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PUBLIC HEARING  
before  
THE NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (NHTSA)  
and  
THE U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA)  
regarding  
2017 AND LATER MODEL YEAR LIGHT-DUTY VEHICLE GREENHOUSE GAS  
EMISSIONS AND CORPORATE AVERAGE FUEL ECONOMY STANDARDS  
held at  
MARRIOTT COURTYARD DETROIT  
333 JEFFERSON AVENUE  
DETROIT, MICHIGAN  
on  
TUESDAY, JANUARY 17, 2012  
at  
10:00 a.m.

1 EPA PANEL MEMBERS:

- 2 Margo Oge, Director
- 3 Office of transportation and Air Quality
- 4 Chet France, Director
- 5 Assessment & Standards Division, QTAQ
- 6 Steven Silverman, Attorney
- 7 Office of General Counsel

8 NHTSA PANEL MEMBERS:

- 9 Ron Medford, Deputy Administrator
- 10 Jim Tamm, Chief
- 11 Fuel Economy Division
- 12 Rebecca Yoon, Attorney Advisor
- 13 Office of Chief Counsel

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1 MS. OGE: Good morning. Could you  
2 please take your seats.

3 Good morning. I'd like to welcome you  
4 to today's public hearing. My name is Margo Oge. I'm the  
5 Director of the Office of Transportation and Air Quality  
6 within the Environmental Protection Agency, and with me  
7 today also is my colleague Ron Medford on my right. Ron is  
8 from NHTSA. Ron and I are going to be the presiding  
9 officers for this public hearing today.

10 We have over 90 individuals and  
11 individuals that are representing organizations that have  
12 signed to testify today. We're also very honored to have  
13 Congressman Dingell. The Congressman, I don't have to  
14 introduce him to you. He's the Congressman of the great  
15 State of Michigan, 15th District, and he's also known as the  
16 Dean of the House of Representatives. So we're honored to  
17 have him here today.

18 CONGRESSMAN DINGELL: Thank you, Madam  
19 Chairman.

20 MS. OGE: I want to thank each one of  
21 you for taking the time to participate today in this very  
22 important process.

23 Today EPA and NHTSA will be hearing  
24 testimony on a proposal to establish greenhouse gas  
25 emissions and fuel economy standards for light-duty vehicles

1 for model years 2017 through 2025. The proposed standards  
2 as of last November would achieve 163 grams of CO2 per mile  
3 CO2 equivalent in 2025. This is equivalent to 54.5 miles  
4 per gallon if vehicles were to meet this level, this 54.5 by  
5 using fuel economy improvements.

6 This program is projected to save about  
7 4 billion gallons of oil, 2 million metric tons of  
8 greenhouse gas emissions for the lifetime of those vehicles  
9 sold in the year 2017 to 2025. Higher costs for this  
10 vehicle technology will add on an average of about \$2,000  
11 for consumers buying a new vehicle in 2025. However, these  
12 consumers will save on an average of \$6,600 in fuel savings.  
13 That is about \$4,400 net savings. And for this estimate we  
14 are assuming that the gasoline prices in 2025 will be  
15 approximately the same level as they are today.

16 The proposal is built on the success of  
17 the first phase of the national programs for model years  
18 2012 to 2016. As you know, those standards were finalized  
19 last April, and continuing the national program will ensure  
20 that all manufacturers in this country can continue to build  
21 a single fleet of used vehicles that will satisfy  
22 requirements of both federal agencies, NHTSA and  
23 Environmental Protection Agency and the State of California  
24 programs.

25 President Obama announced the proposal

1 for continuing the national program last July. NHTSA and  
2 EPA issued a Notice of Intent last August outlining our  
3 plans for a proposal, and this is the proposal that we are  
4 seeking comments today. The State of California and 13 auto  
5 manufacturers -- 13 auto manufacturers who represent  
6 approximately over 90 percent of the U.S. vehicle sales  
7 provided letters of support for the proposal. The United  
8 Auto Workers and many other governmental organizations also  
9 support the announcement.

10 I just want to note a very important  
11 element of this program. The program covers a wide range of  
12 light-duty vehicles including cars, pickup trucks, light  
13 pickup trucks, SUVs and minivans.

