



Consumer Federation of America

PRESS ADVISORY

For Immediate Release

Contact: Mark Cooper 301-807-1623

Morrow Cater 415-453-0430

**Administration's proposed Fuel Economy Standard
Denies Consumers and the Nation 150 Billion Gallons
of Vital Energy Savings**

Consumer groups call on NHTSA to raise cafe standards

Washington D.C. — In comments filed at the National Highway Traffic Safety Administration (NHTSA) the Consumer Federation of America (CFA) along with 29 of its member groups challenged NHTSA to increase the proposed fuel economy standards for cars and light trucks, charging that NHTSA's proposed standards violate the Energy Independence and Security Act of 2007.

“Congress set a floor not a ceiling on fuel economy standards and ordered the Administration to achieve maximum feasible fuel savings to promote energy independence and security, “ said CFA Director of Research Mark Cooper. “If the Administration simply updated their assumptions to include current market realities, we could save thirteen times as much oil in America's gas tanks than will be produced by expanding drilling on the Outer Continental Shelf.”

“Because of all the attention drilling has gotten lately,” Cooper added, “we compared the amount of gasoline a higher fuel economy standard would save to the amount of oil that the Energy Information Administration recently estimated would be produced by expanded drilling on the OCS in exactly the same time frame (2011-2030). It's no contest; fuel economy would make a much larger contribution to lowering imports and reducing the nation's addiction to oil. The irony is that Congress did its job when it passed the Energy Independence and Security Act, but the Administration dropped the ball.”

Comments submitted on behalf of the groups conclude that the Administration's flawed analysis and failure to obtain the data necessary to

promulgate a reasonable rule violates the Administrative Procedures Act. “Due to the extraordinary urgency needed to respond to the current energy crisis” the groups call for 30.6 miles-per-gallon (mpg) fleet wide by 2011, not 27.5.

Noting that NHTSA recently estimated that this year (2008) the fleet wide average would be almost 27 mpg, Cooper said, “Consumers are fast outpacing the agency’s proposed standards. While the policy debate has been fixated on drilling, the Administration has failed to fully exploit a much more important opportunity to address the national energy crisis.”

In an appendix to the consumer groups’ NHTSA comments, a CFA analysis finds economic flaws and out-of-date market assumptions cause NHTSA to slow the inclusion of fuel saving technologies in the vehicle fleet.

In its analysis, NHTSA grossly undervalued fuel savings.

- It used a price for gasoline in 2015 that is \$2.45 per gallon, substantially below the price being paid today.
- It assumes that oil has no military or strategic value whatsoever.

NHTSA has failed to understand consumer behavior and has ignored obvious trends in the market. Contrary to the overwhelming market evidence, NHTSA assumed that consumers:

- Undervalue fuel economy in their vehicles,
- Won’t buy smaller cars with fewer cylinders and avoid hybrids,
- Don’t pay more for more fuel-efficient used vehicles,
- Irrationally burn up their fuel savings on increased driving, rather than using it to buy other goods and services.

NHTSA based its standards on erroneous assumptions about automaker behaviors.

- It relied on product plans that the automakers are currently tearing up.

- It assumes that automakers are incapable of making significant changes in their production plans, even though they are currently making dramatic changes.
- It allows the worst laggards to pull down the overall standard.

The Consumer groups' comments conclude that NHTSA's analysis is riddled with flaws and that its proposed fuel economy standards are unreasonably low, cover a period that is unreasonably long, and are inadequately documented. As a result, NHTSA's proposal meets neither the spirit nor the intent of the Energy Independence and Security Act of 2007. The flawed analysis and failure to obtain the data necessary to promulgate a reasonable rule violate the Administrative Procedures Act.

“NHTSA's proposed rule is so far out of touch with reality that it will never stand close scrutiny by the courts, but the nation needs to move forward quickly to solve the energy crisis. NHTSA should raise the standard dramatically and set America on the path to a more secure energy future,” Cooper concluded.

Cooper's Comments:

http://www.consumerfed.org/pdfs/DEIS_comments.pdf

Dr. Mark Cooper is Director of Research at the Consumer Federation of America, responsible for energy, telecommunications, and economic policy analysis. He is a Fellow at Stanford, Columbia, and Fordham Universities.

Consumer Federation of America (CFA) is a non-profit association of 300 consumer groups, with a combined membership of more than 50 million people. CFA was founded in 1968 to advance the consumer's interest through advocacy and education.

###