ENERGY POLICY RESEARCH FOUNDATION INC.
EPRINC Est. 1944

Energy Policy Research Foundation, Inc.
1031 31st Street, NW, Washington, DC 20007-4401
www.eprinc.org

Phone: 202.944.3339
Fax: 202.944.9830
E-mail: contact@eprinc.org

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Christopher Lieske
Office of Transportation and Air Quality
Assessment and Standards Division
Environmental Protection Agency
2000 Traverwood Drive
Ann Arbor, MI 48105

Rebecca Yoon
Office of Chief Counsel
National Highway Traffic Safety Administration
1200 New Jersey Avenue SE.
Washington, DC 20590

Mike McCarthy
Air Resources Board
9480 Telstar Avenue, Suite 4
El Monte, California 91731

Submitted *electronically to* *www.regulations.gov & 2016TAR@arb.ca.gov*

Docket ID No. EPA-HQ-OAR-2015-0827
Docket ID No. NHTSA-2016-0068
CARB - http://www.arb.ca.gov/msprog/levprog/leviii/2016tar.htm

RE: Request for Extension of Deadline to Comment on Draft Technical Assessment Report: Midterm Evaluation of Light-Duty Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy for Model Years 2022-2025

Dear Mr. Lieske, Ms. Yoon and Mr. McCarthy:

The Energy Policy Research Foundation, Inc. (EPRINC) requests an extension of the comment period for the *Draft Joint Technical Assessment Report on the Midterm Evaluation of Light-Duty Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards for Model Years*

2022-2025 ("Draft TAR").[1] EPRINC requests an extension of the comment period from the current 60 days to not less than 120 days in order to undertake a sustained and careful analysis of the Draft TAR.

The Draft TAR is charged with evaluating fuel economy improvements made in response to Corporate Average Fuel Economy (CAFE) and greenhouse gas (GHG) vehicle emissions standards to date, as well as how auto manufacturers can improve their fleets to meet more stringent standards in the future. However, there are two critically important substantive issues addressed in the Draft TAR that will require considerable time and effort to fully evaluate and complete.

The first is that we may be entering an era of longer-term relatively low gasoline prices. Low gasoline prices will lead to a mismatch, perhaps severe and already underway, between consumer preferences and the auto fleet requirements the industry will be required to produce under the regulatory program. Such a mismatch between the regulatory program and consumer preferences represents a substantial risk to the health of the US auto industry. Initial research by EPRINC suggests that consumers already are substantially altering their automobile purchasing choices in response to low gasoline prices.[2] It will require much more than 60 days to fully evaluate whether the TAR has adequately addressed this risk.

The second concern is the extent to which the Draft TAR has properly evaluated regulatory risk of existing and/or new standards on the national economy. The auto industry represents between 3-3.5 percent of US GNP. We note that according to the US Bureau of Economic Analysis, annual real GDP (RGDP) in the first quarter of 2016 (revised) increased by only 0.8 percent and the second quarter it is now estimated to have increased by only 1.1 percent (unrevised). Over the last ten years average annual RGDP has been stuck at 2 percent. The longest previous such run in U.S. economic history was only four years, and the last time that this happened was during the Great Depression (1930 - 1933). Understanding these risks and how they are addressed in the Draft TAR will take more than 60 days. There is little margin for error.

The Energy Policy Research Foundation is a non-profit organization that has published extensive research on developments in U.S. and world energy markets since 1944. We have been called on to testify at every session of Congress in the last decade and routinely provide briefings on our research for industry, non-profit organizations, federal, state, and local agencies and Congressional staff. EPRINC has been a source of expertise for numerous government studies.

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[1] Notice of Availability published at 81 Fed. Reg. 49217 (July 27, 2016).

[2] For a discussion of some of the implications of low gasoline prices on the auto industry, see Pugliaresi, Lucian and Max Pyziur, ***CAFE, Gasoline Prices and the Law of Diminishing Returns (A New Agenda for the Mid Term Evaluation)*** March 2016. EPRINC. http://eprinc.org/wp-content/uploads/2016/03/CAFE-GasolinePrices-LawOfDiminishingReturns-March2016.pdf

Thank you for taking this request under consideration.

Lucian Pugliaresi
President
Energy Policy Research Foundation, Inc.

Copy to:

Bill Charmley, EPA
Michael Olechiw, EPA
Kevin Green, DOT
Ryan Harrington, DOT
James Tamm, NHTSA
Annette Hebert, CARB
Howard Shelanski, OIRA