14 Now, our agencies have designed the  
15 proposed standards to preserve consumer choice; that is, the  
16 proposed standards should not affect consumers' opportunity  
17 to purchase the size of vehicle with the performance,  
18 utility and safety features that meet their needs. This is  
19 because the standards are designed as not to create  
20 incentives of manufacturers of any particular size. So, for  
21 example, this is not an incentive to downsize the vehicle.

22 Today's hearing allows interested  
23 parties, all of you gathering together to provide comments  
24 to the proposal in person. There will also be a public  
25 hearing this coming Thursday in Philadelphia and also a

1 third public hearing in San Francisco on January 24th.

2 In addition there is a written comment  
3 period that will remain open until February 13th. The  
4 comment period was originally scheduled to end January 30th;  
5 however, we extended it to February 13th to provide  
6 additional time for the public to comment.

7 The agencies expect to take final action  
8 on this proposal at late summer of this year.

9 Now I would like to introduce my  
10 colleagues represented here with me on the panel today.  
11 Chet France on my left. Chet is the Director of our  
12 Standards Division and is physically located in Congressman  
13 Dingell's district in Ann Arbor, Michigan.

14 And also with him -- with us is Steven  
15 Silverman. He's with the Office of General Counsel.

16 At this time I'd like to turn it over to  
17 my colleague Ronald Medford who will give his introductory  
18 remarks and introduce his team.

19 MR. MEDFORD: Good morning, everyone.  
20 Thank you Margo, and, Congressman Dingell, thank you for  
21 taking the time to be here today, and thank everyone for  
22 taking the time to attend today's hearing.

23 I'd first like to introduce the panel  
24 members from NHTSA who are sitting to my right.

25 First is James Tamm, Chief of our Fuel

1 Economy Division, and Rebecca Yoon who is the attorney  
2 advisor for the Office of Chief Counsel of NHTSA.

3 Today's hearing provides opportunity for  
4 the public to present oral comments regarding the Agencies'  
5 proposed 2017 and later model year light-duty vehicle  
6 greenhouse gas and corporate fuel economy standards.

7 On November 16, EPA and NHTSA introduced  
8 joint agency documents related to the Notice of Proposed  
9 Rulemaking. They included a preamble, two preliminary  
10 regulatory impact analysis documents and one from each  
11 Agency -- one from each Agency, and a technical support  
12 document. These documents describe in some detail the  
13 proposed regulations and provide supporting information and  
14 analysis that support the proposal.

15 In addition, NHTSA issued a draft  
16 environmental impact statement for the proposed fuel economy  
17 regulations. The draft EIS compares the environmental  
18 impacts of the proposed fuel efficiency regulations with  
19 those of the regulatory alternatives presented in the  
20 analysis.

21 Today's hearing provides opportunity for  
22 the public to comment on both the proposed rulemaking  
23 documents and the draft EIS. The written comment period as  
24 Margo mentioned will close for the EIS on January 31st, and  
25 the extension for the NPRM to February 13th.



1                   Today's hearing is scheduled to run  
2           until about 7:00 p.m., though we will be here as long as it  
3           takes to allow everybody who wants to testify to do so. We  
4           will use panels to speed up the process. The list of  
5           preregistered panel members and their order is provided with  
6           the agenda at the reception table. We request that each  
7           person keep their testimony to 5 minutes if possible. We  
8           know that ten was the allotted time, but I think we have  
9           like 30 additional people signed up since we originally  
10          scheduled this. If anyone wishing to testify here hasn't  
11          already signed up, please do so at the reception table.  
12          Whether or not you testify, we would like everyone attending  
13          today's hearing to sign in at the registration table.

14                   Please plan to go straight -- we'll plan  
15          to go straight through the panels and only take a couple of  
16          breaks during the day, as the court reporter is going to  
17          need some time during the day to take a break.

18                   After today the official record of the  
19          hearing will be kept open for 30 days for any speaker  
20          wishing to submit rebuttals or make any corrections to the  
21          remarks for the record.

22                   If you would like a transcript of  
23          today's proceedings you should make arrangements either with  
24          the registration desk or directly with the court reporter.  
25          We will also make the transcripts available on our website

1 and in the public docket for the rulemaking.

