ZETA | ZERO EMISSION TRANSPORTATION ASSOCIATION

EVHYBRIDNOIRE
ELECTRIFYING, ENGAGING & EDUCATING DIVERSE COMMUNITIES THROUGH MOBILITY

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The Zero Emission Transportation Association (ZETA) and EVHybridNoire (EVHN) appreciate the opportunity to comment on the Notice of Proposed Rulemaking ("NPRM") titled Revised 2023 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions Standards Docket No. EPA-HQ-OAR-2021-0208-0116 (August 10, 2021). ZETA and EVHybridNoire thank the EPA for prioritizing the reduction of emissions from transportation through the proposed standards and reversing the SAFE rule that would take the country backward. We look forward to working with you to ensure a future where on-road pollution and greenhouse gas (GHG) emissions are dramatically reduced, American workers are manufacturing and driving electric vehicles, and the United States is dominant in the auto industry once again.

ZETA and EVHN fully support ambitious standards to cut GHG emissions and expand stringency beyond the most ambitious option presented in the proposed rulemaking (Alternative 2) with the elimination of extended credits. ZETA's members and EVHN's partners are already demonstrating that EV innovation and job creation go hand-in-hand. We urge the EPA to accelerate this transition and expedite the economic and environmental benefits of light-duty vehicle electrification with stringent standards without exception.

It has been made abundantly clear that without the electrification of the transportation sector, there is no way the United States will meet its climate targets.[1] To that end, the proposal does not recognize the rate at which electrification of the transport sector is accelerating, and it fails to put the country on track to achieve the President's stated objective of ensuring 50% EV and plug-in hybrid electric vehicle (PHEV) sales by 2030 without additional incentives from Congress, which is still less than half of ZETA's EV sales target for 2030.

[1] https://iopscience.iop.org/article/10.1088/1748-9326/ab6658

The baseline proposed standards to achieve 171 g/mi in 2026 fall short of the necessary GHG targets to meet the EPA proposed reduction targets set in 2012. According to internal modeling from ZETA's members, the EPA proposal falls short of the 2012 CAFE standards when compliance flexibilities are extended by 6.2 g/mi in 2026. Extending credit multipliers, advanced technology vehicles (ATV) credits, hybrid pickup truck credits, and the off-cycle cap increase result in GHG reductions that are higher than the SAFE rule through 2022, and fall short of the proposed reduction by a cumulative 3.3 g/mi.

The proposal also fails to achieve the stringency necessary to meet the electrification goals set by states and experts. An analysis by Rhodium Group found that to achieve 100% zero-emission vehicle (ZEV) sales by 2035, consumer incentives combined with GHG standards of approximately 90 g/mi in 2031 are required, which is 48% higher than the EPA proposal in 2026. That translates to a 12% improvement each year from 2027 to 2031 to achieve the Biden Administration's goal.[2]

Alternative 2 will also result in greater public health savings by the Agency's own analysis. While the proposal will generate $86 billion in net savings, Alternative 2 will generate $110 billion by 2050. This is a direct result of the standards in Alternative 2 creating a market for an additional 400,000 EVs to be on the road by the end of the rule period in 2026. In terms of economic benefits, Alternative 2 will result in $29 billion less in social harms, and $57 billion less spent on gasoline by American drivers.[3]

While the standards set forth in Alternative 2 will achieve greater emissions reductions and save taxpayers money than the EPA proposal, it still falls short. While the proposed stringency of the Alternative 2 standards is a step in the right direction, ZETA and EVHN recommend that the Agency implement a rule that is more stringent and will result in greater emission reductions than any of the proposals analyzed. To achieve this outcome, the EPA should take further steps to close loopholes and eliminate many of the flexibilities — including the advanced technology vehicle multiplier which will not incentivize, but rather suppress, the actual deployment of EVs. Taking this action and working with congressional leaders to expand consumer incentives will help move federal EV sales further toward 100% by 2030.

ZETA members, including Rivian, Tesla, and Lucid, among others in the EV industry, have created over 250,000 American jobs and are scheduled to produce and accelerate the delivery of a variety of EVs during the implementation of the new rule.[4] Some of these automakers and models are debuting in the next two years, so the EPA's MY 2017 baseline used in the impact analysis of the proposed standards neither accounts for these new entrants nor the large

[2] https://rhg.com/research/biden-zero-emission-vehicles/
[3] https://blog.ucsusa.org/dave-cooke/the-biden-administrations-clean-car-proposal-shows-how-to-turn-the-industry-around-but-it-takes-a-wrong-turn/
[4] https://static1.squarespace.com/static/5a98cf80ec4eb7c5cd928c61/t/5e78b3c756e8367abbd47ab0/1584968660321/USEER+2020+0323.pdf

deployment of EVs post-MY 2017 like the Tesla Model 3. Because of this, electric vehicles and trucks will make up a larger portion of the new vehicle market in MY 2023-2026 than projected.

