a good person to ask right now.

4881 [Laughter.]

4882 Mr. Shimkus. So but I appreciate it and thank you for
4883 your service.

4884 I wish I would have had five minutes with all of you but
4885 I wanted to make sure we addressed this issue.

4886 I yield back.

4887 Mr. Cardenas. The gentleman yields back.

4888 Next we'll go to the gentleman from Oregon, Congressman
4889 -- California, I am sorry -- McNerney. Yikes.

4890 Mr. McNerney. Yikes. Yeah.

4891 [Laughter.]

4892 Mr. McNerney. Well, anyway, I thank the chair and I
4893 thank the panel. I will say really good testimony. I
4894 appreciate all of you really and I appreciate Mr. Shimkus's

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4895 willingness to be bipartisan and compromise. So we'll work
4896 it out.

4897 Chair Nichols, I would like to ask about the success
4898 story of the Clean Air Act, which is that the government sets
4899 the industry standards and then industry figures out best how
4900 to meet those standards. So please answer briefly, if you
4901 would. What role do you think California regulations have
4902 played in driving innovation? What do you think their
4903 proposal rule would do to incentives for innovation?

4904 Ms. Nichols. Over the years -- thank you, Mr. McNerney
4905 -- the California standards have resulted in a number of
4906 important innovations, one being, of course, the catalytic
4907 converter, which was first adopted in response to
4908 California's emission standards and then became a national
4909 standard and another being on-board diagnostic equipment,
4910 which took away a lot of the questions and burdens for
4911 certification of vehicles because there's now a computer chip
4912 that basically tells you what's going on with the car. So it
4913 has been very successful.

4914 Mr. McNerney. Well, there is plenty of -- there is
4915 plenty of examples.

4916 Ms. Nichols. Yes. So there is lots of examples of
4917 that. The current proposal, we believe -- and I think this
4918 is what the industry has said, by taking away the year over

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4919 year improvement requirement is assuming they go forward with
4920 this proposal -- does take away a major incentive for
4921 continuous improvement by the industry.

4922 So we think it is a step backwards.

4923 Mr. McNerney. Thank you. On another topic that's
4924 similarly related, my understanding is that there was
4925 substantial technical collaboration between the EPA, NHTSA,
4926 and CARB in the past. Is that correct and did that happen in
4927 the development of this proposed rule?

4928 Ms. Nichols. It did not. There has been a long history
4929 of EPA and CARB working together, taking on different pieces
4930 of analyses, sharing information at the technical level, and
4931 this did not happen in this rule at all.

4932 Mr. McNerney. Thank you. Well, I urge the EPA in this
4933 to invite Chair Nichols back to the negotiating table and do
4934 this again in earnest.

4935 Mr. Hermiz, you had an interesting testimony. I
4936 appreciate your comments. At one point, you said you were --
4937 you urged objectives but without specific prescriptions --
4938 something in those words. Could you elaborate on that a
4939 little bit?

4940 Ms. Nichols. When I was referring to the negotiating
4941 process or --

4942 Mr. McNerney. No, I was talking to Mr. Hermiz. Mr.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4943 Hermiz.

4944 Ms. Nichols. Oh, excuse me. I am sorry.

4945 Mr. Hermiz. That's okay.

4946 From our perspective of Shiloh and MEMA, we are pursuing
4947 and feel that alternative six or eight would bring both jobs
4948 as well as investment into the U.S. and continued growth.

4949 So we feel that it is important to have continuous
4950 improvement -- year over year improvement in the CAFE
4951 standards. We did recommend alternative six or eight.

4952 Mr. McNerney. Okay. But you don't want specific
4953 prescriptions?

4954 Mr. Hermiz. Well, in alternative six and eight they had
4955 2 percent and 3 percent objectives built in. The difference
4956 between six and eight was just the year that they started.

4957 So there is specific numbers in that proposal. There is
4958 the different alternatives presented. There was a different
4959 percentage.

4960 Mr. McNerney. Thank you.

4961 Ms. Lew, you refuted the safety claims that are made by
4962 the administration. Could you detail that a little bit,
4963 please?

4964 Ms. Lew. Yes. First, I would state that safety is the
4965 highest priority in transportation policy and there's a long
4966 history of this being considered as a factor when setting

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

4967 fuel economy standards. It has always been part of the
4968 process of contemplating the standards.

4969 The issue in the way that the matter of safety has been
4970 treated is that it kind of evolves based on the very faulty
4971 assumptions about driver behavior. There are kind of two
4972 pieces that go into that.

4973 One is much inflated assumptions about what's called the
4974 rebound effect, which is the assumption that more fuel
4975 efficient cars make people drive more. The second is
4976 actually a claim that is in the opposite direction, which is
4977 that stronger fuel economy standards make people keep a lot
4978 of old cars and then those old cars drive more.

4979 The combination of these two factors is that the model
4980 projects a significant increase in vehicle miles travelled,
4981 which is correlated to crash rates. So it is projecting
4982 crash rates based on kind of inflated numbers of miles
4983 assumed about how people drive.

4984 You know, I think another piece -- you know, the most
4985 tested component relative to safety and fuel economy is about
4986 the effects of mass reduction, and, you know, the
4987 administration's own analysis actually shows that for larger
4988 vehicles, which is where mass reduction is typically applied,
4989 later cars are safer.

4990 Mr. McNerney. Thank you.

4991 And I wanted to ask Mr. Friedman a different question.
4992 I know you're shaking your head in agreement.

4993 But then you said there's no affordability crisis.
4994 Inflation-adjusted prices are stable. In seven seconds or so
4995 could you answer that?

4996 Mr. Friedman. Absolutely. That's the case. All the
4997 data shows that cars today are affordable. You know, before
4998 folks talked about how \$37,000 is out of reach of most
4999 Americans. I mean, new cars have been out of reach for most
5000 Americans for decades.

5001 The market works because there's -- two-thirds of people
5002 buy used cars, and when fuel economy was terrible it was the
5003 same case.

5004 So the sad reality is Americans need to be paid more to
5005 be able to afford new cars. I would also just say on safety
5006 the argument that NHTSA uses would indicate that any tax
5007 credit would --

5008 Mr. Cardenas. The gentleman's time has expired.

5009 Mr. Friedman. -- cost lives on our highways. It makes
5010 no sense.

5011 Mr. Cardenas. Thank you, sir. The gentleman's time has
5012 expired.

5013 Next, we have the congressman from Indiana, Congressman
5014 Bucshon.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5015 Mr. Bucshon. Thank you very much.

5016 Mr. Friedman, I am just curious. Is your testimony the
5017 official position of Consumer Reports and the publisher of
5018 Consumer Reports magazine?