2 This hearing will be conducted  
3 informally and formal rules of evidence will not apply.  
4 Residing officers, however, are authorized to strike  
5 statements from the record which are deemed irrelevant or  
6 needlessly repetitious to enforce reasonable limits on the  
7 duration of statements of any witness.

8 Before we begin, we're going to ask  
9 Congressman Dingell to make a few remarks and after that we  
10 will call the first panel.

11 CONGRESSMAN DINGELL: Thank you.

12 I want to commend the two agencies, EPA  
13 and NHTSA, and I want to commend our two chairmen for their  
14 leadership and work in this matter.

15 This is an extraordinary event. Out of  
16 respect for all of our witnesses and the two agencies, I  
17 will limit my remarks to a few off-the-record -- or rather  
18 outside my testimony remarks and will submit my testimony  
19 with your permission, Madam Chairman, for the record.

20 My name is John Dingell. I'm a member  
21 of Congress in the 15th District. It is my purpose today to  
22 testify strongly in favor of the proposal upon which this  
23 panel is engaged and to point out that after years of  
24 fighting which goes back to 1968 when Congress introduced  
25 the first legislation to have clean air, we have now come to

1 this extraordinary agreement on fuel efficiency standards on  
2 automobiles.

3 And the two agencies, EPA and NHTSA, are  
4 to be commended for their work as are the members of the  
5 labor movement represented here this morning by my friend  
6 Bob King, and also the automobile companies for their hard  
7 work.

8 And special commendations to California  
9 for their cooperation in this in responding to the  
10 remarkable leadership of President Obama and the  
11 Administration which has literally squared the circle in  
12 that they had brought together all of us on a single  
13 standard for fuel efficiency for the automobiles and  
14 light-duty trucks for many years to come. This is an event  
15 which I must say ranks with the loaves and fishes.

16 Having said this, the events through the  
17 American consuming public, the industry, our concerns over  
18 the environment, our concerns about autos and automobile  
19 production, getting the economy going back are going to be  
20 enormous.

21 So with those remarks, I express my  
22 congratulations to the two agencies. I thank the President  
23 for what he has done. I look forward to seeing to it that  
24 these regulations are adopted. They are in the public  
25 interest, and they are very much a matter of genuine concern

1 to the nation, and when adopted will be a matter of singular  
2 appreciation because of the benefits they will confer on  
3 everybody: industry, labor, the consuming public and the  
4 environment.

5 Having said that, I ask that my entire  
6 statement be inserted in the record, and I will look forward  
7 to hearing as much as I can of this testimony before I have  
8 to leave to get back to Washington for some votes today.

9 Thank you, Madam Chairman, thank you,  
10 Mr. Chairman.

11 MS. OGE: Thank you, Congressman  
12 Dingell.

13 MR. MEDFORD: Just a few more rules as  
14 we're calling up the first panel. If your comments today  
15 are going to be directed toward the draft EIS and the  
16 environmental impact statement we request that you  
17 specifically mention that before you begin your comments  
18 since we're combining the hearings for those two proposals.

19 There's also no need to identify that  
20 your comments are directed toward the proposal. We will  
21 assume that everything is directed toward that unless you  
22 state otherwise.

23 When the witnesses on the panel have  
24 finished their presentation, we will have an opportunity  
25 here on the panel to ask questions related to the testimony.

1 The witnesses are reminded that any false statements or  
2 false responses to questions may be a violation of law.

3 So I think we're ready to call the first  
4 panel. I think the first panel is Bob King and Larry  
5 Schweiger. If you come up and go to the table and be so  
6 kind as to write your name on the little sign and put it in  
7 front of you so we can all know who you are.

8 And if you would be so kind for the  
9 purposes of the court reporter making sure she gets the name  
10 and the affiliation of your organization, start your  
11 testimony that way.

12 So we will begin first with Bob King.

13 MR. KING: Yes. My name is Bob King and  
14 I'm President of the United Auto Workers International  
15 Union.

16 Thank you for the opportunity to be here  
17 today. As you know, the UAW represents just under a million  
18 active and retired members across a diverse range of  
19 industries and occupations. Over 150,000 UAW members work  
20 in the light-duty vehicle and parts industry that the  
21 proposed rules cover.

