ZETA | ZERO EMISSION TRANSPORTATION ASSOCIATION

June 12, 2023

United States Department of Energy
Office of Energy Efficiency and Renewable Energy
1000 Independence Avenue SW
Washington, DC 20585

RE: Docket No. EERE-2021-VT-0033
Petroleum-Equivalent Fuel Economy Calculation
Submitted via Rulemaking Portal: http://www.regulations.gov.

The Zero Emission Transportation Association (ZETA) is an industry-backed coalition of more than 60 member companies advocating for 100% electric vehicle (EV) sales. ZETA is committed to enacting policies that drive EV adoption, create hundreds of thousands of jobs, dramatically improve public health, and significantly reduce emissions. Our coalition spans the entire EV supply chain including vehicle manufacturers, charging infrastructure manufacturers and network operators, battery manufacturers and recyclers, electricity providers, critical minerals producers, and fleet operators, among others.

We thank the Department of Energy (DOE) and the Office of Energy Efficiency and Renewable Energy for the opportunity to comment on its notice of proposed rulemaking[1] to revise its regulations regarding procedures for calculating a value for the petroleum-equivalent fuel economy of EVs for use in the Corporate Average Fuel Economy (CAFE) program. Administered by the Department of Transportation (DOT), the CAFE program and the methodology for generating credits under the program is a critical policy area for ZETA's members that manufacture light-duty passenger vehicles and light trucks, including Lucid, Rivian, and Tesla.

We appreciate DOE's efforts to create parity in the way petroleum-fueled and electricity-fueled vehicles are treated under the CAFE program. Improving fleetwide fuel economy and reducing the country's dependence on foreign oil requires policy alignment across Executive Branch agencies. We support the proposed adjustments to the petroleum-equivalent fuel economy calculation methodology and encourage DOE to finalize these adjustments as proposed.

ZETA understands that when operationalized in the context of the CAFE program, the current petroleum equivalency factor calculation effectively acts as a credit multiplier by granting favorable treatment to EVs relative to petroleum-fueled vehicles in regards to credit generation.

[1] 88 FR 21525

While such policies may be useful tools to accelerate the deployment of nascent technologies, they begin to act as a hindrance once those technologies reach a later stage of maturity. We are at that stage today with EVs in the CAFE program and we believe more stringent CAFE standards would more effectively drive EV adoption and, in turn, improvements to fleetwide average fuel economy.

Lastly, ZETA notes that the proposed changes to the PEF calculation for EVs would disproportionately favor plug-in hybrid vehicles (PHEVs) that still utilize fossil fuels for the majority of their operating lifetimes. As proposed, the adjustments would inherently ease CAFE stringency for automakers that sell PHEVs because the fuel economy of their PHEV models would not decrease as much as those for battery-powered EV models. In the "Comparison of Various MY 2022 Powertrain Options Using Current and New PEF Values" chart, the PHEV models' fuel economy is shown to decrease to ~60-75% of current levels, but for battery-powered EV models, the calculated fuel economy is shown to decrease much further to ~30% of current levels. DOE should address this skewed incentive and correct it in the final rule. Failure to do so will create a distorted result where the PEF calculation favors inefficient PHEVs over more efficient battery-powered EVs, running counter to the intent of the CAFE program.

ZETA and its member companies thank you for your attention to these comments and are available should you have any additional questions.

Sincerely,

Albert Gore
Executive Director
Zero Emission Transportation Association