5019 Mr. Friedman. My position is the official position of
5020 the nonprofit organization Consumer Reports. We guard our
5021 journalistic independence --

5022 Mr. Bucshon. Right. So what you're saying is -- what I
5023 can say is that Consumer Reports magazine, publishers, and
5024 everyone, that your position and, really, a strong defense
5025 for your work at the Obama administration is the official
5026 position of Consumer Reports, including the what I would call
5027 substantially -- can't say the word -- unsubstantiated claims
5028 about the administration ignoring safety?

5029 Mr. Friedman. Well, first, I would say I am not
5030 involved with the --

5031 Mr. Bucshon. I just want to make that clear to the
5032 American public that Consumer Reports is --

5033 Mr. Friedman. Second, I would just say --

5034 Mr. Bucshon. I take back my time. Consumer Reports,
5035 and we've had others from your organization testify, are
5036 making unsubstantiated claims about an administration that
5037 they don't like.

5038 Ms. Lew, could you --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5039 Mr. Friedman. There's nothing unsubstantiated about no

5040 --

5041 Mr. Bucshon. This is my time.

5042 Mr. Cardenas. Mr. Friedman? Mr. Friedman?

5043 Mr. Bucshon. This is my time. So the American people
5044 should know that Consumer Reports magazine and the publisher
5045 and the organization, the nonprofit, which I read all the
5046 time -- my in-laws love -- is taking your testimony as their
5047 official position on this issue.

5048 So, Ms. Lew, whose data did you use to refute the
5049 administration's safety assumptions?

5050 Ms. Lew. The comments that I made are based on having
5051 read the regulatory impact analysis and the --

5052 Mr. Bucshon. So it is your opinion?

5053 Ms. Lew. It is my analysis of the table --

5054 Mr. Bucshon. So it is your analysis. There's no one
5055 who's -- that you have read the data that they have assessed
5056 it. This is your personal opinion that you are refuting
5057 their safety assumptions yourself?

5058 Ms. Lew. I have read many of the documents in the --
5059 that are docketed as part of the legal --

5060 Mr. Bucshon. Okay. So the answer to that is yes, it is
5061 your opinion. There's no -- there's no solid data. You're
5062 giving your opinion, and you're here to testify and give your

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5063 opinion.

5064 But just don't make it sound like that everybody in the
5065 world thinks that the safety assumptions that are being made
5066 are not necessarily correct.

5067 There's a reasonable -- reasonable people can have
5068 disagreements.

5069 So Mr. Schwietert, it is my understanding that company
5070 fleets are not attaining the tailpipe standards despite
5071 investment in conventional technology. Can you describe how
5072 compliance attained through credits generated when the
5073 standards were less stringent?

5074 Mr. Schwietert. Sure. Basically, the existing program
5075 allows manufacturers to earn credits which, of course, you
5076 might accumulate on the front end and burn on the back end.
5077 It is almost a bell curve.

5078 So manufacturers aren't just given credits. They're
5079 awarded credits as a result of certain technologies or
5080 efficiencies.

5081 Mr. Bucshon. Sure.

5082 Mr. Schwietert. Now, the most important thing here when
5083 everybody's talking about the 2012 rule is that the standards
5084 envisioned into the future today are unattainable and I can
5085 point to --

5086 Mr. Bucshon. Yes, can I make a comment on that?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5087 Because -- and you can answer this too -- the current pace of
5088 credit use is it sustainable and is it expected to run out,
5089 based on what you were probably getting ready to say.

5090 Mr. Schwietert. That is a very good point.

5091 By our estimates, all existing credits will be exhausted
5092 by 2021 and in particular, even with the EPA trends report,
5093 which is not a political document -- it is a compliance
5094 document issued from year '17 -- this is very important --
5095 that there's a substantial gap between government targets and
5096 what Americans are buying.

5097 In fact, only about 5 percent of 2018 model years
5098 vehicles meet the 2023 greenhouse gas targets and there
5099 aren't available credits into the future.

5100 Mr. Bucshon. So what happens when they run out?

5101 Mr. Schwietert. Basically, unattainable standards don't
5102 help anybody. They don't help auto workers. They don't help
5103 manufacturers and they price people out of vehicles.

5104 Remember, it is not what manufacturers produce. It is
5105 what consumers buy. We have a success story related to the
5106 increased efficiency of vehicles. But if consumers cannot
5107 afford those cleaner, more efficient vehicles, then we all
5108 lose.

5109 Mr. Bucshon. Yes, that goes into my question, you know,
5110 and you just discussed it. The consumers' preference, based

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5111 on vehicle purchases and the burden of these consumer
5112 preferences, puts some pressure on the standards, right?

5113 That's what you just said, basically.

5114 If the consumers can't feel like -- their preferences
5115 are different or they can't afford it, then it puts pressure
5116 on the standards, right?

5117 Mr. Schwietert. That's absolutely correct. It is not a
5118 question of whether auto makers support increased standards.

5119 We do. No auto maker has asked for flat standards.

5120 And, really quickly, Mr. Friedman made a point as it
5121 relates to polling. As part of my submitted testimony I
5122 submitted charts that show the breakdown of what your
5123 consumers -- not what polling shows, not what aspiration
5124 shows of what consumers may want to buy in the future.

5125 It actually shows you the vehicles that your
5126 constituents are buying, which is a huge success story when
5127 you look at the improvement that's being made.

5128 No auto maker is asking for flat standards. We believe
5129 all sides can come together, find an agreement in the middle
5130 somewhere between flat --

5131 Mr. Bucshon. Yeah.

5132 Mr. Schwietert. -- somewhere between the previous
5133 standards.

5134 Mr. Bucshon. Agreed. I want to -- and finally, I just

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5135 want to associate myself with the comments of Congressman
5136 Shimkus about how, you know, we need to sit down and find a
5137 resolution to this in a way that everyone is comfortable
5138 with.

5139 I yield back.

5140 Mr. Cardenas. The gentleman yields back.

5141 Mr. Friedman, you were asked a direct question and, as
5142 the chair, I am taking the prerogative to allow you to
5143 briefly respond to that question that was directed at you.

5144 Mr. Friedman. Thank you. I appreciate that.

5145 First, I just want to clarify the record. The light
5146 duty vehicle fuel economy standards and greenhouse gas
5147 standards --

5148 Mrs. McMorris Rodgers. Can we clarify what the question
5149 was, Mr. Chairman?

5150 Mr. Cardenas. My recollection a few minutes ago Mr.
5151 Bucshon did direct a question. Okay, so on that can you --
5152 can you please clarify the response?

5153 Mr. Friedman. Well, sure. To clarify, as I understood
5154 the question it was whether or not those are the official
5155 positions of Consumer Reports and tied to my past work in the
5156 previous administration.

5157 I want to be clear that I was not in the previous
5158 administration when the light-duty vehicle standards were

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5159 established.