22 It's an honor to be here this morning on  
23 behalf of our membership to voice UAW's full and strong  
24 support for the proposed rules, regulating greenhouse gas  
25 emissions and fuel economy. The proposed rules are

1 sensible, achievable and needed. They are good for the auto  
2 industry and its workers, good for the broader economy, good  
3 for the environment and good for our national security.

4 Adopting the proposed rules will give an  
5 additional boost to the revitalization of the auto industry  
6 that began with President Obama's courageous action in the  
7 depths of the industry's crisis to save American  
8 manufacturing jobs by giving GM and Chrysler the breathing  
9 room they needed to restructure.

10 After a painful process in which workers  
11 and retirees made significant sacrifices, the industry is  
12 coming back strong. Our units with collective bargaining  
13 agreements with Ford, General Motors and Chrysler include  
14 substantial investments by all three companies, in some  
15 cases bringing back work from overseas.

16 The 20,000 UAW-represented hourly jobs  
17 that will be protected and added over the next four years  
18 will have a substantial and positive ripple effect  
19 throughout the supply chain as well as the local  
20 communities.

21 One important reason we are so confident  
22 that the industry's future -- in the industry's future is  
23 that we are excited about the new green technologies that  
24 are being developed in the United States and produced in  
25 UAW-represented facilities. The drive to bringing

1 innovative fuel-saving technologies to market is  
2 transforming the auto industry in the United States in  
3 creating good jobs in the research labs to the factory  
4 floor. General Motors, Ford and Chrysler have made  
5 unprecedented commitments to invest billions of dollars in  
6 their U.S. operations over the next few years and in every  
7 case the investment of supporting new vehicles and  
8 powertrains that will be more efficient than the previous  
9 generation.

10 This includes an exciting advance such  
11 as 8-, 9-speed automatic transmission, both dual clutch and  
12 conventional, and engines that feature advanced valve timing  
13 and gasoline direct injection, downsized and turbocharged  
14 engines, and vehicles that are considerably lighter than the  
15 previous generations but retain the same size. Technology  
16 such as start/stop systems and electric-powered steering are  
17 also making a contribution to vehicle efficiency.

18 There's a common element in all of these  
19 technologies. They are all now or will soon be produced by  
20 UAW members and factories located in the United States, and  
21 that's just the beginning.

22 UAW members are also producing new  
23 technologies that may not reach large volumes for many years  
24 but represent the long-term future of the industry. That  
25 includes hybrid transmissions, electric drive components,

1 lithium ion battery packs, and plug-in and pure electric  
2 vehicles.

3                   Although most auto makers will continue  
4 to meet fuel efficiency and tailpipe emissions through  
5 improvements in conventional vehicles, we are excited that  
6 these new transforming technologies are being produced by  
7 UAW members. These are the automotive jobs of the future.  
8 We are very pleased that they are starting to ramp up here  
9 in the United States.

10                   Thanks to the fresh start President  
11 Obama gave to the domestic auto industry, new labor  
12 agreements that are the result of innovative,  
13 problem-solving approach in bargaining and the strong  
14 transparent working relationships we have with UAW  
15 employers, the U.S. auto industry is growing and adding  
16 employees. These proposed rules are the cornerstone of that  
17 growth. It provides certainty as manufacturers map out  
18 their product investment plans.

19                   I want to underscore why we believe the  
20 drive to increase fuel efficiency and reduce tailpipe  
21 pollution is creating jobs in the U.S. auto industry.

22                   One obvious reason is that consumers are  
23 demanding more fuel-efficient vehicles, and meeting that  
24 demand is an increasingly important part of the business.  
25 In an age of rising and volatile fuel prices, American



1 families want to save money on fuel.

2 A second, more fundamental reason is  
3 because the technology needed to improve efficiency and  
4 reduce pollution represents additional content on each  
5 vehicle. That additional content must be engineered and  
6 produced by additional employees.