ZETA and EVHN discourage the inclusion and extension of overly generous crediting, which creates potential loopholes for meeting the proposed standards, particularly for technologies that are no longer contributing to reductions in emissions from the transportation sector. Any system that indirectly encourages the production of combustion engine vehicles will delay the drawdown of carbon emissions and lock us into more global warming and deadly criteria emissions. This is determined in the Agency's own Environmental Impact Statement, which shows the emissions and public health benefits of Alternative 2 compared to the proposal.[5]

Extending many of these loophole credits will encourage traditional automakers to not comply with the stringent standards. Analysis from the Union of Concerned Scientists shows that these extensions could result in an additional 130 million metric tons of GHG emissions compared to Alternative 2[6] and be a lost opportunity compared with more stringent standards. Rather than artificially expanding the lifetime of older technologies, the standards should be pushing the entire auto industry toward electrification.

Extension of credits like those for hybrid trucks are outdated. While it made sense to provide these incentives when electric drivetrains were still being innovated, we currently have fully electric pickup trucks slated to be on the road by 2023 including from Rivian, Tesla, and Ford. There is no reason to give a generous credit to hybrid trucks when the bridge technology is well-established. The same is true for advanced gasoline vehicle technologies included for off-cycle credits, like start-stop technology. Off-cycle and hybrid credits should not be extended and should not be expanded.

ZETA and EVHN recommend the elimination of multiplier credits for EVs. Extending the lifetime of credits, including multipliers that double the credits earned for every EV sold, weakens the standards and indirectly incentivizes traditional automakers to continue manufacturing their least efficient vehicles that generate the highest profit margins, especially as EVs reach price parity. As the current standards are written, internal combustion engine vehicles (ICEVs) are sales-weighted for their average fuel economy. The current EPA standards were also set to phase out the advanced technology multiplier that had allowed EVs up to a 200% credit multiplier. This strategy allowed conventional automakers to meet the minimum standard while under-complying on their ICEVs, essentially acting as an offset of emissions reductions from EVs.[7]

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[5] https://www.epa.gov/system/files/documents/2021-08/420r21018.pdf
[6] https://blog.ucsusa.org/dave-cooke/the-biden-administrations-clean-car-proposal-shows-how-to-turn-the-industry-around-but-it-takes-a-wrong-turn/
[7] https://www.nber.org/system/files/working_papers/w29067/w29067.pdf

Research has shown that as EVs become less expensive, as they have in the last decade, and there is still demand for ICEVs, using the multiplier credits will allow traditional automakers to continue making and selling their most inefficient vehicles. Credits made sense initially to incentivize automakers to develop new electric technologies, but now that EVs are more widespread, Advanced Technology Vehicle (ATV) multipliers should be phased out as initially intended.[8] EPA should not extend the advanced technology multiplier.

Strong emissions standards can help move the industry toward a more equitable and just transportation system. Socioeconomic status is intimately linked to a neighborhood's air quality. Studies show that in the United States, approximately 80% of marginalized and socioeconomically disadvantaged communities experience higher levels of air pollution.[9] Fine particulate matter pollution, mainly from the transportation sector, has been found to disproportionately and systemically negatively impact the health of people of color.[10] Therefore, we must ensure that the EPA deters the further deployment of combustion-engine vehicles and instead promotes EV development. These policies would improve air quality in the communities facing the worst impacts from pollution.

ZETA and EVHN encourage the EPA to ambitiously cut GHG emissions by implementing the proposed rulemaking in Alternative 2 along with eliminating extended credits and loopholes. ZETA's members are already demonstrating that EV innovation and job creation go hand-in-hand. We urge the Biden administration to accelerate this transition and expedite the economic, environmental, and public health benefits of light-duty vehicle electrification.

Sincerely,

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[8] https://pubs.acs.org/doi/full/10.1021/acs.est.5b02842
[9] https://pubmed.ncbi.nlm.nih.gov/33477762/
[10] https://www.science.org/doi/10.1126/sciadv.abf4491