5160 So yes, this is a data-driven position --

5161 Mr. Schwietert. That's not correct.

5162 Mr. Friedman. -- according to the Consumer -- I
5163 believe I know when I was in the administration and the
5164 light-duty vehicle --

5165 Mr. Cardenas. Mr. Schwietert -- Mr. Schwietert -- Mr.
5166 Schwietert, you do not have the floor. Mr. Friedman has the
5167 floor. Thank you very much.

5168 Mr. Friedman. I do believe I am quite aware of when I
5169 joined the administration including when the auto industry
5170 brought many safety challenges in front of us. So I would be
5171 happy to discuss that further if you'd like.

5172 Mr. Cardenas. Thank you, Mr. Friedman.

5173 Mr. Friedman. But I will say again I was not there --

5174 Mr. Cardenas. Thank you, Mr. Friedman.

5175 Mr. Friedman. -- when these standards were
5176 established.

5177 Mr. Cardenas. Thank you, Mr. Friedman.

5178 And Ms. Lew, you were also directed a statement that you
5179 were trying to answer so I am going to give you an
5180 opportunity to respond.

5181 Mrs. McMorris Rodgers. Mr. Chairman, would you state
5182 what your statement is or what we are --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5183 Mr. Cardenas. The statement did not -- the statement
5184 didn't -- the statement did not come from me. It came from
5185 Member Bucshon and she was in the middle of answering the
5186 statement that was directed at her.

5187 Mrs. McMorris Rodgers. Can we review what that
5188 statement was? I think we were talking about --

5189 Mr. Cardenas. We can, but she's restate it as best she
5190 can. Go ahead.

5191 Mrs. McMorris Rodgers. I believe we were talking about
5192 the --

5193 Mr. Bucshon. Can I -- parliamentary inquiry.

5194 Mr. Cardenas. Sure, Mr. Bucshon. Parliamentary
5195 inquiry.

5196 Mr. Bucshon. Yes. I asked a question, she answered it,
5197 and now you're giving her out of order time to clarify and
5198 further talk about her position. She answered my question.

5199 So I would -- I would say that that is out of order of
5200 the committee.

5201 Mr. Cardenas. Okay. Duly noted.

5202 Congressman Bucshon?

5203 Mr. Bucshon. Someone on your side can ask for time and
5204 then allow her to clarify. But taking the liberty of the
5205 chair to allow people to clarify answers that you disagree
5206 with --

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5207 Mr. Cardenas. Mr. Bucshon, your --

5208 Mr. Bucshon. -- the person asking the question is out
5209 of order.

5210 Mr. Cardenas. -- parliamentary inquiry is understood
5211 by the chair. That being the case, I will recognize my time
5212 as I was next on the list.

5213 So I will, on my time in my five minutes, Ms. Lew,
5214 please briefly clarify your answer to the statement earlier.

5215 Ms. Lew. I believe that we were discussing my
5216 observations about the safety assertions in the rule and I
5217 would just clarify that, you know, my evaluation of this
5218 comes from, you know, my knowledge of the topic from when I
5219 worked in the Obama administration very closely on the NHTSA
5220 model and have a deep understanding of the kind of
5221 differences between what was modelled before and what was
5222 modelled since and, you know, from kind of juxtaposing the
5223 conclusions and measuring them against common sense.

5224 Mr. Cardenas. Thank you so much for that clarification.

5225 On my time again, for decades California has used its
5226 waiver authority to increase the number of zero-emission
5227 vehicles on the road in order to decrease traditional
5228 tailpipe pollution in already polluted and overburdened
5229 regions like Los Angeles and its basin.

5230 The bottom line is that we in California have been

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5231 working hard to reduce the air pollution so we can breathe
5232 cleaner safer air.

5233 The safe rule proposes to revoke California's authority
5234 to continue mandating increased sales of zero-emission
5235 vehicles in the state.

5236 I would like to ask you, Ms. Nichols, if the Trump
5237 administration revokes California's waiver, what effects do
5238 you anticipate on the public health of California's
5239 residents, particularly those who live near highways -- what
5240 the effects would be.

5241 Also, will -- could California see increased hospital
5242 visits, lost work days, and lower life expectancies?

5243 Ms. Nichols. Yes, we are concerned about the direct
5244 relationship between petroleum consumption and emissions, and
5245 we have done some analysis. We've also attempted to obtain
5246 from the administration -- I know this came up earlier in
5247 questions of others -- but in terms of facts that are relied.

5248 We need to see all the studies that the administration
5249 is using to base their proposal on including the claims that
5250 there won't be environmental effects, and we are now actually
5251 in court on that issue because they will not give us the
5252 underlying data that we are requesting.

5253 Mr. Cardenas. I would also like to note that long-term
5254 children's health studies in Los Angeles and the region have

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5255 demonstrated a significant positive correlation between
5256 increasingly stringent vehicle standards and positive health
5257 outcomes near highway communities.

5258 That means that our children, our grandkids, et cetera,
5259 will be able to breathe cleaner air if we were to continue
5260 with the standards.

5261 I know for myself, having grown up in Los Angeles and so
5262 did my 10 brothers and sisters, we were not allowed to play
5263 outside when we had smog alerts.

5264 I am very proud to say that because of the leadership of
5265 people like you, Ms. Nichols, and a few other folks around
5266 the country that agreed with California we have improved
5267 those standards to the point that my children never had to
5268 deal with a smog alert.

5269 But what I am really concerned about today is if we go
5270 back in the opposite direction that my two grandchildren are
5271 going to be facing smog alerts like my children don't have to
5272 -- however, like I had to.

5273 I am hoping that we can come up with a responsible
5274 compromise that takes public safety first, the health of all
5275 Americans as well as our top priority, all of us, both the
5276 administration and the legislature.

5277 In addition, I would like to say that it has also been
5278 documented positive health outcomes resulting from science-

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5279 and health-based vehicles standards. Recent research also
5280 shows that children living near highways and communities are
5281 disproportionately likely to suffer cognitive impairment as
5282 well.

5283 Ms. Nichols, what role has California's vehicle
5284 regulations played in improving children's health and how do
5285 you expect the Trump administration's rollback to affect the
5286 health and development of our children?

5287 Ms. Nichols. Thank you.

5288 The long-term studies that you refer to that have been
5289 carried out over many years now has shown really for the
5290 first time an actual decrease in cases of asthma and
5291 hospitalizations of children as a result of the improved air
5292 quality standards that we have in effect.

5293 And so we now have the positive side of the story to
5294 talk about and it's one that we are very determined not to
5295 see go back. I think there may be an assumption that somehow
5296 people in California drive, you know, different kind of
5297 vehicles than other people do.

5298 We drive trucks. We drive crossovers. We drive SUVs.
5299 All of those vehicles are sold in California and people love
5300 them and we want to see them continue to be able to drive all
5301 those kinds of cars and trucks.