7 Last year the UAW and the Natural  
8 Resources Defense Council and Larry's organization, The  
9 National Wildlife Federation, produced a report called  
10 Supplying Ingenuity. That report identifies more than 500  
11 separate facilities in the United States, employing over  
12 150,000 people, where some or all the employees are working  
13 to invent, engineer, or produce advanced vehicles and fuel-  
14 savings components. These are real jobs supporting real  
15 American families.

16 Also I want to say that UAW believes  
17 that the auto manufacturers, all the companies that  
18 participated in the technical discussions about these  
19 proposals and signed a letter of commitment to support its  
20 frameworks deserves tremendous credit for their commitment  
21 to dramatically increase the efficiency and reduce the  
22 emissions of vehicles sold in the United States.

23 This is a testament to good government.  
24 It shows how government can bring disparate stakeholders  
25 together to solve problems that are important to the

1 American public. These proposed rules will reduce the  
2 pollution that contributes to climate change, significantly  
3 reduce America's dependence on foreign oil and save American  
4 families money at the pump. They will also create jobs in  
5 the auto industry and throughout the economy.

6 That's an incredible set of positive  
7 effects from these proposed rules, and it sums up why the  
8 United Auto Workers are in strong support of these  
9 proposals.

10 President Obama and his Administration,  
11 including the two agencies here today, did a tremendous job  
12 in developing the proposed rules. We thank the President  
13 for all the great work he has done to strengthen the  
14 American auto industry and automotive communities.

15 Thank you very, very much for your time  
16 and consideration.

17 MR. MEDFORD: Great. Thank you.

18 Mr. Schweiger.

19 MR. SCHWEIGER: Good morning.

20 I am Larry Schweiger and I am the  
21 President and CEO of the National Wildlife Federation. I  
22 wanted to say thank you, Director Oge and Deputy  
23 Administrator Medford, and also recognize my good friend  
24 Congressman John Dingell for your steady hand in Washington.

25 On behalf of our 4 million members and

1 supporters, it is my pleasure to speak this morning in  
2 support of these proposed landmark standards. I'm pleased  
3 to be here with Bob in Detroit today. As a one-time GM  
4 mechanic, I expect to be even more thrilled when I walk  
5 through the auto show this afternoon.

6 In 2009 when the tide was flowing  
7 against the auto industry, the National Wildlife Federation  
8 stood up to support the auto recovery package. At the time  
9 I believed that the U.S. auto industry could innovate and  
10 build the kind of clean cars and trucks the consumers and  
11 environment increasingly demand.

12 America needs a strong, clean industrial  
13 sector that employs billions with good jobs while producing  
14 the most efficient products possible. Our members depend on  
15 all kinds of vehicles from small hybrids to cars to pick-ups  
16 to off-road vehicles. We still believe in the potential of  
17 the American auto industry.

18 Over the past two years, the hard  
19 working people here in Detroit and in Ohio and Missouri and  
20 North Carolina and all across the country have been proving  
21 dramatically that they have what it takes for America to  
22 lead in a prosperous clean energy future. Their efforts,  
23 combined with these new standards, and effective public and  
24 private investment show how an industry can be retooled to  
25 be vibrant in the present and even more relevant and

1 powerful in the future. Strong standards through the  
2 2025 year are critical to staying on this path.

3 The standards are also an example of how  
4 an industry and labor and the conservation community can and  
5 must work together to use the Clean Air Act as a tool for  
6 innovation and to solve critical and environmental energy  
7 and economic changes we face today.

8 These standards deliver.

9 I've spent the past eight years all  
10 across America talking to our members and many others who  
11 want to see America's outdoor heritage sustained and  
12 preserved for their children. All too often our huge demand  
13 for oil stands in the way.

14 Carbon pollution is warming our climate  
15 locally and worldwide. These changes threaten people and  
16 global security right now, and they are a most profoundly  
17 threatening force against the future of wildlife. Rising  
18 temperatures, flood, fires, droughts and ecosystem  
19 alterations are creating direct habitat loss, increased  
20 invasive species and other threats for wildlife species, and  
21 many of those species may not adapt.

