

**COMMENTS OF THE
MANUFACTURERS OF EMISSION CONTROLS ASSOCIATION
ON THE
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION'S
PROPOSED CORPORATE AVERAGE FUEL ECONOMY STANDARDS
FOR MODEL YEAR 2024–2026 PASSENGER CARS and LIGHT TRUCKS**

Docket ID No. NHTSA–2021–0053

October 25, 2021

The Manufacturers of Emission Controls Association (MECA) appreciates the opportunity to provide our written comments in support of Corporate Average Fuel Economy Standards for Model Years 2024–2026 Passenger Cars and Light Trucks. MECA supports the reconsideration and increased stringency of the 2024-2026 CAFE standards and the agency's objective of aligning its preferred alternative for standards through MY 2026 with those of the U.S. EPA. MECA concurs with NHTSA that it is important to ensure that manufacturers can build a common fleet that is compliant with the requirements of both agencies. Suppliers continue to innovate and introduce new technologies to improve the efficiency of combustion and expand the power electronics, motors, battery and fuel cell offerings for hybrids, PHEVs and full electric vehicles.

Furthermore, we urge NHTSA to set standards as soon as possible for MY2027 and beyond. Our members depend on long term regulatory certainty to justify their investments that will allow the U.S. to meet its national climate objectives and ensure that U.S. technology suppliers remain internationally competitive. Finally, MECA supports a One National Program as established in 2009 that directed NHTSA, EPA and CARB to align stringency and streamline compliance. As a greater number of technology options have become available toward compliance, harmonization of the programs has become important for suppliers making technology investments.

MECA is an industry trade association of the world's leading manufacturers of clean mobility technologies. Our members have nearly 50 years of experience and a proven track record in developing and commercializing clean mobility solutions including emission control, and powertrain technologies. MECA companies supply the full complement of electrified vehicle powertrain technologies from micro-hybrid start/stop, mild hybrid 48-volt systems, full hybrid, plug-in hybrid and full electric architectures, as well as, battery and fuel cell components and materials. In addition, MECA companies supply innovative catalytic and evaporative emissions controls, advanced fuel injection, turbochargers, cooled-EGR systems, cylinder deactivation, OBD systems, sensors and controls for advanced combustion ICE powertrains.

Over the past 50 years, mobile source emission reduction and fuel efficiency policies have not only delivered important health, environment and energy conservation benefits but have also

helped create an industry with a significant number of well-paying highly skilled jobs and a global economic reach. MECA companies represent over 70,000 of the nearly 300,000 North American jobs building the technologies that improve the fuel economy and reduce emissions of today's vehicles. This employment figure does not include the tens of thousands of additional jobs in automobile, truck, and off-road equipment assembly.

Our industry has played an important role in the fuel efficiency success story associated with transportation in the United States and around the world. MECA has supported EPA and NHTSA's efforts to develop innovative, technology-advancing, regulatory programs to deal with air quality, climate and energy conservation challenges.

Historically, the most stringent global standards have been enacted in the U.S. This has provided domestic suppliers with a competitive advantage through the early development, adoption and optimization of vehicle related technologies. The original 2012 light-duty standards allowed suppliers to introduce new technologies to the market. Just a few years later, the mid-term review indicated that the pace and breadth of technology options for compliance grew and the cost reduced beyond initial projections. A few examples of technologies that have been deployed since the original 2012 standards were finalized include dynamic cylinder deactivation, variable compression ratio and electric boost.

The Proposed Standards are Attainable

Technology-neutral, performance-based regulations have always been a proven strategy for meeting CAFE fuel efficiency goals through a diversity of competing, cost-effective technology solutions.

MECA concurs with the agency's conclusion that the broader deployment of commercially available technologies for combustion engines and electrified powertrains, can be used by manufacturers in combination with the flexibilities as identified in NHTSA's preferred alternative to attain compliance with the proposed standards.

Furthermore, MECA agrees with NHTSA that the costs of the technologies needed to comply with the proposed standards have remained approximately consistent or have declined since NHTSA and EPA first estimated them in 2012. Since then, MECA members have continued to commercialize engine and powertrain technologies to allow vehicle manufacturers to comply with the agencies Preferred Proposal (overall fleet average ca. 48 mpg).

Statutory Flexibilities for Over-compliance with the Standards

Given the short lead time of NHTSA's proposal, MECA is supportive of the proposed credit earning, carry-forward, carryback, transfer and trading flexibilities. Suppliers appreciate the flexibility afforded under these provisions that allow vehicle manufacturers to align their compliance strategies between the NHTSA and EPA rules by 2026.