5302 I think the problem that we are facing is that as we

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5303 move forward with the standards there's -- there are some
5304 companies that are going to have to buy credits and that's a
5305 problem.

5306 Mr. Cardenas. Thank you, Ms. -- thank you, Ms. Nichols.

5307 With that, my time having expired, next we'll go to
5308 Congresswoman Dingell.

5309 Mrs. Dingell. Thank you, Mr. Chairman.

5310 Chair Nichols, I want to thank you for flying across the
5311 country to be with us this afternoon.

5312 My first question is just a yes or no, but I will give
5313 you time to elaborate further on it in a minute.

5314 The world has changed from the last time there was a
5315 negotiated deal on fuel economy standards in 2012. Gas
5316 prices are significantly lower today than we expected back
5317 then and the overall adoption rate of electric vehicles is
5318 also far lower than predicted, and contrary to Mr. Friedman,
5319 I do think they matter.

5320 Chair Nichols, would you agree that conditions have
5321 changed since 2012 and are different than what we expected,
5322 yes or no?

5323 Ms. Nichols. Yes.

5324 Mrs. Dingell. Thank you.

5325 It is hard to make projections far into the future and
5326 it's clear there is a need to make some tweaks. But we don't

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5327 have to throw the baby out with the bathwater. The Trump
5328 administration has been reckless in proposing these flat line
5329 standards which would hurt jobs in my state and harm the
5330 environment as well.

5331 Chair Nichols, do you agree that cutting a deal with the
5332 Trump administration is the best way forward to address our
5333 twin goals of environmental protection and affordability?
5334 Are you prepared to go back to the negotiating table in good
5335 faith?

5336 Ms. Nichols. We have always been prepared to go to the
5337 negotiating table in good faith. We still are.

5338 Mrs. Dingell. Thank you.

5339 I am going to go to Mr. Nassar now for a minute because
5340 I want to make sure that everybody did understand you in your
5341 testimony, asking you the same questions that I asked. I
5342 assume that you don't think the flat line are -- I think you
5343 -- that flat line is correct.

5344 But do you agree that there is a need to go back to the
5345 table -- that circumstances have changed? And how does the
5346 uncertainty of the standards impact UAW members and the
5347 industry?

5348 Mr. Nassar. Well, first of all, thank you for the
5349 question.

5350 First of all, the uncertainty, you know, as I said,

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5351 these are global companies and they're just looking at where
5352 the most stable investments and the growth can be, and if
5353 it's less attractive here they'll go elsewhere. So that's
5354 that part.

5355 As far as flat line, we think that that is taking us
5356 backwards. I do want to say what we like about the current
5357 standards is the footprint model in general because that
5358 really takes it, you know, not one size fits all, and also
5359 the credit system in general is a good idea.

5360 So the framework is already there. We do think some
5361 adjustments could be needed. But that's why we should all be
5362 talking and working together.

5363 Mrs. Dingell. But you do think they're needed? You
5364 don't think existing standards -- or do you not think the
5365 existing standards are a problem?

5366 Mr. Nassar. Oh, no. The --

5367 Mrs. Dingell. That's what I want to be clear on.

5368 Mr. Nassar. Today --

5369 Mrs. Dingell. I don't want anybody thinking UAW thinks
5370 that there haven't been changes in the climate.

5371 Mr. Nassar. No. No. No. What I am saying is is going
5372 forward when we look to 2025 we should be -- we should be
5373 talking and making -- we always look forward to the midterm
5374 review and we think that discussion is needed. It is just

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5375 not happening now.

5376 And by the way, we played a role in getting all the
5377 parties together before. We want to do it again, but we need
5378 --

5379 Mrs. Dingell. Well, you were at the table last time.
5380 Don't you -- do you believe you should be at the table again?

5381 Mr. Nassar. Yes, I think -- I think we all should be.
5382 For sure everyone here.

5383 Mrs. Dingell. Yes. Thank you. I am going to come back
5384 to you in a minute but I want to make sure I get my questions
5385 in.

5386 Mr. Schwietert -- David, I am sorry -- is it correct
5387 that fuel economy targets in other countries across the globe
5388 are harder than in the United States?

5389 Mr. Schwietert. That's not necessarily the case. If
5390 you look at the types of vehicles that are driven in the
5391 U.S., the U.S. is certainly an innovator as it relates to the
5392 vehicles that can --

5393 Mrs. Dingell. So we actually have higher standards?

5394 Mr. Schwietert. We do.

5395 Mrs. Dingell. Thank you.

5396 Are your companies investing millions of dollars today
5397 to meet those higher global requirements? Yes or no?

5398 Mr. Schwietert. Not just millions but tens of billions.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5399 Mrs. Dingell. Thank you. Does the Auto Alliance have
5400 member companies which are investing large sums of money into
5401 R&D for electric vehicles?

5402 Mr. Schwietert. Absolutely. They're fully committed.

5403 Mrs. Dingell. I hope, therefore, it's clear to people
5404 here that the Trump administration -- California is the best
5405 way to proceed for the environment, for jobs, and for the
5406 future of technology in the -- future of technology and there
5407 are Republicans and Democrats here who want to help get
5408 everybody back at the table.

5409 I am going to go back to you, Mr. Nassar, for a minute
5410 because it sounds like the United States is falling behind in
5411 the production of electric vehicles.

5412 I am not sure it's in the production but what do we need
5413 to do to support EVs? What will happen if the Congress does
5414 not support policies to support EVs?

5415 Mr. Nassar. Well, first of all, the investments in EVs
5416 is, you know, Germany, China, other places really have a more
5417 I would say systematic and greater investment plan.

5418 So what's simply going to happen is we don't want to
5419 look up one day and say hey, we are not making the vehicles
5420 that people are buying or needing and therefore our industry
5421 has really taken a hit and a lot of working people, you know,
5422 don't have a job.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5423 And I just want to say, you know, it's really important
5424 that when we do these standards we do them in a way that
5425 looks at the longer term impact as well as the short term.

5426 Mrs. Dingell. So do we also need to be investing in
5427 infrastructure and tax credits?

5428 Mr. Nassar. Absolutely. So as far as EV,
5429 infrastructure is needed, also tax credits also. But I want
5430 to -- I want to say it again that with federal subsidies
5431 there should be requirements that it has to be built in the
5432 United States that I mean that's tax credits as well and
5433 also, yes, we need to build out the EV infrastructure a lot
5434 more.

5435 Mrs. Dingell. Thank you, Mr. Chair.

5436 Mr. Cardenas. The gentlewoman yields back.

5437 Next we go to Congresswoman Barragan from California.

5438 Ms. Barragan. Thank you.

5439 Mr. Friedman, I want to start with you. I saw an
5440 article by Jeff Plungis with Consumer Reports. He writes for
5441 the magazine -- the auto section. Is that correct?

