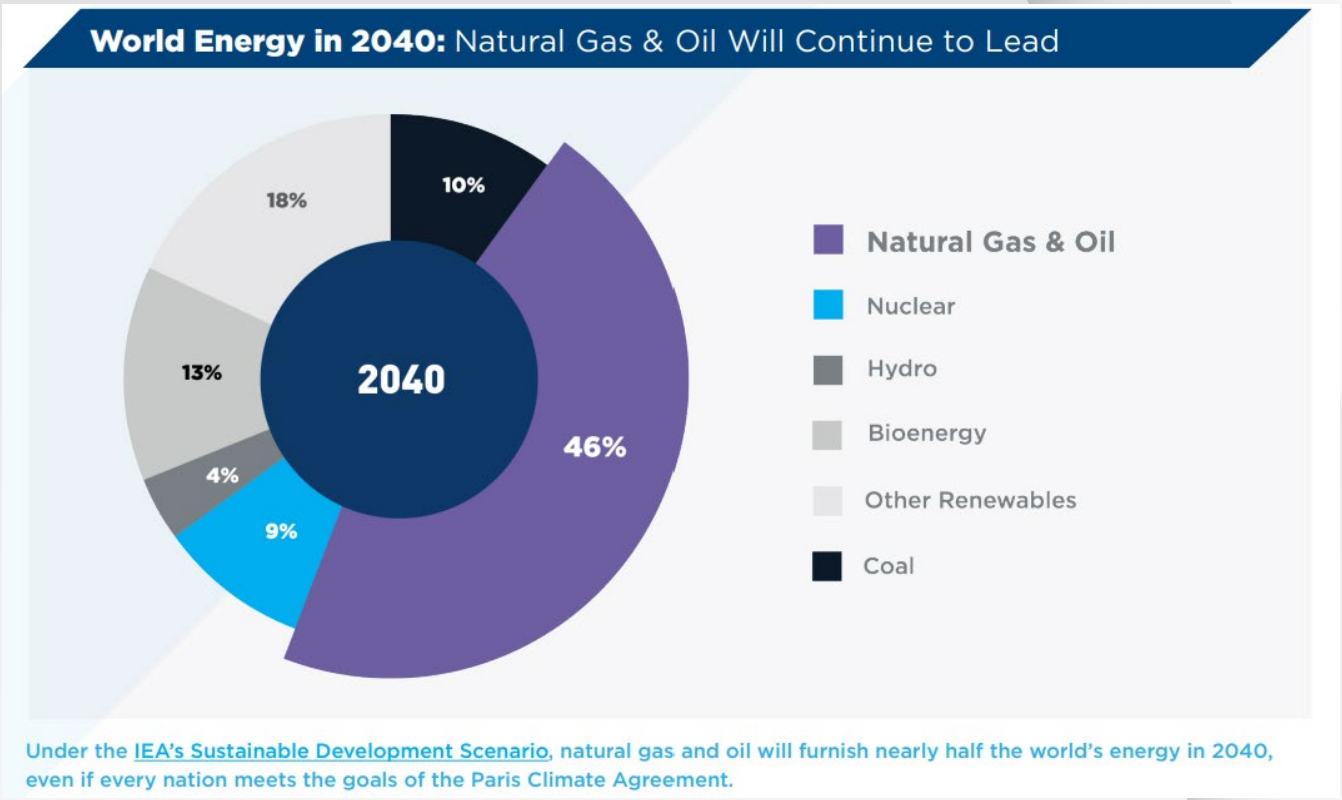
E.O. 12866 Meeting with OMB on "Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light- Duty and Medium-Duty Vehicles"

February 16, 2024

American Petroleum Institute

Introduction

- American Petroleum Institute
  - Nearly 600 members
  - All aspects of the industry
  - 11 million U.S. jobs
  - 8% of U.S. GDP
- API's Climate Action Framework
  - Accelerating technology through innovation
  - Further mitigate emissions from operations
  - Endorse a carbon price policy by government to drive economy-wide, market-based solutions
  - Advance cleaner fuels to provide lower-carbon choices for consumers
  - Drive climate reporting to provide consistency and transparency



Summary – A holistic approach is needed

- API supports technology-neutral policies that drive GHG emission reductions in the transportation sector, taking a holistic “all-of-the-above” approach to fuels, vehicles, and infrastructure systems including
  - Federal fuel standards
  - Full lifecycle (LCA) approach to vehicle standards
  - Optimization of fuel/vehicle systems to improve efficiency
  - Supportive infrastructure measures
- Request: The U.S. EPA should revisit the proposed rule including ensuring increased opportunities for a technology-neutral approach with LCA, providing for consumer choice that allows for affordable and reliable transportation that meets the needs of the consumer and that creates robust energy security.

