

**Testimony of  
Heidi King, Deputy Administrator  
National Highway Traffic Safety Administration  
Committee on Energy and Commerce  
Subcommittee on Consumer Protection and Commerce  
Subcommittee on Environment and Climate Change  
United States House of Representatives  
Fuel Economy and Greenhouse Gas Standards for Light-Duty Cars and Trucks  
10:00 AM - June 20, 2019**

Thank you Chairwoman Schakowsky, Chairman Tonko, Ranking Member McMorris Rodgers, and Ranking Member Shimkus.

This year is the 10-year anniversary of the first proposed National Highway Traffic Safety Administration (NHTSA) and Environmental Protection Agency (EPA) national corporate average fuel-economy (CAFE) and greenhouse gas program. Last year, NHTSA and EPA together proposed the Safer Affordable Fuel Efficient (SAFE) Vehicles Rule to establish new fuel economy and greenhouse gas standards for model year (MY) 2021–2026 passenger cars and light trucks.

These standards are important to all Americans because they will determine what new passenger cars and light trucks will be available to carry our families to work and school, to haul goods on our farms and ranches, to travel across this great country’s mountains and in its cities in good weather and bad.

The regulatory action responds to the commitment made by the Agencies in the joint 2012 final rule, where NHTSA promised that “NHTSA’s rulemaking, which will incorporate findings from the midterm evaluation, will be a totally fresh consideration of all relevant information and fresh balancing of statutory and other relevant factors in order to determine the maximum feasible CAFE standards for MYs 2022–2025.” EPA similarly committed to a mid-term evaluation of the greenhouse gas standards for those model years.

After fresh consideration of relevant information, the Agencies explained in the proposed SAFE Vehicles Rule that many of the predictions made years ago were likely incorrect. Thus, information currently available suggests that the CAFE standards previously set for model year 2021 are unlikely to be maximum feasible, and the greenhouse gas standards previously set for MY 2021 are unlikely to be appropriate under the Clean Air Act. The Agencies sought comment on a range of potential standards for MY 2021 through 2026.

In the Energy Policy Conservation Act, as amended by the Energy Independence and Security Act, Congress directs NHTSA to determine the maximum feasible level of fuel economy standards for each model year, considering four statutory factors: 1) technological feasibility, 2) economic practicability, 3) the effect of other motor vehicle standards of the Government on fuel economy, and 4) the need of the United States to conserve energy. In addition, NHTSA considers other relevant factors, such as the effect of the CAFE standards on motor vehicle safety.

Consistent with that framework, my colleagues at NHTSA and EPA are working together to ensure that this important rule will rely on the best possible engineering and economic information, data and science, and that we review the comments thoroughly in order to assure a final rule that is reasonable, appropriate, transparent, and consistent with the law given current facts and conditions.

I assure you, the SAFE Vehicles Rule will establish maximum feasible standards to which vehicle manufacturers must comply; the SAFE Vehicles rule contains no language that would prevent any auto manufacturer from designing and building next-generation highly fuel-efficient vehicles, including hydrogen fuel cell vehicles, battery electric vehicles, hybrids, and plug-in hybrids in response to market demands. I am excited – we are all excited -- to witness the expansion of the diverse designs and power trains, providing more consumer choice.

We have been working to address questions raised in the earlier rulemakings with respect to the potential impact of this important rule on safety of the motoring public.

- We know that newer cars are safer and cleaner than older cars.
- We also know that consumers can choose whether to keep their older car or to purchase a newer, safer, cleaner car. This is particularly relevant since there are already more cars than adults in our country – about 270 million cars and 260 million adults, which translates to about 240 million licensed drivers.
- Overly ambitious standards that dramatically increase the price of a new car can be counterproductive and hinder safety by discouraging people from replacing their older cars with cleaner, safer, newer cars.

And this important rulemaking comes along with concerns that we are facing an affordability crisis in the new car market. The average price of a new vehicle continues to break records—exceeding \$37,000 in both April and May, according to Kelley Blue Book. New vehicle prices have risen 29% in the past decade, despite median family income growing only 6% during that period, according to Edmunds. Continuing to increase prices due to regulatory burdens will price more and more consumers out of safer, cleaner, and more efficient vehicles.

And as fuel economy continues to improve, the incremental gains realized by consumers diminish. This is because fewer gallons are saved from incremental improvements. If a person who drives 15,000 miles per year in a 15-mpg truck decides to trade it in for a new 20 mpg truck, they will see their fuel consumption drop from 1,000 gallons to 750 gallons — saving 250 gallons annually. But somebody trading a 30-mpg car they drive 15,000 miles per year for a 40-mpg car reduces consumption from 500 gallons/year to 375 gallons/year — only 125 gallons even though the mpg improvement is twice as large. And going from 40 to 50 mpg only saves 75 gallons/year. Yet, each additional fuel economy improvement becomes much more expensive as the low-hanging fruit of low-cost technological improvement options are picked.

All of this comes after years of significant fuel economy improvements. Today, automakers are struggling to meet the existing standards. EPA’s latest “Trends Report” showed that despite record fuel economy gains, all but three of the thirteen major automakers failed to meet their performance targets for

the 2017 Model Year and were forced to spend credits they had previously earned or acquired additional credits from competitors.

The fundamental principles remain: Newer cars are safer and cleaner than older cars. Consumers are more likely to upgrade to newer, cleaner, safer cars if costly regulations don't raise the price beyond consumers' means.

Thank you for hosting this important hearing and I look forward to your questions.