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November 24, 2009

U.S. Environmental Protection Agency
EPA Docket Center (EPA/DC)
Air and Radiation Docket
Attention Docket ID No. EPA-HQ-OAR-2009-0472
Mail Code 2822T
1200 Pennsylvania Avenue, NW
Washington, DC 20460

To Whom It May Concern:

The National Association of Clean Air Agencies (NACAA) – the association of air pollution control agencies in 53 states and territories and over 165 metropolitan areas across the country – is pleased to provide the following comments on the U.S. Environmental Protection Agency's (EPA's) and the National Highway Traffic Safety Administration's (NHTSA's) joint proposal to establish light-duty vehicle greenhouse gas (GHG) emissions standards and corporate average fuel economy standards. Our association strongly supports timely and effective action to curb GHG emissions from light-duty vehicles and, therefore, supports this proposal.

Global warming is the most pressing global environmental issue facing our generation. The Intergovernmental Panel on Climate Change (IPCC) stated in 2007 that the evidence that global warming is already affecting our planet is "unequivocal, as is now evident from observations of increases in global average air and ocean temperatures, widespread melting of snow and ice, and rising global average sea level." And since the IPCC report was released, even more compelling research and evidence have accumulated demonstrating that we need to act now to reduce GHG emissions.

As EPA data confirm, the mobile source sector is responsible for approximately 36 percent of total U.S. GHG emissions, taking into consideration upstream transportation fuel emissions (such as those associated with extraction, shipping, refining and distribution), as well as nonroad mobile sources (including construction, farm and lawn and garden equipment). This level exceeds electricity generation, which accounts for approximately 34 percent of total U.S. GHG emissions. Given this significant contribution, a comprehensive regulatory strategy to reduce GHG emissions from the mobile sector must be developed and implemented without delay.

For this reason, NACAA applauds EPA and NHTSA for this landmark federal proposal which, in addition to improving the fuel economy of cars and light-duty trucks, puts in place the first-ever national program for reducing motor vehicle GHG emissions. The proposed standards to reduce GHG emissions from light-duty vehicles in model years 2012 through 2016 are a very commendable first step forward in what must be an ongoing effort to make light-duty vehicles and our nation's entire mobile source fleet and fuels as clean and "green" as possible.

We are confident that these standards can be implemented with success, given EPA's proven 30-year-plus track record of establishing and implementing motor vehicle emissions standards under Title II of the Clean Air Act. The technical research and analysis that EPA has conducted illustrate the agency's thoughtful deliberation of various approaches for this program, leading to a proposed set of national light-duty vehicle GHG emissions standards that can be achieved with known and available technologies.

Moreover, the automobile manufacturers have endorsed the establishment of a national program for vehicle GHG emissions standards and Corporate Average Fuel Economy standards. In commitment letters signed on May 18, 2009, automakers and the trade associations that represent them stated that they "recognize the benefit for the country of a National Program to address GHGs and fuel economy and the historic announcement of EPA and NHTSA's intent to jointly propose a rule to set standards for both. They further stated that they "fully support proposal and adoption of such a National Program," that they "welcome this opportunity to be a partner in helping to advance a harmonized National Program" and that they "commit to working with EPA and NHTSA, the states, and other stakeholders to help our country address global climate change and the need to reduce oil consumption by developing this kind of strong, coordinated, national program for the model years after 2016."

NACAA believes that Title II of the Clean Air Act provides EPA with broad statutory authority, and appropriate discretion, to address emissions from mobile sources and fuels. The Act is particularly well suited for regulating motor vehicle GHG emissions. Over the past four decades, utilizing the tools and flexibilities embodied in the Act, EPA has developed comprehensive and effective programs that have very successfully and cost effectively reduced criteria pollutant and precursor emissions from mobile sources and fuels. In addition, the Act's wise provisions giving authority to states to go beyond federal standards have also been used to evaluate and implement potential strategies and garner additional important reductions.

These same authorities can now be used successfully by EPA and the states to address the significant, long-term challenges associated with reducing GHG emissions from mobile sources and fuels. We commend EPA for the thorough and clear manner in which it assessed and utilized the tools provided by the Act in developing this proposal. These tools allowed EPA to, among other things, address carbon dioxide (CO₂) and other GHG emissions, including hydrofluorocarbons, methane and nitrous oxide; provide for the phase-out of credits for flexible-fueled vehicles by the end of 2015; and find ways to accommodate manufacturers needing additional time to comply other than simply allowing them to pay to pollute.

What's more, EPA estimates that over the lifetime of the vehicles sold from 2012 through 2016, the proposed standards would reduce U.S. CO₂ emissions by 950 million metric tons, conserve 1.8 billion barrels of oil and cut CO₂ emissions from our nation's light-duty fleet by over 20 percent by 2030.

We also believe that this historic proposal is significant in that it is the direct result of state leadership and innovation. This leadership and innovation occurred because of the explicit authority provided to California and other states under the Clean Air Act.