22 The 20 million barrels of oil America  
23 uses every day accounts for 40 percent of the U.S. carbon  
24 pollution load that causes climate changes. Meanwhile, when  
25 drilling projects go wrong, whole ecosystems are threatened

1 by disasters like the Deepwater Horizon spill in 2010, and  
2 smaller leaks and spills like the recent Enbridge oil spill  
3 here in Michigan. Recent pipeline spills do grave harm  
4 right in our backyards: to residents, to wildlife like  
5 herons, muskrats, and ducks and geese and destroy decades of  
6 community efforts that were intended on restoring rivers  
7 like the Kalamazoo. Today we have real opportunity to  
8 combat these threats.

9           The proposed 2017 through '25 standards  
10 will double the fuel economy for our cars, SUVs and pickups  
11 from today's levels to an average of 54.5 miles per gallon  
12 by 2025. These vehicles will save Americans 4 billion  
13 barrels of oil and 2 billion metric tons of carbon  
14 pollution.

15           Taken together with light- and heavy-  
16 duty standards being implemented now, the proposed standards  
17 will cut carbon pollution by over 650 million metric tons by  
18 year by 2030, about 10 percent of the total carbon pollution  
19 today. This is a historic step forward to combat our  
20 climate challenge.

21           Together these standards will cut our  
22 demand for oil by 3.4 million barrels per day; more than all  
23 the oil we get today from the Persian Gulf, Venezuela and  
24 Russia combined.

25           As we are ensuring that every car and

1 truck uses less fuel, steady expansion of electric and  
2 advanced vehicle technology can lead us even further into  
3 mass markets, high performance vehicle fleet that uses  
4 little oil and produce nearly zero pollution.

5 Deep cuts in the oil we need means less  
6 pressure for risky new drilling projects in the Arctic or  
7 for clear cutting forest for Canadian tar sands. It means  
8 less need for new pipelines, fewer leaks and fewer threats  
9 to people, wildlife and our public lands.

10 These standards show we can take real  
11 steps to roll back climate changes and protect wildlife for  
12 generations yet to come.

13 These standards just don't deliver for  
14 America's outdoor heritage - consumers save big as well.  
15 The proposed standards will save Americans a half trillion  
16 dollars. That's tens of billions of dollars a year  
17 American families and businesses can spend at home building  
18 jobs instead of sending overseas for oil. Families and  
19 businesses will save more than \$4,000 on the lifecycle cost  
20 on a car or truck after accounting for the cost of the more  
21 fuel-efficient vehicles.

22 For household budgets doubling fuel  
23 economy is like cutting the price of gasoline in half. For  
24 those concerned about cutting dependence on foreign oil and  
25 reducing pain at the pump, the best place to drill for oil

1 is under the hoods of our cars.

2                   These standards bring innovation and  
3 fuel savings to owners of all kinds of vehicles for many of  
4 our members, the outdoor traditions that mean the most to  
5 them including getting together with family and friends,  
6 loading gear into the truck and heading outdoors to hunt and  
7 fish. Across the country, communities and businesses that  
8 depend on outdoor recreation depend on these trips. For  
9 those who rely on larger vehicles, high gas prices hit  
10 particularly hard, and achieving robust fuel efficiency is  
11 critical and welcome.

12                   Fortunately, today's fuel economy  
13 standards don't just focus on cars but ensure improvements  
14 across all vehicle sizes and types to achieve an overall  
15 increase in fuel economy and reduction in pollution. An  
16 innovation is delivering far better efficiency together with  
17 improved power and performance. The standard is essential  
18 to deliver cars and trucks that work in the outdoors and for  
19 it.

20                   The proposed standard is also critical  
21 to regain and sustain our leadership in the most advanced  
22 vehicle technologies including hybrid electric cars and  
23 trucks. These technologies will be critical to combating  
24 high fuel prices and environmental challenges into the  
25 future and the competitiveness of the American auto industry

1 in a changing world.

2 Investments in cutting edge electric  
3 vehicles and other innovations increase fuel efficiency  
4 across the board, and long-term targets create certainty in  
5 a world tyrannized by volatile oil prices and availability.  
6 Together we must work to build a robust network of  
7 innovators, suppliers and caring consumers to lead in the  
8 global economy for the auto industry's future.