5442 Mr. Friedman. Yes, that's correct.

5443 Ms. Barragan. The article that I am looking at that I
5444 saw that he wrote for the magazine it says, "Trump
5445 administration fuel economy freeze would cost consumers."
5446 Are you familiar with that article?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5447 Mr. Friedman. I am, yes.

5448 Ms. Barragan. And is this something that would have
5449 been published in the magazine?

5450 Mr. Friedman. I would have to double check whether it
5451 was in the magazine or online. We are now a full digital
5452 publisher as well.

5453 Ms. Barragan. It says that a new Consumer Reports
5454 survey shows that most respondents across party lines value
5455 more efficient cars even if gas is cheap. Does that sound
5456 about right?

5457 Mr. Friedman. Absolutely. In fact, survey after survey
5458 shows that not only do consumers value it; by a factor of
5459 four they want more fuel economy more than they want things
5460 like horsepower.

5461 Ms. Barragan. It also goes on to say that automakers
5462 have shown that they can make more efficient cars that can
5463 create more power and speed without dramatically raising the
5464 cost to consumers.

5465 Is that also accurate?

5466 Mr. Friedman. It is actually amazing. I mean, we talk
5467 about the innovation of the American auto industry and when
5468 you unleash that innovation, look out. It is amazing what
5469 they can do. The challenge is it often takes support from
5470 the government and a push from the government for them to

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5471 truly unleash that innovation.

5472 But absolutely, they can do it. That's not the issue.

5473 Ms. Barragan. Thank you. We are hearing a lot today
5474 about the average cost of cars and then it prompted me to say
5475 well, geez, how much are these clean cars costing versus
5476 luxury expensive cars that maybe folks in lower income
5477 markets may not even qualify to get even before clean car
5478 standards went into effect.

5479 I, myself, purchased a hybrid back in '07 because I
5480 wanted to, A, do my part on the environment, and two, I
5481 wanted to help the environment, and what I've seen is a
5482 dramatic savings in cost overall in what I've spending.

5483 So maybe I pay \$3,000 or \$4,000 more at the outset to
5484 buy a cleaner car. But out in California, we got a rebate.
5485 We got -- we have tax credits, which made me think why can't
5486 more people in my community afford to get these kind of cars
5487 so they could save long term.

5488 I represent a district that includes Compton. It is
5489 Watts. It is one of the most heavily polluted districts in
5490 the country. It's surrounded by the Port of Los Angeles.
5491 It's surrounded by three freeways. So when you talk about
5492 air pollution, you're talking about my constituents.

5493 And where is that coming from? The number-one source
5494 it's coming from, you know, diesel, fossil fuel-burning cars.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5495 And so I am all for the investment in clean cars and really
5496 appreciate what California has been doing to lead on this.

5497 Chair Nichols, how will California continue its efforts
5498 to clean up the air for constituents like mine if this
5499 proposed rule is finalized?

5500 Ms. Nichols. We will have a serious problem, of course,
5501 because we've counted on these emissions reductions in our
5502 state implementation plans that we submit that are required
5503 by the Clean Air Act and by EPA to show how we are going to
5504 try to meet the national clean air standards.

5505 So in addition to the environmental justice concerns,
5506 which you have raised and others have also, which the agency
5507 did not address in their proposal, we just have a basic
5508 compliance question of how we will meet air quality
5509 standards.

5510 We will have to look at other alternatives and, frankly,
5511 they're none of them terribly attractive. But there would
5512 have to be measures taken to reduce the amount of driving of
5513 existing cars and to otherwise try to find ways to keep
5514 pushing for cleaner cars.

5515 We already, as a state, use funds from our greenhouse
5516 gas reduction fund to subsidize the purchase of new vehicles
5517 -- cleaner vehicles -- to turn over the plate. This is a
5518 program that's had a lot of support from the auto industry.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5519 But there's a limit to how much of that we can do, and
5520 so we would have to be looking at industry, at other sources
5521 perhaps, to make up the gap.

5522 Ms. Barragan. Well, thank you, and I want to thank you
5523 for your leadership on this issue and in California. We hear
5524 from -- today we've heard that, you know, this is bad for
5525 consumers. It's costing them money.

5526 There has been no discussion about the cost on public
5527 health and the cost on the negative impacts for people who
5528 live in communities that are disproportionately having to
5529 take the burden of higher air pollution and being surrounded
5530 by freeways which, by the way, you're not seeing in the high
5531 income communities.

5532 You're seeing them put into low income communities.
5533 You're seeing them put into communities of color. And so we
5534 need to also consider the cost to public health, which I
5535 believe is a public health crisis.

5536 And with that, I yield back.

5537 Mr. Cardenas. The gentlewoman yields back.

5538 Next, we have the congressman from California, Dr. Ruiz.

5539 Mr. Ruiz. Thank you. Thank you to all of you for
5540 coming here today. It's especially great to see Mary Nichols
5541 from California Air Resources Board.

5542 For the past four decades, California has been a leader

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5543 in the clean car standards. California's fuel economy
5544 standards have helped push the entire automobile industry
5545 towards vehicles that are safer, cheaper, and better for the
5546 environment.

5547 The Trump administration's rollbacks of the standards is
5548 misguided and unacceptable. We've heard all the numbers
5549 today. The rollback would add an additional 7 billion tons
5550 of carbon to our atmosphere by the end of the century, more
5551 than 500,000 additional barrels of oil used per day.

5552 But I want to focus on the effect this regulation will
5553 have on the health of my constituents. Riverside County has
5554 long suffered from some of the worst air quality in
5555 California.

5556 The mountains -- the beautiful mountains that surround
5557 the Coachella Valley -- trap the smog and pollution from the
5558 millions of vehicles that clog the roads from L.A. through my
5559 district on Interstate 10.

5560 The Clean Air Act grants our state the authority to set
5561 its own motor vehicle standards because of the unique air
5562 quality issues that we face.

5563 Yet, there are still communities where exposure to
5564 harmful air pollutants such as particulate matter is
5565 significantly higher than the state average, sometimes more
5566 than twice as high.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5567 And this is an environmental justice issue because
5568 research shows that Latinos, African Americans, and low-
5569 income communities in California are exposed to more tailpipe
5570 pollution than any other demographic.

5571 Chair Nichols, could you please provide some insight
5572 into the health risks that minority and low-income
5573 communities in our home state of California
5574 disproportionately face?

5575 Ms. Nichols. Certainly. I think we have seen and in
5576 some cases have helped to sponsor some of the research that
5577 indicates hospitalizations and days of missed school by
5578 school children, the increased use of asthma inhalers on smog
5579 days.

5580 I would be happy to provide you with some additional
5581 statistics on that. But I think we now know for a fact that
5582 there's a direct correlation between poverty and living in
5583 areas that experience a disproportionate amount of pollution.

