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President Obama Announces Policy Adopting California Model for National Fuel Efficiency Standard

[Travis Ritchie](#)

President Obama announced on May 19 a new national policy aimed at both increasing fuel economy and reducing greenhouse gas (GHG) pollution for all new cars and trucks sold in the United States. The new standards, covering model years 2012-2016, will ultimately require an average fuel economy standard of 35.5 mpg in 2016. The White House projects that the plan will save 1.8 billion barrels of oil over the life of the program, with a fuel economy gain averaging more than 5 percent per year and a reduction of approximately 900 million metric tons in GHG emissions. This standard surpasses the Corporate Average Fuel Economy (CAFE) standard passed by Congress in 2007, which required an average fuel economy of 35 mpg in 2020.

For the past eight years, California has fought to implement similar efficiency standards for vehicles under a 2002 California statute (AB 1493) introduced by then-Assemblywoman Fran Pavley. Under the federal Clean Air Act, California has the authority to set its own air pollution standards. The California plan, however, resulted in legal challenges from the auto industry, which claimed that California's exemption did not apply to fuel efficiency standards because those regulations fall under the jurisdiction of the Department of Transportation and the CAFE standards set by the U.S. Congress. The auto industry opposed adoption of multistate GHG emission standards that, it argued, would have imposed unbearable costs on the struggling industry. In addition, the federal Environmental Protection Agency (EPA) under former President Bush disclaimed jurisdiction over GHG emissions and refused to endorse the California standards. The California Attorney General's office spent nearly \$4 million fighting

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to uphold AB 1493.

In the end, Mary Nichols, the head of the California Air Resources Board (CARB), played a critical role in crafting the national fuel efficiency policy. Last fall, Nichols and other proponents of the efficiency standards met with auto industry representatives to begin discussions on a national policy. Following President Obama's election and indications from the White House that it would seek to implement stricter GHG emission standards for vehicles, the auto industry agreed to a compromise plan that would apply a single national standard based on the California model, but would extend the date of implementation. Details of the plan and the specific requirements to achieve the 2016 targets will be released at a later date.

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