

May 22, 2018

The Honorable Elaine L. Chao
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

The Honorable Scott Pruitt
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Secretary Chao and Administrator Pruitt:

The Environmental Protection Agency (EPA) and National Highway Traffic Safety Administration (NHTSA) (collectively, the Agencies) have announced they will issue a joint Notice of Proposed Rulemaking (NPRM) that would request comment on a range of proposed Corporate Average Fuel Economy (CAFE) and Greenhouse Gas (GHG) standards for light-duty vehicles.

The Edison Electric Institute (EEI), Alliance of Automobile Manufacturers (Alliance), American Public Power Association (APPA), Association of Global Automakers (Global Automakers), and National Rural Electric Cooperative Association (NRECA) (collectively, the Associations) request that the Agencies take comment in any upcoming proposal on the inclusion of a suite of flexibilities that focus on technology adoption and allow automakers and states to maximize the benefits of increased electric transportation. We believe these flexibilities will further deployment of electric vehicles (EVs) and other advanced vehicles, provide GHG reductions, and maintain a single national program for fuel economy and GHG standards.

By creating American jobs, fueling innovation, promoting exports, and advancing mobility, automakers are driving the U.S. economy forward. Nationwide, more than 7 million workers and their families depend on the auto industry. Each year, the industry generates \$500 billion in paychecks, and accounts for \$205 billion in tax revenues across the country. Historically, the auto industry has contributed between 3 to 3.5 percent to America's total GDP. In fact, no other single industry is linked to so much of U.S. manufacturing or generates so much retail business and employment.

Driven by several factors—including customer demands, technology developments, and federal and state regulatory obligations—the electric power sector is undergoing a transition of its generating fleet that will continue over the next decade and beyond. Concurrent with this transition, electric companies are making significant investments to make the energy grid

smarter, cleaner, more dynamic, more flexible, and more secure in order to integrate and deliver a balanced mix of resources from both central and distributed energy resources to customers. Additionally, safe, reliable, affordable, and increasingly clean energy powers the economy, promotes national energy independence, and enhances the lives of all Americans.

The auto industry has invested billions of dollars on powertrain research and development and that investment is paying off—as automakers are providing customers with record-breaking choices for fuel-efficient vehicles. Today, more than 490 models are on sale that achieve at least 30 miles per gallon. EVs, in particular, play an important role in achieving energy and environment goals for each of our industries. Many of EEI's, APPA's, and NRECA's members also are actively involved in the development of the regulations, financial incentives, and infrastructure for commercial deployment of EVs and plug-in hybrid EVs.¹

The regulatory environment is undoubtedly pushing toward electric transportation, both in the U.S. and around the world. At the federal level, increasing CAFE and GHG emission stringency requires an increasing shift toward EVs. There is also a global movement to adopt electric transportation targets—at least 10 other countries across Europe and in Asia have EV sales targets in place. California and several other states have also pushed to increase electrification as a method of addressing local energy and air quality challenges via the Zero Emission Vehicle (ZEV) program. Although EVs currently constitute only about one percent of all vehicles sold in the U.S., we believe that EVs can play an important part of the range of technologies and measures needed to reduce reliance on imported fuels, maintain a balanced energy mix, and reduce GHG and other emissions.

Consistent with comments filed by EEI, the Global Automakers, and Alliance on EPA's Reconsideration of the Mid-Term Evaluation, we continue to support standards that provide important flexibilities and recognize the role of EVs as a compliance solution. Although EPA and NHTSA have yet to propose the joint NPRM about future fuel-efficiency standards, we continue to support increases in the stringency of fuel economy and GHG standards year-over-year that also incorporate policies from California and other ZEV states to ensure that "One National Program" is maintained.

As the Agencies consider potential changes to the standards, EPA should extend and improve the current regulatory mechanisms that provide critical support for EVs and advanced vehicles, including hybrid and fuel cell electric vehicles, for model year (MY) 2022-2025.² Increasing the

¹ EEI's members are involved in a range of regulatory proceedings regarding EVs and their deployment. As of now, more than 30 EEI member companies have proposed or are implementing EV-related pilots and programs in more than 20 states. These programs represent more than \$2 billion worth of potential investment in EV infrastructure and deployment. More than 60 APPA members are implementing EV pilots and programs in 20 states. These pilots and programs represent approximately \$300 million of potential investment in EV infrastructure and deployment. Approximately 150 NRECA members provide off-peak charging rates for electric vehicle users and dozens of electric cooperatives across the country have programs that implement charging infrastructure in their service territory.