5584 Mr. Ruiz. And that pollution and poverty is also
5585 correlated with mortality?

5586 Ms. Nichols. Correct.

5587 Mr. Ruiz. So people that live in high polluted areas
5588 live less than people who live in non-high polluted areas due
5589 to air quality?

5590 Ms. Nichols. Yes. And if you will permit me, one of

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5591 the things that has given California a lot of encouragement
5592 over the last few years has been that in other parts of the
5593 world such as China or India where they experience air
5594 pollution problems that are much worse than we ever see any
5595 more in our state, they are turning to California and looking
5596 to our standards and our experience, which we think will also
5597 lead to them buying better cars.

5598 Mr. Ruiz. Over the past 10 years, Riverside County's
5599 air quality has been steadily improving but we have a long
5600 way to go. You mentioned in your testimony that air
5601 pollution will jump in areas like L.A. if these regulations
5602 are approved.

5603 How will the Trump administration affect air quality and
5604 the presence of pollutants in the areas like the Coachella
5605 Valley?

5606 Ms. Nichols. The correlation between changing the
5607 greenhouse gas emission standards and other pollutants is a
5608 direct one. Technologies that would be used to improve the
5609 emissions including things like better air conditioning
5610 systems also will have an effect on health.

5611 Mr. Ruiz. And I am an emergency physician. As a
5612 physician I am all too familiar with the health effects
5613 associated with particulate matter exposure.

5614 These are small particles that penetrate the lungs that

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5615 can go straight into the alveoli blood barrier into your
5616 bloodstream, which can cause premature death, asthma,
5617 cardiovascular ailments, and a lot of other lung problems.

5618 In developing this proposal, the EPA and NHTSA weighted
5619 eight different policy options -- eight different policy
5620 options. They picked the one with the highest particulate
5621 matter emissions -- the highest of all these eight options,
5622 not to mention the highest sulfur dioxide emissions.

5623 NHTSA's own draft environmental impact statement
5624 admitted that each policy option would lead to increased
5625 adverse health outcomes including, quote, "increased
5626 incidences of premature mortality, acute bronchitis,
5627 respiratory emergency room visits, and work loss days," end
5628 quote.

5629 Again, they chose the option with the highest pollution
5630 increase. So yes or no, is it correct to say that EPA and
5631 NHTSA picked the policy option that poses the greatest risk
5632 to human health?

5633 Ms. Nichols. That would be the effect, yes.

5634 Mr. Ruiz. Thank you. Yield back.

5635 Mr. Cardenas. The gentleman yields back.

5636 I would like to take the opportunity to clarify for the
5637 record. A few minutes ago I allowed and made the mistake of
5638 allowing a courtesy of finishing one's thought of a witness.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5639

5640

However, I should have done it on someone's time and I made that mistake. So I just want to apologize to all the committee members and also to the witnesses and everybody else who's taken the time to listen to this committee.

5643

5644

So you're welcome. I've only been the chair for just a few minutes and I made a mistake. I am not going to do that again.

5645

5646

5647

Mr. Shimkus. It's your first one all year, I hear.

5648

[Laughter.]

5649

Mr. Cardenas. There you go. Tell my wife that.

5650

Anyway, next I recognize Congressman Flores from Texas.

5651

Mr. Flores. Thank you, Mr. Chairman.

5652

Mr. Schwietert, I would like to clarify a point. The proposed safe vehicle rule is a proposed rule, not a final rule, correct?

5654

5655

Mr. Schwietert. That is correct, as of right now.

5656

Mr. Flores. Okay. Thank you.

5657

I would like to yield the balance of my time to Republican Leader McMorris Rodgers.

5658

5659

Mrs. McMorris Rodgers. I appreciate the gentleman yielding and I appreciate the former chairman that was in the chair at least -- Cardenas for just acknowledging the importance of keeping regular order as we are working through

5660

5661

5662

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5663 this discussion this afternoon.

5664 And I also think it is important to just -- yes, as Mr.
5665 Flores just pointed out, there's eight alternatives that have
5666 been brought forward. There is no decision. There's no
5667 recommendation right now.

5668 We are having a -- we are having a hearing and a
5669 discussion today that I think is very important. I, too,
5670 want to just join those who have been urging people to come
5671 back to the table. Get the parties back to the table.

5672 We have some shared goals here. We want to reduce
5673 carbon emissions. We want to increase safety. We do not
5674 want to price hardworking Americans out of the cleaner safer
5675 cars and I think we need to acknowledge that the cars on the
5676 road today in America are 12 years old. Those aren't the
5677 clean new safe cars on the road.

5678 I wanted to go back to the -- just the question around
5679 Consumer Reports and we had a -- we were working through
5680 Consumer Reports and their statements and what their
5681 positions are.

5682 I wanted to give Mr. Schwietert just the time to just
5683 give some more insights as to the development of the former
5684 rule in the former administration.

5685 Mr. Schwietert. Thank you much, Congresswoman McMorris
5686 Rodgers.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5687 I guess similar to Congressman Lujan, I guess,
5688 obviously, in relation to the quorum, certainly apologize if
5689 I interjected during the chair's time.

5690 My only point is Mr. Friedman was responding was just to
5691 underscore during his time and tenure at NHTSA as both acting
5692 and deputy administrator. Obviously, there was updates that
5693 were made to the model that then eventually found their way
5694 into the draft technical assessment reports.

5695 I was just trying to underscore that, obviously, there
5696 was work that was done during his time period that then
5697 influenced what ultimately led to where we are today.

5698 Mrs. McMorris Rodgers. Thank you, and just a follow up,
5699 would you speak to innovation in America versus what's going
5700 on in Europe, in China, whether it's -- yes, just what's --
5701 how are we doing competitively?

5702 Mr. Schwieter. Competitively, the U.S. is a leader and
5703 it's not by accident. Obviously, the policies not only from
5704 Congress but regulated entities spur the development of not
5705 only innovations, whether it's, you know, automobile fuel
5706 economy or alternative power trains.

5707 Of course, this committee knows firsthand. It has been
5708 referenced that close to 40,000 fatalities on our roadways.
5709 That's also innovations that are being led by American
5710 companies and ingenuity that have profound impacts both when

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5711 it comes to not only the travelling public but also
5712 constituents of yours and customers of ours.

5713 So the innovation that's appearing in the U.S. is higher
5714 than most. But it's also something that we shouldn't take
5715 for granted and I think that speaks to where Congresswoman
5716 Dingell in the past has noted where the U.S. auto economy is
5717 actually pretty fragile and, obviously, there's a lot of
5718 headwinds that we are facing.

