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Oct. 16, 2023

Ann Carlson  
Acting Administrator  
National Highway Traffic Safety Administration  
1200 New Jersey Ave. SE  
Washington, DC 20590

**Re: Corporate Average Fuel Economy Standards for Passenger Cars and Light Trucks for Model Years 2027–2032 and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030–2035. Docket ID No. NHTSA-2023-0022 88 Fed. Reg. 58229 (Aug. 25, 2023)**

Dear Administrator Carlson,

Thank you for the opportunity to comment on the Corporate Average Fuel Economy Standards for Passenger Cars and Light Trucks for Model Years 2027–2032 and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030–2035. As the nation’s largest manufacturing association, the National Association of Manufacturers represents manufacturers of all sizes, in every industrial sector and in all 50 states.

Manufacturers are committed to the communities in which they live and serve. Constant innovation, investment and dedication make manufacturers leaders in environmental stewardship and sustainability as they continue to drive our economic growth and prosperity. Modern manufacturing is a clean and efficient, technology-driven industry that is dedicated to the planet and its people. The NAM’s members are committed to ensuring that progress continues.

Auto manufacturers have been making historic investments to ensure that electric vehicles will have a growing place on America’s roads. However, consumers and the industry need regulatory certainty and a more realistic path to reducing vehicle emissions. Federal and state agencies should draft rules that (1) harmonize and work together, not at cross purposes, (2) recognize the realistic timeframe and additional investment needed for our nation to build the charging infrastructure and a reliable supply chain for the critical minerals to make batteries to support more electric vehicles, (3) set targets that are realistic—not aspirational—and recognize the manufacturing lead time needed to make more electric vehicles available for consumers and for consumer choice to embrace these technologies fully and (4) refrain from effectively dictating the vehicle choices offered to consumers in meeting this goal. Conventional hybrids, plug-in hybrids, fuel cell electric vehicles and battery electric cars can all help reduce vehicle emissions over time. Any regulation should allow the market and consumer choice to grow the number of electric vehicles, rather than depending on a single technology to meet this goal.

## **Harmonization of Conflicting Regulations**

Multiple sets of standards from the Department of Energy, Environmental Protection Agency, National Highway Traffic Safety Administration and California are not aligned, and in particular, the EPA's proposed greenhouse gas and tailpipe emissions standards would increase the cost of both manufacturing and purchasing vehicles. This patchwork of federal and state guidance creates a tremendous amount of regulatory uncertainty. These regulations should be harmonized to create a single unified standard for vehicle emissions, as conflicting guidance raises costs for manufacturers and consumers. For example, the EPA regulation calls for GHG standards that can only be met with nearly two-thirds of vehicles produced being battery electric vehicles, while the NHTSA is statutorily prevented from considering electric vehicles in the CAFE standards. However, the NHTSA still inappropriately includes electric vehicles in the proposed CAFE standards as described below. Further, the projected fuel economy improvements for internal combustion engines may be unrealistic. The NAM has expressed concern with the implementation timeframe and limitations on consumer choice inherent in the EPA's proposal. While the NHTSA's statutory limitations allow for greater consumer choice as they prevent such a dramatic shift to electrification, misaligned stringency between the programs will make it difficult for manufacturers to engage in the long-term planning needed to manufacture automobiles. Moreover, as these competing standards are reviewed and revised, additional uncertainty will be created. If the EPA adjusts their proposed standard as they finalize their light- and medium-duty regulations, then the CAFE standard should be adjusted to maintain alignment. The NAM looks forward to working with the administration to ensure vehicle standards meet consumer demand while providing manufacturers in the U.S. more opportunities to create jobs, develop new technologies and become even more globally competitive.

## **Stay the Proposal Until the Revised PEF Is Finalized**

Additional adjustments to the proposed CAFE standards are needed because the NHTSA has not accounted adequately for a revision to the Petroleum Equivalency Factor<sup>1</sup> used to convert electricity consumption into miles-per-gallon fuel economy. The DOE proposed the PEF revision earlier this year, and although public comments closed in June, a final rule has yet to be issued. The DOE also recently opened a notification of ex parte communications to allow auto original equipment manufacturers to weigh in on manufacturers' ability to comply with the proposed PEF in 2027 due to vehicle design cycles. While the NAM suggests the DOE consider a more suitable PEF than the one initially proposed, should the DOE adopt a lower PEF value, it will be important for the NHTSA to provide a more adequate timeframe for implementation. Put simply, manufacturers will need more time should the DOE adopt a revised, lower PEF.