9 And it's working now.

10 National Wildlife recently released the  
11 report that Bob mentioned that makes it clear that we are  
12 creating -- there's now over 300 companies in 43 states  
13 engaged in adding over 100,000 jobs in the past year  
14 building and selling next generation autos and trucks.

15 That's what it means and why it matters  
16 for America to lead the clean energy economy. The standards  
17 you are considering today are essential for sustaining that  
18 progress, and for these reasons that's not surprising.

19 A recent survey by Consumers Reports  
20 found that 93 percent of the public is in support of  
21 stricter fuel economy standards. The public understands how  
22 the fuel standards work. They work for wildlife, they work  
23 for American families and they work for the auto industry  
24 and autoworkers and for the overall economy.

25 We thank the agencies for your clarity



1 of vision and perseverance in developing these standards.  
2 We will be submitting additional technical comments and  
3 appreciate your consideration today.

4 Thank you.

5 MR. MEDFORD: Thank you both.

6 Do my colleagues have any questions?

7 MS. OGE: I just want to thank both of  
8 you for taking the time to testify. We're looking forward  
9 to your written testimony and also looking forward to having  
10 the technical dialogue with both of your teams, as well as  
11 looking forward to finalize this proposal.

12 Thank you.

13 MR. MEDFORD: Thank you.

14 The court reporter would like to receive  
15 if possible a copy of your full written or oral testimony.  
16 She can use that for completing the transcript, or give it  
17 to the desk.

18 MS. OGE: So we have a tough court  
19 reporter. She's going to tell you when to slow down.

20 So I'm going to call the second team,  
21 the second panel: Mike Robinson, Mr. Mark Cooper, Sue  
22 Cischke, Mr. Alex Cornell du Houx -- I hope I pronounce your  
23 name right -- and Mr. Jay Wilton.

24 Good morning.

25 We'll start with Mr. Robinson. Good

1 morning.

2 MR. ROBINSON: Good morning, Director  
3 Oge.

4 My name is Mike Robinson. I'm Vice  
5 President for Sustainability and Global Regulatory Affairs  
6 at General Motors.

7 On July 29th, 2011, President Obama  
8 announced the Administration's intentions to adopt a  
9 national program to address vehicle greenhouse gas emissions  
10 and fuel economy for the years 2017 and beyond.

11 GM Chairman and CEO Dan Akerson joined  
12 the President and others that day because we were encouraged  
13 that this commitment provided the opportunity to continue  
14 the national program approach in setting fuel economy  
15 standards that was started with the 2012 to 2016 federal  
16 rules. The Administration and many other interested parties  
17 came together that day because we agreed that such a  
18 national approach was paramount and could accomplish much to  
19 address the nation's energy and environmental priority.

20 We only knew the framework of the  
21 proposed regulations at that time, but we made clear that we  
22 were prepared to work with EPA and NHTSA to flush out the  
23 details. In that regard I appreciate the opportunity to  
24 testify today to reaffirm GM's commitment to that process we  
25 talked about in July and to comment briefly on the proposed

1 rules of the two agencies.

2 First, let me underscore that General  
3 Motors supports the joint proposal from EPA and NHTSA to  
4 address 2017 through 2025 model year vehicles. Most  
5 importantly, the proposal intends to minimize the  
6 destructive impacts of having multiple programs at the  
7 federal and state levels. On this note, we also want to  
8 commend the State of California and the California Air  
9 Resources Board for their collaboration in working towards  
10 this national approach and program.

11 We welcome the opportunity to work with  
12 the agencies as they finalize the proposed regulations. In  
13 this regard, there were three specific remarks that I would  
14 make today: first, reiterate the need for a comprehensive  
15 mid-term review; second, comment about the flexibility and  
16 credits in the proposal; and, third, make one specific  
17 suggestion for improvement in the proposal.

18 As this proposal makes many optimistic  
19 assumptions and sets goals all the way out to 2025, 13 years  
20 from today, it is imperative that we collectively check the  
21 validity of those assumptions as we move through that  
22 extended period of time. We suggest not only one formal  
23 mid-term review as the agencies themselves have planned for  
24 the proposal, but a series of smaller technical and detailed  
25 focused check-ins on the key assumptions contained in this

1 proposal. These check-ins will allow the program to stay on  
2 track and lead to the best long-term results. Of course,  
3 the more formal mid-term review is also essential since  
4 NHTSA must itself conduct a separate rulemaking to set the  
5 requirements under the CAFE law for the final four years of  
6 this period.