5719 So the regulations that you're having this hearing on
5720 today are a core baseline as it relates to the overall health
5721 of the industry, which then spurs that R&D investment --
5722 those plant expansions, those development that lead to jobs
5723 and the innovative products that I think everybody comes to
5724 expect.

5725 Mrs. McMorris Rodgers. Thank you. I would like to
5726 yield to the gentleman from Illinois, Mr. Shimkus.

5727 Mr. Shimkus. Thank you.

5728 Let me -- let me also just in this minute and a half
5729 also highlight the fact that, you know, I have a copy of the
5730 Federal Register. So I think sometimes we get -- we get off
5731 the rails because we are saying this is going to be a zero
5732 change rule and many of you in your testimony -- I think, Mr.
5733 Schwietert, you said, like -- who said six and eight? We'd
5734 like six and we would like eight. Mr. Hermiz.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5735 So I was going, what's he talking about, six and eight.
5736 Well, six and eight are six and eight of the -- of the
5737 alternative change in stringency issues, right, on this.

5738 So we could go back now using your six and eight, and
5739 six is the same standards through model year 2020 and then 2
5740 percent increases for passenger cars, 3 percent increases for
5741 light trucks and model years 2021 to 2026.

5742 So that was helpful to me. There is no rule. There is
5743 fear. I understand that. Back to our comments beforehand,
5744 it's important that we have a national standards
5745 constitutionally. The interstate commerce clause -- I am a
5746 big believer in it.

5747 And then -- and I will just yield back my time. I think
5748 we are going to get some more time and then I am going to
5749 talk to my colleague -- former colleague from Louisiana.

5750 Mrs. McMorris Rodgers. Okay. Thank you.

5751 I thank the gentleman from Texas. I will yield back.

5752 Mr. Tonko. [Presiding.] The gentlelady yields back.

5753 I will now yield myself five minutes.

5754 Mr. Schwietert, 17 automakers including nearly all of
5755 your members recently sent the president a letter noting that
5756 the proposed rule lacks industry support and creates
5757 untenable uncertainty and that a final rule must be supported
5758 by California.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5759 You really haven't commented on the preferred
5760 alternative in the proposed rule today. We know you prefer a
5761 deal with California. There's no indication that the
5762 administration will return to the negotiating table.

5763 So in a yes or no response, absent a negotiated
5764 solution, does the Alliance oppose the preferred alternative
5765 in the proposed rule?

5766 So the answer is --

5767 Mr. Schwietert. Which is the preferred proposal?

5768 Mr. Tonko. So it's no? And Mr. Hermiz, do your
5769 businesses or other businesses in the auto industry face
5770 global competition and operate in a global marketplace?

5771 Mr. Hermiz. Yes, we do.

5772 Mr. Tonko. You mentioned that the administration's
5773 proposal may result in Europe or Asia presenting better
5774 business opportunities for emerging innovative technologies.

5775 It takes years to develop products in this sector. Is
5776 it possible that the uncertainty caused by this proposal will
5777 either strand existing investments or discourage businesses
5778 from making new ones in the United States?

5779 Mr. Hermiz. Yes, that is our premise?

5780 Mr. Tonko. And what role can increasing and certain
5781 standards play in driving innovation from the U.S. auto
5782 industry?

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5783 Mr. Hermiz. Well, as we highlighted with alternative --
5784 section alternative eight that that investment in technology
5785 could actually drive additional 250,000 jobs.

5786 Not doing that investment or having a flat standard puts
5787 the estimation of 500,000 jobs at risk. So that technology
5788 investment needs to be here -- need to encourage it to be
5789 here.

5790 Mr. Tonko. I appreciate that.

5791 And Mr. Nassar, from the workers' perspective, do you
5792 agree with that assessment?

5793 Mr. Nassar. I think absolutely that we need to have a -
5794 - need to have continued innovation standards that really
5795 push us to continue to move forward. Yes.

5796 Mr. Tonko. And so you're concerned that this proposal
5797 might limit the research in manufacturing?

5798 Mr. Nassar. Yes. Yes, concerned, and also I want to
5799 just say that one thing too when we are talking about new
5800 vehicles is I don't want -- I want to separate mass
5801 production manufacturing from research and development.

5802 They're not -- they're not two and the same thing.
5803 Sometimes this conversation gets conflated. But the answer
5804 is yes.

5805 Mr. Tonko. Thank you.

5806 And Chair Nichols, thank you again for your

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5807 participating -- in fact, all of the members of the panel.

5808 We all hear about how these standards are critical for
5809 reducing climate pollution. But I hope you can help us
5810 understand just how important they are.

5811 The New York State legislature, you may or may not know,
5812 just passed an ambitious legally mandated emissions target
5813 schedule. Transportation is our biggest source of emissions.

5814 If California and, by extension, New York State and
5815 other states are not able to use these tools to address
5816 greenhouse gas emissions from the transportation sector, what
5817 options are there to hit our targets and how likely are we to
5818 succeed?

5819 Ms. Nichols. Well, first of all, in terms of what we
5820 are relying on, the vehicle emission standards which we began
5821 working on back in 2004 represent the single largest
5822 reduction opportunities that we have and our -- as a nation
5823 our ability to comply with the Paris Agreement is also
5824 fundamentally based on the existence of the so-called Obama
5825 standards.

5826 So anything that weakens or delays those standards would
5827 need to be made up by other improvements. There are other
5828 improvements available in the area of fuels, in the area of
5829 construction, in the area of agriculture. There are many
5830 ways in which our country could be reducing greenhouse gas

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5831 emissions.

5832 But in terms of technologies that we know about and have
5833 available to us today, this is by far the most effective.

5834 Mr. Tonko. All right. And the transportation sector is
5835 something that we are trying to focus on with climate --

5836 Ms. Nichols. Transportation sector, again, is the
5837 single largest if you take together both the driving, the
5838 light-duty and the heavy-duty vehicles.

5839 Mr. Tonko. And the added benefits of California's ZEV
5840 standards -- the ZEV standards?

5841 Ms. Nichols. The ZEV standard, which is really intended
5842 to push the manufacturers to develop technology, was very
5843 effective in beginning the process of getting investments
5844 made by all the major manufacturers in zero emission
5845 vehicles.

5846 Now the problem we face is that while the vehicles are
5847 there, there are obstacles to fuelling because of the lack of
5848 a deployment of a thorough network of charging stations.

5849 There's also issues about consumer awareness because
5850 there's been a reluctance, I think, on the part of some to
5851 advertise the availability of these vehicles.

5852 So there are still impediments to the kind of take-off
5853 that we'd like to see. But when we've added those issues to
5854 the equation as we have been doing in California in the last

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5855 few years we've seen a very quick uptake in the purchases.

