

**California Low-Emissions Vehicles Program
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History

In the United States, vehicle emissions standards are managed by the US Environmental Protection Agency (EPA). All states must comply with the EPA's air quality standards and automobile emissions laws. However, California is the only state in the country that has the authority to enact automobile emissions regulations different from the federal government. When the federal government passed the Federal Clean Air Act in 1975, California was the only state that had pre-existing air quality regulations. California has since enjoyed a special waiver from the EPA to enforce its own regulations.

Some other states have tried to get a waiver similar to California's, but have been denied. In order for a state to adopt standards different than those required by the EPA, the only alternative is to adopt California's emissions standards *identically*. When California's Air Resources Board (CARB) makes rules, or changes the emissions rules, the identical change also applies to the state that has opted for California's rules.

The CARB is an 11-member panel of bureaucrats who serve at the pleasure of the Governor of California. The CARB makes the air quality rules for the state of California.

The California Low-Emissions Vehicles Program (CALEV) is the California regulatory program designed by California legislators and members of the CARB.

CALEV includes three components of regulation: (1) emissions regulation, (2) zero-emissions vehicles mandate, which requires approximately 40% of all vehicles sold in the state to certify to the zero-emissions vehicles standards, and (3) CO₂ regulations. The emissions and zero-emissions vehicles mandate components of the CALEV program regulate smog and ozone-forming emissions. Meanwhile, the CO₂ portion of CALEV regulates fuel economy.

Until 2002, the CARB focused much of the regulations on activities that produced smog and ozone-forming emissions. In 2002, CARB began working to adopt and implement regulations to reduce CO₂ from motor vehicles.

Currently, the CO₂ portion of CALEV cannot be implemented in any state, including California. The EPA denied California's request to implement its CO₂ regulations. President-elect Obama has promised to grant the EPA waiver required for California (and the other CALEV states) to implement the CO₂ portion of CALEV.

In the wake of the waiver denial, states that have adopted or plan to adopt the CALEV program are only adopting a smog and ozone forming emissions program that provides no environmental benefit above the existing federal program.

Although the federal government does not directly regulate CO₂, the federal Corporate Average Fuel Economy (CAFÉ) standards regulate fuel efficiency in the nation's automotive fleet. Since CO₂ emissions are proportional to the amount of fuel used, the federal CAFÉ standards provide the best way for regulators to restrict greenhouse gas emissions from the automotive sector.

Federal Law

The Energy Independence and Security Act of 2007 (EISA) marked an unprecedented increase in CAFÉ standards for the national automotive fleet since 1975. This new federal law requires a dramatic 40% increase in fuel economy and a 30% reduction in CO₂ emissions by 2020.

In April 2008, the National Highway Traffic Safety Administration, which promulgates CAFÉ rules, released its proposal for the new CAFÉ standards through 2015. This Notice of Proposed Rule Making (NPRM):

- Increases fuel economy standards for passenger cars from the current standards of 27.5 miles per gallon (mpg) to 35.7 mpg;
- Increases fuel economy standards for light trucks from 23.5 mpg in 2010 to 28.6 mpg;
- Represents an annual 4.5 percent increase in fuel economy over a 5-year period;
- Far exceeds the 3.3 percent baseline proposed by Congress in EISA;
- Already calls for a 25% increase in the national fuel economy average.

Although the CAFÉ standards are still in the form of a NPRM, NHTSA is expected to issue a final rule soon after the new Obama administration takes office. Outgoing Chair Nicole Nason indicated in press interviews that NHTSA will issue a final rule that sets fuel economy requirements *at least as high* as the standards in the proposed rule ("Outgoing NHTSA Chief: Don't Expect CAFÉ Plan to Get Softer," Detroit News, August 2008).

In 2011 and in 2013-2015, the combined fuel economy averages for the new light duty vehicle fleet (both passenger cars and light trucks) is higher under the federal proposal than it is under the California standards. The proposed regulations will result in a 521 million metric ton reduction of carbon dioxide emissions, compared to 30 million metric tons of reduction by the California standards.

Economic Impact

- The CALEV would likely restrict the availability of trucks, minivans, and SUVs in Minnesota.
- Auto dealers would find it more difficult to satisfy consumer demand under CALEV because the regulations would limit the ability to trade new vehicles with dealers in surrounding states.

- Flex-fuel vehicles (FFVs), which use a 15% gasoline-85% ethanol blend (E85) would be severely restricted because they do not meet California's "super-ultra low vehicles" standard. In states that have adopted CALEV, automakers have limited the availability of FFVs. California has the lowest FFV penetration rate in the nation.

Conclusion

The 2009 Minnesota legislature is considering the adoption of the CALEV standards. Minnesota would be the only state to legislate the adoption of the CALEV since the adoption of the federal Energy Independence and Security Act of 2007, passed by Congress in December of that year.

Minnesota should reject CALEV. The CALEV legislation would have a harmful economic impact to important Minnesota industries, restrict consumer choices, and abdicates law-making authority to unelected bureaucrats who have no accountability to Minnesotans. In addition, the CALEV program provides no measurable benefit to air quality or CO2 reduction.