Technology-Neutral, Lifecycle Approach to Emissions Reductions vs. Tailpipe Only

- Members remain invested in new tech that reduces emissions in transportation
- GHG emission reduction projects include
  - 1) Stand-alone production and coprocessing of bio-feedstocks to make renewable fuels; 2) Manufacturing of low-carbon ethanol; 3) Manufacturing of renewable natural gas from wastewater, landfill gas, and biodigesters at farms as fuel for CNG vehicles; 4) Production of blue and green hydrogen for transportation and stationary applications including building infrastructure; 5) Direct air carbon capture; 6) Carbon capture and sequestration of CO2; 7) Installation of electric vehicle charging stations; 8) Installation of hydrogen fueling stations.
- Criteria pollutant reduction projects include
  - 1) Tier 3 gasoline sulfur standards; 2) MSAT II gasoline benzene standards; 3) Lower vapor pressure reformulated gasoline

Technology-Neutral, Lifecycle Approach to Emissions Reductions vs. Tailpipe Only

- Holistic technology-neutral solution is needed that includes:
  - Fuels
  - Vehicles
  - Infrastructure
- Lifecycle emissions from the following are the only way to compare technologies:
  - Production
  - Utilization
  - Infrastructure
  - Disposal

Technology-Neutral, Lifecycle Approach to Emissions Reductions vs. Tailpipe Only

- EPA GHG emissions are "attribute-based," using vehicle footprint as the attribute.
- Granting BEVs a zero emissions score could incentivize larger, less efficient, 400-mile range SUVs (250 gCO_{2eq}) vs. 200-mile range BEV (160 gCO_{2eq})
- An HEV (190 gCO_{2eq}) could generate less emissions than the 400-mile range BEV, but the BEV would be given a 0 gCO_{2eq}
- EPA should undertake a rulemaking that accurately accounts for all emissions in the lifecycle of the vehicle.

Source: Kelly, J. et al., "Cradle-to-grave lifecycle analysis of U.S. light-duty vehicle-fuel pathways: a greenhouse gas emissions and economic assessment of current (2020) and future (2030-2035) technologies", June 2022, ANL-22/27, https://greet.es.anl.gov/publication-c2g_lca_us_ldv.

Current proposal misses the mark

- EPA's approach is unrealistic
  - EPA's limits are not set on a realistic scientific based approach
  - Criteria pollutants proposed stringency of requirements do not factor in non-BEV technologies
  - Review of Annual Energy Outlook (AEO) data and projections
- Vehicle manufacturing capabilities are limited
  - ZEV penetration/customer uptake and adoption rates
- Vehicles need to be affordable and reliable

API Supports Consumer Choice for Vehicles

- Nearly 5,000 auto dealers* indicate that
  - Despite the $7,500 tax credit, in 2024 “less than half qualify than in 2023”
  - Infrastructure is problematic with a need for 800 new chargers to be built every day for nine years running.
  - Electric vehicles represented just 8% of vehicles sold in 2023. The proposed regulations would require that 60% of vehicles sold in 2030 be battery electric – and two out of every three by 2032. Electric vehicle sales are not remotely on trend to meet those requirements. Indeed, the day supply of electric vehicles on dealer lots today is nearly twice the supply of conventional vehicles.
- Consumers are concerned about vehicles, satisfaction has flat-lined and “a shortage of public charging availability” is the main reason.**

Source: *Letter to President Biden, https://evvoiceofthecustomer.com/

** J.D. Power. “Growing Electric Vehicle Market Threatens to Short-Circuit Public Charging Experience, J.D. Power Finds.” August 2022. https://www.jdpower.com/business/press-releases/2022-us-electric-vehicle-experience-evx-public-charging-study.

Critical Minerals, Energy Security, BEV Supply Chains, Feasibility and Modeling

- Reliance on a limited number of technologies (e.g., ZEVs) on the timeline required by the proposed rule will likely result in a non-resilient transport sector that is vulnerable to unexpected disruptions
- National energy security is paramount

Program Review

- Program Review
  - Assessment of both vehicle and infrastructure development/deployment progress
  - Future program incentives and program adjustment of standards

Legal Concerns

- EPA projects proposed rule would result in 67% of the LDV fleet and 46% of MDV being electric.
- EPA does not have authority under CAA to impose these standards that are only achievable through the use of BEV technology
- EPA's authority under CAA to prescribe emissions standards for vehicles and engines does not extend to a mandatory shift in powertrain technology
- EPA has no authority under CAA to establish emissions standards based on credit trading among manufacturers
- EPA exceeded its authority by ignoring the distinctions Congress made between heavy-duty vehicles and light-duty vehicles and commingling them in the same averaging, banking, and trading (ABT) program with smaller vehicles
- The use of BEV technology is not an emissions standard under CAA
- The CAA already expressly provides a regulatory scheme for Clean Fuel Vehicles in Part C of Title II. That regulatory scheme precludes the regulation of BEVs together with internal combustion engines
- The proposed emissions standards are unfounded because EPA fails to explain its rationale for selecting the proposed emissions control levels
- EPA lacks authority to set limits on aromatics and other high-boiling materials

Request

The U.S. EPA should revisit the proposed rule including ensuring increased opportunities for a technology-neutral approach with LCA, providing for consumer choice that allows for affordable and reliable transportation that meets the needs of the consumer and that creates robust energy security.