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Obama seeks fuel efficiency standards for large trucks

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Washington --President Barack Obama on Friday ordered work to begin on setting first-ever fuel-efficiency standards for heavy-duty trucks. He also called for progress toward establishing higher standards for cars and light trucks in model years 2017 through 2025.

"It's possible in the next 20 years for vehicles to use half the fuel and produce half the pollution that they do today," Obama said at a Rose Garden ceremony where he signed a presidential memorandum.

A 2007 energy law requires the National Highway Traffic Safety Administration to set standards for medium- and heavy-duty trucks by 2016. Obama's directive also requires the Environmental Protection Agency to set limits on tailpipe emissions. Obama wants the rules done by July 2011.

"This will bring down costs for transporting goods, serving businesses and consumers alike," Obama said. "This standard will spur growth in the clean-energy sector. We know how important that is."

Large trucks consume more than 2 million barrels of oil daily, average 6.1 mpg and emit 20 percent of transportation-related greenhouse gas pollution. Obama said off-the-shelf technology could improve efficiency by 25 percent in tractor-trailers.

Standing with the president in the Rose Garden Friday were the CEOs of Daimler Trucks North America, Volvo North America, Cummins Inc. and Navistar. Executives from major automakers were seated in the front row.

Obama did not cite specific light vehicle standards for 2017 and beyond. But as a presidential candidate, he called for hiking fuel efficiency requirements to 50 miles per gallon by 2027, which would require about 4 percent annual increases after 2016.

White House spokesman Matthew LeGrich wouldn't say if Obama is committed to that target, or quantify the annual increases that would be sought, calling it "premature to speculate."

Transportation Secretary Ray LaHood told reporters, "We're at the starting game. Stay tuned."

One question that remains is whether automakers and California can agree on how much future emissions should be cut. California has long pushed to set fuel economy standards in the state that exceed federal requirements, as it is allowed to do under the Clean Air Act. But automakers have

fought the move, saying it would be too expensive to build vehicles to meet varying regulations.

Mary Nichols, chairwoman of the California Air Resources Board, said the state wants 3 percent to 6 percent average annual increases from 2017 through 2025. "California envisions a path forward to arrive at aggressive light-duty vehicle greenhouse gas emissions and fuel economy standards," she said.

The administration will hold discussions with automakers and California officials until September before setting a timetable for finalizing the new rules.

Dan Becker, director of the Safe Climate Campaign, said "a tough new rule" is needed "that breaks our addiction to oil." He expects tough negotiations between automakers and California.

The best news for automakers was that Obama wants to keep a national standard, "rather than a tangle of overlapping and uncertain rules." That way, Obama said, "auto companies will have clear incentive to develop more efficient vehicles."

Last May, the White House struck a deal with the state of California and automakers to set national standards for 2012-16.

California agreed to waive its right to set its own tailpipe emissions limits because the federal government essentially adopted them as the national standard.

The deal sets fleet-wide fuel economy requirements at 34.1 mpg by 2016 -- about a 40 percent hike over current levels.

Those regulations will cost automakers \$51.5 billion over five years and add \$985 to the price of an average vehicle in 2016.

The next round of increases could cost even more, and require more hybrids and plug-in vehicles to meet the new rules.

But California retains the right to set its own standards again in 2017. Automakers and Obama want a deal to head off separate state standards.

"The federal government is looking 15 years down the road and uniting all the diverse stakeholders to work towards the same national goal," said Dave McCurdy, head of the Alliance of Automobile Manufacturers, the trade group that represents Detroit's Big Three and Toyota Motor Corp.