## **Statute Prohibits the NHTSA from Considering EVs**

The Energy Policy and Conservation Act of 1975 as amended by the Energy Independence and Security Act of 2007 prohibits the NHTSA from considering alternatively fueled vehicles,

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<sup>1</sup><https://www.federalregister.gov/documents/2023/04/11/2023-06869/petroleum-equivalent-fuel-economy-calculation>

including electric vehicles, when setting the stringency of CAFE standards.<sup>2</sup> The NHTSA recognizes this limitation in the proposal, yet contrary to statute still includes electric vehicles for an “analytical baseline” that it uses to set the standards. If finalized as proposed, such a decision would undermine the validity of the agency’s standards and potentially the legal durability of its final rule.

### **Infrastructure Needed for Electrification**

According to the DOE’s draft National Transmission Needs Study released in February 2023, the national electric transmission infrastructure would need to grow 57% by 2035 to reach the Biden administration’s clean energy goals for light-, medium- and heavy-duty vehicles.<sup>3</sup> Yet at the historical pace of approximately 1% annual growth for these infrastructure projects,<sup>4</sup> the transmission system could require more than half a century for the administration to achieve its stated goals for the next decade. Manufacturers are leading by developing and deploying novel technologies to transform vehicles and the grid, such as vehicle to grid bidirectional charging. However, deploying those technologies can be slowed by our current permitting system. Manufacturers continue to urge administration officials and congressional leaders to prioritize policies, including critical permitting reforms, that would strengthen transmission systems and infrastructure and speed up their growth. Furthermore, federal agencies must implement the infrastructure law carefully, as those investments can control how quickly fleet adoption can happen.

### **Unlock Domestic Critical Minerals**

The growth of electric vehicle sales has led to concern about securing mineral inputs used in EV batteries.<sup>5</sup> EV battery production depends on five critical minerals for which the domestic supply is potentially at risk of disruption: lithium, cobalt, manganese, nickel and graphite.<sup>6</sup> The National Mining Association reports that Australia and Canada, two countries with environmental protections that are arguably equivalent to or even more stringent than those in the U.S., have mine permitting processes that last two to three years on average, whereas in the U.S. the permitting process averages seven to 10 years.<sup>7</sup> Many of the raw materials for the EV batteries are still mined largely outside of the U.S.<sup>8</sup> Developing an adequate domestic supply of these minerals will require congressional and administration action to expedite permissions for developing those resources in a responsible way.

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<sup>2</sup><https://uscode.house.gov/view.xhtml?path=/prelim@title49/subtitle6/partC/chapter329&edition=prelim>  
32902(h)(1), 32901(a)(1)(J), (a)(8).

<sup>3</sup><https://www.energy.gov/gdo/national-transmission-needs-study>

<sup>4</sup>[https://repeatproject.org/docs/REPEAT\\_IRA\\_Transmission\\_2022-09-22.pdf](https://repeatproject.org/docs/REPEAT_IRA_Transmission_2022-09-22.pdf)

<sup>5</sup><https://crsreports.congress.gov/product/pdf/R/R47227#:~:text=These%20EV%20battery%20chemistries%20depend,manganese%2C%20nickel%2C%20and%20graphite.>

<sup>6</sup>*Ibid.*

<sup>7</sup><https://nma.org/wp-content/uploads/2016/09/Fact-Sheet-Permitting-Delays-1.pdf>

<sup>8</sup>[https://www.gao.gov/products/gao-22-104824#summary\\_recommend](https://www.gao.gov/products/gao-22-104824#summary_recommend)

## **Conclusion**

Manufacturers are committed to creating well-paying jobs and advanced vehicles while continuing to develop and utilize new technologies to improve the quality of life and protect the environment. There is a strong need for harmonized regulations that create a single unified standard that provides certainty for manufacturers. The NHTSA can aid manufacturing in accomplishing these aims by ensuring vehicle standards meet market and consumer demand in a harmonized standard, while also supporting manufacturers' ability to create jobs, roll out new technologies and compete in a global economy.

Sincerely,

Brandon Farris  
Vice President, Domestic Policy