

# **New Mileage Standards Aim For Less Fuel Use**

Dina Cappiello, Tom Krisher, Associated Press

WASHINGTON (AP) — President Barack Obama and automakers ushered in what could be the largest cut in fuel consumption since the 1970s on Friday with a deal that would save drivers money at the pump and dramatically cut heat-trapping gases coming from tailpipes.

The agreement pledges to double overall fuel economy to 54.5 mpg by 2025, bringing even greater under-the-hood changes to the nation's autos starting in model year 2017 and introduce more electric and hybrid technology to pickup trucks. Cars and trucks on the road today average 27 mpg.

"This agreement on fuel standards represents the single most important step we have taken as a nation to reduce our dependence on foreign oil," Obama said, sharing the stage with top executives of 11 major automakers and a top automobile workers union official, before a backdrop of some of the most cutting-edge cars and pickup trucks on the road.

"Just as cars will go further on a gallon of gas, our economy will go further on a barrel of oil," Obama said.

When achieved, the 54.5 mpg target would reduce U.S. oil consumption from vehicles by 40 percent and halve the amount of greenhouse gas pollution coming out of tailpipes. It builds on a 2009 deal between the Obama administration and automakers, which committed cars and trucks to averaging 35.5 mpg by model year 2016.

For American families, the president said the agreement — which will be subject to a midcourse review — means filling up the car every two weeks, instead of every week. That would save \$8,000 in fuel costs over the life of a vehicle purchased in 2025, compared with a 2010 model, a White House analysis said.

The changes also are likely to push up the cost of a new vehicle, but just how much is unclear because the regulation still has to be written. That process will get started in September.

The mileage target announced Friday isn't exactly what consumers will see in their future cars. A formula that gives credits to manufacturers for electric cars, the use of low-emission air conditioning refrigerant and technology that shuts down engines at traffic lights means the actual fuel economy is likely to come in closer to about 40 mpg. Stickers on future cars and trucks will also display different numbers because they'll be based on real-world mileage tests.

The deal was less than what environmentalists and public health advocates wanted but more than desired by the Detroit Three — General Motors, Ford and Chrysler. In

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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a letter to the president last week, Michigan lawmakers called the White House's initial proposal of 56.2 mpg "overly aggressive," after automakers had said they'd work to get vehicles averaging 42.6 to 46.7 mpg. Green groups, meanwhile, had pushed for a 62 mpg target by 2025.

For Obama, who watched his campaign promise to limit global warming pollution die when Republicans retook control of the House, the compromise provides a way around political roadblocks and a down payment on climate change.

The deal also provides an answer to critics who say the president has not done enough to address high gasoline prices. It promises to reduce demand at a time when Republicans in Congress have criticized Obama for being too slow to drill and not opening up more areas to oil and gas exploration after the massive Gulf oil spill last year.

And at a time when a consensus in Congress is elusive on the debt ceiling and curbing the federal deficit, the president said the fuel economy deal was a "valuable lesson to" Washington.

"You are all demonstrating what can happen when people put aside differences," Obama said. "These folks are competitors, you've got labor and business. But they said we are going to work together to achieve something important and lasting for the country."

But by Friday evening, the Republican chairman of the House Committee on Oversight and Government Reform, Rep. Darrell Issa of California, had sent letters to the 13 automobile manufacturers that agreed to the deal saying they should preserve all records because he was launching an investigation. Issa alleges that the new mandate was decided without the input of consumers and Congress and could harm consumers.

"It appears that these actions will have the effect of determining the types of vehicles available to consumers, their use, and other factors otherwise best left to consumer choice," Issa said in the letter, obtained by The Associated Press.

For automakers, particularly the Detroit Three, the deal signaled a turnaround from the days when they resisted boosting fuel economy targets, arguing that consumers would not buy smaller and more efficient cars and that the technology to reduce fuel consumption was too expensive.

That stance has been challenged in recent years by a 2007 energy law that mandated the government evaluate and set new fuel economy targets, by a Supreme Court decision that said the Environmental Protection Agency had the authority to control global warming pollution from vehicles, and by a state — California — that has set stricter emissions standards than the rest of the country.

Mary Nichols, chairman of the California Air Resources Board, said auto companies wanted "one set of cars they could sell anywhere in the U.S." and the changes the deal would bring would meet state targets. "We will accept standards that were

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announced today as being compliant with California standards through 2025 unless and until there is a change," she said.

A \$62 billion taxpayer-funded bailout for GM and Chrysler added to the White House's leverage.

Some environmentalists lauded the agreement Friday but said that manufacturers owed taxpayers a bigger deal after bailing them out.

"An auto industry that owes its survival to taxpayer bailouts ungratefully flouted the public's demand for fuel efficiency and less pollution, fighting for loopholes until the bitter end," said Dan Becker, director of the Safe Climate Campaign.

For consumers, the new requirements are well beyond the gas mileage of all but the most efficient cars on the road today.

By the time the new standards take effect, the government expects gas-electric hybrids to make up about half the lineup of new vehicles, with electric vehicles making up about 10 percent of the fleet.

Currently hybrid and electric vehicles combined amount to less than 3 percent of U.S. vehicle sales, according to J.D. Power and Associates.

They'd also force auto companies to get rid of some less-efficient models as they try to boost gas mileage of their lineups. But that depends on how quickly new technology can be developed. Pickup trucks, which rank as some of the biggest sellers for American automobile companies, get a slight reprieve under the agreement. They will only have to increase fuel economy in the first five years by 3.5 percent. After that time, they will have to match the 5 percent annual increase for cars.

Automakers are far better prepared with a much stronger line up of small cars, as well as hybrid and electric vehicles. General Motors and Nissan are selling mass-market electric vehicles, while Mitsubishi, Ford, Toyota and others are about to enter the market.

Nissan's vice president Scott Becker in a statement said the Obama administration has issued some extremely challenging greenhouse gas reduction and fuel economy improvement targets, but Nissan was "up to the task."

Nissan introduced the LEAF, the world's first and only 100 percent electric car for the mass market, in December 2010. More than 4,000 of the 99 miles-per-gallon vehicles are already on the road.

GM and Ford already have small gasoline-fueled cars that get 40 mpg or better on the highway, and Chrysler will have one next year. Small car sales are up 21 percent so far this year, showing consumer interest is up.

That is perhaps the deal's best selling point.

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"It is hard to call higher fuel economy standards job killing when all of the automotive companies support it, and the United Auto Workers support it," said Rep. Ed Markey, D-Mass.

Ron Bloom, the White House's chief negotiator on the deal, said Friday it was "an example of industry starting to lead the parade."

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