² This includes continuing to attribute zero GHG emissions to EVs and other alternative fuel vehicles through MY 2022-2025, and extending with an eye toward enhancing credit multipliers for those vehicles.

effectiveness of these flexibilities will further encourage manufacturers to continue investment in innovative technologies that have experienced broad market adoption headwinds. We believe these flexibilities will further EV commercialization and GHG reductions.

We believe that advanced technologies, such as EVs, can provide key flexibilities to automakers in a way that maintains a single national program for fuel economy and GHG standards. Further, the Agencies should consider reforming and improving the off-cycle credits process in a manner that allows manufacturers to efficiently access such credits.

Deployment of EVs and other advanced technologies will improve fleet average fuel economy and reduce dependence on imported petroleum. Increased EV deployment also will reduce emissions of GHGs and criteria pollutants from the transportation sector. As electric power sector emissions have decreased and are on a long-term trajectory toward further reductions, increased EV deployment also will decrease overall GHG and criteria pollutant emissions. As of 2017, the electric sector had reduced its GHG emissions by 27 percent from 2005 levels, and the continued deployment of natural gas-based and renewable generation will only further this trend.³ Additionally, between 1990 and 2016, emissions of nitrogen oxides were cut by 82 percent and sulfur dioxide by 91 percent—during a period in which electricity use grew by 36 percent. The resulting reductions in GHG and criteria pollutant emissions from electricity generation will allow increased EV deployment to create additional environmental benefits through utilization of lower emissions intensity electric sector power sources.⁴

The Associations request that the Agencies take comment in any upcoming proposal on the inclusion of a suite of flexibilities that focus on technology adoption and allow automakers and states to maximize the benefits of increased electric transportation.

Sincerely,

Edison Electric Institute
Alliance of Automobile Manufacturers
American Public Power Association
Association of Global Automakers
National Rural Electric Cooperative Association

³ See U.S. Energy Information Administration, *Monthly Energy Review*, September 2017, available at <https://www.eia.gov/totalenergy/data/monthly/pdf/mer.pdf>. Further, projections made in recent years in EIA's *Annual Energy Outlook* point toward continuing improvements in carbon dioxide intensity, resulting in even greater benefits from electric vehicles. See EIA *Annual Energy Outlook* 2017, available at [https://www.eia.gov/outlooks/aeo/pdf/0383\(2017\).pdf](https://www.eia.gov/outlooks/aeo/pdf/0383(2017).pdf).

⁴ See EPRI-NRDC, *Environmental Assessment of a Full Electric Transportation Portfolio*, <https://www.epri.com/#/pages/product/3002006881/>.

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The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for about 220 million Americans, and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 60 international electric companies, with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members.

The Alliance of Automobile Manufacturers (Alliance) is the leading advocacy group for the auto industry representing over 70 percent of new car and light trucks sales in the United States. The Alliance's diverse membership includes companies headquartered in the U.S., Europe and Asia—the BMW Group, FCA US, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America, and Volvo Car Group.

The American Public Power Association (APPA) is the national service organization representing the interests of over 2,000 community-owned, not-for-profit electric utilities. These utilities include state public power agencies, municipal electric utilities, and special utility districts that provide low-cost, reliable electricity and other services to over 49 million Americans.

The Association of Global Automakers (Global Automakers) represents the U.S. operations of international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Global Automakers' members include American Honda Motor Co.; Aston Martin Lagonda of North America, Inc.; Ferrari North America, Inc.; Hyundai Motor America; Isuzu Motors America, Inc.; Kia Motors America, Inc.; Maserati North America, Inc.; McLaren Automotive Ltd.; Nissan North America Inc.; Subaru of America, Inc.; Suzuki Motor of America, Inc.; and Toyota Motor North America, Inc

The National Rural Electric Cooperative Association (NRECA) is the national service organization for more than 900 not-for-profit electric utilities that provide electricity service to approximately 42 million consumers. NRECA members own and maintain 2.6 million miles, or 42 percent, of the nation's electric distribution lines and account for 11 percent of the total kilowatt-hours in the U.S. each year. With a commitment to contribute to the vitality and prosperity of the communities served by our members, electric cooperatives are dedicated to a healthy environment, building vibrant rural communities, and providing reliable and affordable electricity to our cooperative consumer.