5856 Mr. Tonko. Thank you. Thank you very much.

5857 We now recognize Representative Duncan for five minutes,
5858 please.

5859 Mr. Duncan. Thank you. Thank you, Mr. Chairman.

5860 You know, there's a big difference between being an
5861 elected official and representing a constituency and being
5862 appointed to a position where you're just accountable to that
5863 one person that appointed you, whether it was a president or
5864 what.

5865 I think Attorney General Landry gets that, having run
5866 for Congress and also running as an attorney general in the
5867 state of Louisiana.

5868 I want to bring up a letter, General Landry, that six
5869 state attorney generals signed, including you and attorney
5870 general from my state, Alan Wilson.

5871 In short, this letter expresses support for bringing
5872 national harmony to the CAFE standards, and Mr. Chairman, I
5873 would like submit that for the record, if I can.

5874 Mr. Tonko. Without objection, so granted.

5875 [The information follows:]

5876

5877 *****COMMITTEE INSERT*****

5878 Mr. Duncan. General Landry, you state in your testimony
5879 when a state is allowed to usurp congressional intent for
5880 their own designs, all of the other states in our republic
5881 suffer.

5882 In the letter it says one state should not be able to
5883 effectively dictate fuel economy standards to help hide
5884 emission requirements and mandates for zero emission vehicles
5885 for the entire nation where Congress has set a clear policy
5886 favoring a single federal standard and no compelling air
5887 quality concern exists that is unique to that state.

5888 It is a great letter. I appreciate you doing that. You
5889 have sat here patiently all day. I want to give you an
5890 opportunity to address these issues one more time, how they
5891 affect your state manufacturing and your constituents.

5892 Mr. Landry. Well, thank you, my good friend.

5893 You know, the one thing that's interesting is that the
5894 road that we are travelling by allowing California to do that
5895 and basically have a waiver which we believe is probably
5896 unconstitutional and certainly improper in the way that it
5897 was granted, is that it's discriminatory.

5898 It is discriminatory against rural and smaller states by
5899 allowing the state of California to basically set national
5900 policy. National policy should be set in here.

5901 I would remind you all that the state of California

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5902 controls 53 to 52 seats in the House of Representatives.

5903 That's 12 percent of this body.

5904 And so if they can't with that large number be able to
5905 influence national policy, we shouldn't have the state back
5906 home, right -- the state of California back home -- dictating
5907 national policy. That is inherently unconstitutional and a
5908 complete violation of the commerce clause.

5909 Also, what's interesting is that competition, right,
5910 should be driving technology, not the government. The
5911 government certainly has an opportunity to encourage
5912 technology.

5913 But I want to be able to drive a truck which I've driven
5914 my entire life, right. I want to be able to own an SUV. At
5915 some point, there becomes a point of diminishing return, and
5916 then all of a sudden California dictates what size vehicle I
5917 get to drive, right.

5918 What happens in Illinois or Kansas or Nebraska or Iowa,
5919 right? What happens to those farms or those people who want
5920 to use larger utility vehicles?

5921 Certainly, we want the automobile industry to drive the
5922 vehicles that we want to -- we want to purchase and certainly
5923 if they can create a truck that has a higher fuel efficiency,
5924 it is attractive to consumers. It certainly would be
5925 attractive to me as well.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5926 But I can tell you that the way that this is going is
5927 disruptive to our constitutional principles and the way that
5928 our structure of government should operate, and all we are
5929 asking for -- and remember, attorney generals are responsible
5930 for protecting consumers and this is absolutely not a
5931 protection of consumers because what it does is
5932 discriminatory in fact against consumers in Louisiana rather
5933 than, basically, placing the policy decisions inside the
5934 hands of state consumers or elected officials in California.

5935 Mr. Duncan. You make excellent points, and we are a
5936 republic. And you talk about in terms of state sovereignty,
5937 one state shouldn't dictate what other states do and I think
5938 the letter that you and other attorney generals have put
5939 forward is very, very clear on that.

5940 And I mentioned earlier in the first panel I drive a
5941 Chevy Duramax diesel. I was in the auction business, a real
5942 estate brokerage. I drove about 65,000 miles a year. The
5943 reason I did that wasn't because I necessarily needed all
5944 that towing power and capacity of that truck.

5945 I was wearing gasoline engines out. So Chevrolet had a
5946 product that was appealing to me. That's what
5947 entrepreneurialism, capitalism is all about is that the
5948 manufacturers see a need in the market and they produce a
5949 product that the buyer wants, not a product that the

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5950 government tells them they have to produce and tells the
5951 buyers they have to buy.

5952 That's what happens in socialist societies, not
5953 capitalist societies. We are a market-driven economy and we
5954 are a republic of sovereign states, and I think the attorney
5955 general has made some great points there.

5956 Mr. Chairman, I thank the committee for having this
5957 panel and for this hearing, and with that I will yield back.

5958 Mr. Tonko. The gentleman yields back.

5959 I believe that concludes all those who were looking to
5960 question our panel.

5961 With that, I thank all of our witnesses for their
5962 participation in today's hearing. Very important to have
5963 your input. We thank you for that.

5964 And I remind my colleagues, the members, that pursuant
5965 to committee rules they have 10 business days by which to
5966 submit additional questions for the record to be answered by
5967 the witnesses who have appeared. I ask that each witness
5968 respond promptly to any such questions that they may receive.

5969 And then I request unanimous consent to enter the
5970 following list of documents into the record:

5971 A report by Bill Becker, the former executive director
5972 of the National Association of Clean Air Agencies, a report
5973 from the BlueGreen Alliance and the Natural Resources Defense

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.
WASHINGTON, D.C. 20005-3701

5974 Council, the UAW's research paper on electric vehicles, a
5975 letter from 17 automakers to California Governor Gavin
5976 Newsom, a letter from 17 automakers to President Donald
5977 Trump, a letter from Ceres, a General Motors proxy memo, a
5978 Ford proxy memo, a letter from General Motors investors, a
5979 letter from investors, a letter from the Ceres BICEP Network,
5980 a letter from 10 states attorneys general, a letter from John
5981 Bozzella, president and CEO of the Association of Global
5982 Automakers, a letter from Securing America's Future Energy,
5983 or SAFE, a statement from the American Chemistry Council,
5984 EPA's Assistant Administrator Wehrum's ethics disclosure
5985 report, a letter from the Competitive Enterprise Institute, a
5986 letter from BP CAFE to EPA Administrator Wheeler, a letter
5987 from EPA Administrator Andrew Wheeler, a fact sheet from Auto
5988 Alliance, a statement from the record -- from the Consumer
5989 Federation of America.

5990 And any objection? Hearing none, without objection, so
5991 ordered.

5992 [The information follows:]

5993

5994 *****COMMITTEE INSERT*****

5995 Mr. Tonko. And at this time, I thank my colleagues.

5996 The subcommittee is adjourned.

5997 [Whereupon, at 3:17 p.m., the committee was adjourned.]