Fuel Consumption Improvement Values for Off-Cycle Technologies

MECA supports NHTSA's inclusion of the off-cycle adjustment flexibilities program with the higher credit cap in order to provide the benefit of verifiable, GHG emission reductions through all technological means to accelerate fuel efficiency improvements from all new vehicles. MECA recognizes the benefit of the off-cycle credit program as a policy to expand the available technologies that vehicle manufacturers can deploy to improve fuel efficiency of the transportation sector. A key factor in MECA's support is that off-cycle credits are only awarded for the inclusion of additional technologies that have been evaluated and found to represent additional fuel efficiency improvements for vehicles under real world operation.

Expanding the off-cycle credit process to include NHTSA, EPA, and the California Air Resources Board may be one consideration in the post-2026 rulemakings to allow for resource sharing among the agencies for reviewing data and evaluating innovative technology pathways. MECA looks forward to working with regulators to investigate the potential methodologies for verifying the real-world fuel saving benefits of advanced technologies through more rigorous technology definitions and testing in future rule development. We support bringing as much technology evaluation "on-cycle" as possible in future rulemakings and therefore, increasing the transparency of the program and ensuring verification of real-world emission reductions.

Fuel Consumption Improvement Values for Full-size Pickup with HEV or Over Performing Targets

MECA supports NHTSA's proposal to reinstate the original 2012 rule's full-size pick-up truck incentives for strong (full) hybrids or similar over performing technologies. Pick-up trucks, which are the second most popular light-duty vehicle segment in the North American market, are often identified as a greater technical and consumer acceptance challenge to higher efficiency standards. The presence of electric, full hybrid and other advanced technology vehicle options in this segment is clearly beneficial to consumers, the environment and energy conservation goals.

The Fuel Consumption Improvement Values (FCIVs) for full-size pickups with HEV or other over performing technologies do require the use of additional advanced technologies that over perform targets by 20%. In particular, MECA feels the incentives are reasonable given that on average, pick-up trucks consume far greater amounts of fuel per year and are almost twice as likely to reach 200,000 miles compared to vehicles in other LDV segments. Given that large SUVs also commonly utilize the same chassis and powertrains as pick-up trucks, we believe that NHTSA should consider extending these advanced technology pick-up truck credits to similar large SUVs as well.

Incentives that Encourage Alternative Fuel Vehicles

MECA supports alternative vehicle incentives, including the inclusion of the non-statutory dual-fueled vehicle incentives in the currently proposed form. MECA further supports the need for

equitable treatment of all fuels via lifecycle assessments of their environmental impact and energy consumption.

Post 2026 CAFE Standards

MECA supports NHTSA and EPA's efforts to develop light duty vehicle standards for MY 2027 and later model years which are vital to the attainment of long-term national goals. Since most economic forecasts out to 2050 include scenarios that predict millions of cars will be sold with ICEs, including some limited sales in 2050, future standards should take into consideration technologies that can feasibly reduce the environmental footprint of all vehicles. In addition, MECA strongly encourages NHTSA and EPA to consider the vehicle and fuel in a systems approach when developing the MY 2027+ standards in order to encourage that all powertrains and fuels are contributing to our national goals.

As electric vehicles become a more significant fraction of the on-road vehicle fleet in 2027 and beyond, MECA urges NHTSA to work with EPA and CARB to fully integrate full lifecycle assessment for all vehicle powertrains and advanced vehicle fuels. With the growing emphasis on rapid real world emission reductions, it becomes increasingly important to consider all impacts to the environment, including upstream emissions and energy consumption related to fuels, vehicle production supply chains and supporting fueling infrastructures in a consistent, accurate and equitable manner. Historically, NHTSA's methodology has considered a balanced and equitable treatment of fuels and technologies to arrive at cost effective regulations. Numerous studies have shown that in many parts of the country, the benefits of transportation strategies are not uniform with regards to lifecycle energy consumption. In order to make sound incentive and investment decisions, there is a vital need to consider full lifecycle factors to ensure the most equitable regulations that regionally support the attainment of long-term national objectives.

In closing, MECA believes that NHTSA should continue to set performance-based standards that assess technology pathways based on delivering the intended benefits in all neighborhoods and communities. MECA members remain committed to delivering the necessary technology solutions on vehicles and working with NHTSA staff to develop innovative regulations that achieve our national environment, climate and energy objectives.

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