



**Testimony of the Alliance for Automotive Innovation
Before the National Highway Traffic Safety Administration
September 28, 2023**

Hello, I am Mike Hartrick, speaking for the Alliance for Automotive Innovation. We represent the full auto industry including manufacturers of most vehicles sold in the U.S., equipment suppliers, battery producers and semi-conductor makers. We are committed to a cleaner, safer and smarter personal transportation future.

The auto industry has made great improvements to fuel economy. In 2023, automakers are anticipated to achieve a record-high CAFE of 36.7 MPG. NHTSA has already set standards to reach 46.7 MPG by 2026, and now proposes standards of 57.8 MPG by 2032, an unprecedented rate of change.

In 2021, President Biden called for 50 percent electric vehicle sales by 2030, a goal reaffirmed in the National Blueprint for Transportation Decarbonization earlier this year. Automakers support a transition to electric vehicles and have committed over \$115 billion in U.S. investments to support achieving this goal. These investments are paying dividends, with EVs reaching nine percent of U.S. light vehicle sales in the second quarter.

The best policy to sustain this transition would be a return to a single national standard to reduce carbon in transportation. The United States has one vehicle fleet and should have one national standard. Conflicting and overlapping rules are complex and increase costs without corresponding benefits. Manufacturers need aligned standards between the three federal agencies regulating vehicle tailpipes. We are concerned that NHTSA's consideration of BEVs in developing its proposed standards, despite statutory prohibitions, combined with DOE's proposal to devalue the fuel economy of electric vehicles by 72% will result in serious misalignment, distracting manufacturers' attention and resources from the EV transition.

Even with EVs, NHTSA's proposal exceeds maximum feasibility. NHTSA projects that manufacturers will pay over \$14 billion in non-compliance penalties, effecting one in every two light trucks in 2027-2032, and one in every three passenger cars in 2027-2029. The number of non-compliant vehicles and manufacturers projected exceeds reason and simply put, will increase costs to the American consumer with absolutely no environmental or fuel savings benefits. The projected \$3,000 average price increase over today's vehicles is likely to decrease sales and increase the average age of vehicles on our roads. Although NHTSA may balance its statutory considerations that were established by Congress, it cannot minimize consideration of technological feasibility and economic practicability to the extent that they are rendered meaningless.

For its final standards, NHTSA should remove the inappropriately included EVs and weigh technological feasibility and economic practicability more heavily. Its standards should be offset from final GHG standards considering the agencies' differences in the treatment of EVs and compliance flexibilities. Maximum feasible CAFE standards should coexist with an achievable EPA GHG program, resulting in CAFE compliance for manufacturers that comply with the GHG program. Standards that meet these principles will aid a smoother transition to electric vehicles and avoid negative impacts that will drive up unnecessary costs to consumers, workers, and manufacturers.