In 2005, California adopted regulations requiring a reduction in the fleet average generation of GHGs per mile in motor vehicles sold in the state. Those regulations demonstrate that our nation can address global warming while maintaining our quality of life and, at the same time, create jobs, enhance energy security, reduce our dependence on foreign oil and save money for the consumer.

Moreover, California's action paved the way for other states across the country to exercise their statutory authority under Section 177 of the Clean Air Act to opt into California's more stringent vehicle emissions standards. Fourteen states did just that – including the states of Arizona, Connecticut, the District of Columbia, Maine, Maryland, Massachusetts, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont and Washington. Having 15 states lead the way, serving as laboratories of innovation, demonstrates that states and the

public are confident that these requirements will work and are important to our climate initiatives, which lends credibility to EPA's process.

California and the 14 "opt in" states will deem vehicles that comply with the new federal standards to be in compliance with their adopted state standards from 2012 through 2016 (this will be accomplished through a regulatory proposal by California). But we must emphasize that the Clean Air Act provision of states' rights to adopt motor vehicle standards – for California under Section 209 and for other states under Section 177 – was crucial in allowing these states to lay the groundwork and create the momentum for this national vehicle GHG emissions reduction program, as it was for many other previous ground-breaking mobile source regulatory programs. Therefore, California's statutory right to adopt more rigorous motor vehicle standards than the federal government's, and other states' statutory rights to opt in to California's programs, must be acknowledged as the catalyst for innovation and progress. EPA should join state and local clean air agencies as an active proponent of and champion for the full preservation of these states' rights.

NACAA would also like to take this opportunity to offer comments on several other issues related to this proposal. First, NACAA supports the concept of providing credits for the production of advanced vehicles to incentivize full commercialization of electric drive technologies, such as battery electric and fuel cell vehicles. We urge, however, that EPA assign a national average upstream emissions factor to each advanced technology (taking into account the lifecycle emissions of the vehicle system), rather than assuming zero grams per mile CO₂ for all electric-powered vehicles, which could significantly and inappropriately erode the actual GHG emissions reductions to be achieved by the national program. We note that there are various studies available – including ones conducted by the California Air Resources Board, MIT, Argonne/GREET, the University of California-Davis and the U.S. Department of Energy – that can be used to estimate national average upstream CO₂ emissions for emerging electric drive and fuel cell vehicles.

Second, we note the differing conclusions reached by EPA and NHTSA regarding safety issues. NACAA is concerned that significant portions of NHTSA's safety analysis are based on out-of-date data – in some cases dating back to the early 1990s – that are not likely relevant to this current rulemaking. Before any definitive conclusions are reached on safety, we recommend reevaluating these issues based on a forward-looking approach, using the most recent data available.

Third, another issue that drew our attention in this proposal is the calculation of the economic benefit of avoiding CO₂ emissions based on a social cost of carbon of \$20 per metric ton and a 3-percent discount rate. Given that many known impacts associated with carbon emissions have yet to be monetized, and in consideration of the precedent this rule may set regarding the calculation of costs and benefits and the effect it will have on future generations, we urge that EPA review carefully its calculation methodology and not underestimate the financial impacts and benefits of reducing CO₂.

Fourth, EPA indicates that it will continue to use the same test methods and test fuels to certify vehicles affected by this proposal. NACAA recommends, however, that EPA begin using real-world fuels. Similarly, NHTSA should also use real-world fuels for testing purposes. The association also recommends that EPA determine GHG emissions from new vehicles based on a calculation that incorporates lifecycle costs.

Fifth, we are pleased that EPA is seeking to establish standards that would control emissions of CO₂, hydrofluorocarbons, nitrous oxide and methane from light-duty vehicles. However, we recommend that the agency also establish standards to regulate black carbon, which recent scientific evidence shows is another important pathway for climate change.

Sixth, with respect to the next phase of standards for cars and light trucks, post 2016, NACAA urges EPA to take a comprehensive approach, addressing emissions of criteria and GHG pollutants, as well as the fuel

requirements necessary to achieve further improved emissions performance, including future reductions in fuel sulfur levels.

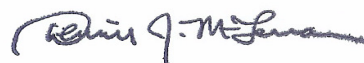
Finally, in November 26, 2008 comments to EPA on the agency's Advance Notice of Proposed Rulemaking on regulating GHG emissions under the Clean Air Act, NACAA encouraged EPA to develop and enforce GHG standards for all key vehicle, engine and equipment subsectors within the overall transportation sector. We reiterate this recommendation now, especially with respect to onroad heavy-duty engines for which EPA should develop federal regulations without delay in close cooperation with the states. States are keenly aware of the pressing environmental need to garner GHG emissions reductions from onroad heavy-duty engines. In the absence of federal action, states will be pressed to move ahead using other authorities under the Clean Air Act so that emissions reductions from this sector can be achieved as soon as possible.

In conclusion, NACAA commends the Administration, EPA and NHTSA for their leadership on and dedication to this issue. We look forward to continuing to work with you to put a strong national vehicle GHG emissions reduction program in place in 2012 and to develop more rigorous and comprehensive post-2016 vehicle emissions reduction programs.

Sincerely,



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Mobile Sources and Fuels Committee



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