7 But you have my commitment that we will  
8 provide whatever data, analysis, and input we can to help  
9 the agencies to make judgments and course corrections along  
10 the way.

11 Moving into my second comment, General  
12 Motors fully supports the flexibilities in this proposal.  
13 Some may criticize them, but the flexibilities included go  
14 directly towards real CO2 reduction and the furthering of  
15 advanced technologies.

16 The flexibilities do provide some  
17 compliance opportunity for the manufacturers in the future,  
18 but importantly these are already assumed in both of the  
19 agencies' assessment of the future of fuel economy levels  
20 that are anticipated under this proposal. As a result they  
21 are absolutely necessary for us to achieve the equivalent  
22 compliance levels anticipated.

23 Finally, a specific concern that we have  
24 with the proposal is related to the treatment of so-called  
25 upstream electricity emissions. EPA has couched the

1     quantification of upstream emissions at 0.0 grams per mile  
2     as a "flexibility" for automakers. This characterization is  
3     really inappropriate and could lead EPA at some point to  
4     reduce or eliminate this so-called flexibility. At its  
5     core, the problem is that the word flexibility suggests some  
6     measure of choice or control. However, automakers control  
7     neither the feedstocks nor the conversion processes for  
8     generating and creating electricity. Suggesting that at  
9     some point we could or should be responsible for these  
10    emissions is worrisome to us. To the degree that these  
11    emissions are going to be addressed by government,  
12    legislators and regulators need to create a program to do so  
13    directly, not indirectly through further restrictions on  
14    vehicles. With due respect, we have a tough job ahead of us  
15    as it is.

16                    Let me also note that the proposed  
17    standards will not be easy; they will be difficult and they  
18    will be expensive. The success of our current new offerings  
19    in the marketplace like the Chevy Malibu, Equinox, Cruze and  
20    the Volt convince us we are on a good path toward meeting  
21    these early requirements the proposal will create, but we  
22    will need further breakthroughs in technology and good  
23    customer acceptance of the additional vehicle changes,  
24    technologies and costs that will be associated with  
25    providing the vehicles needed in the future years to allow

1 us continued success in meeting the aggressive requirements  
2 down the road.

3                   Clearly this proposal represents a  
4 dramatic attempt to advance the mutual goals of CO2  
5 reduction and increased energy diversity. The mid-term  
6 review is essential to make sure that we also revisit the  
7 assumptions inherent in establishing these goals to make  
8 sure we have not overwhelmed technology development or the  
9 needs of consumers or their willingness to accept and pay  
10 for the associated changes in vehicles.

11                   In conclusion, we urge both EPA and  
12 NHTSA to continue the strong leadership role they have  
13 displayed at the federal level with an integrated approach  
14 that addresses infrastructure of vehicles themselves, fuels,  
15 and customer behavior as well as all other sectors of the  
16 economy. This proposal is a positive first step and a good  
17 foundation on which we can all build.

18                   We intend to provide detailed technical  
19 written comments to amplify on some of these points and to  
20 comment on issues raised by EPA and NHTSA in the NPRM.

21                   And I'm glad to answer any additional  
22 questions you may have as a panel. Thank you.

23                   MS. OGE: Thank you.

24                   Mr. Cooper, good morning.

25                   MR. COOPER: Thank you, Madam

1 Chairwoman, Mr. Chairman. I am Dr. Mark Cooper, Director of  
2 Research of the Consumers Federation of America.

3 We greatly appreciate the opportunity to  
4 testify today because our analysis of the standards proposed  
5 by NHTSA and EPA find they are a landmark in the U.S. energy  
6 policy that will deliver major economic security and  
7 environmental benefits to consumers and the nation while  
8 putting the U.S. auto industry on a path to global success.

9 By far, the single largest benefit is  
10 the reduction of consumer expenditure on gasoline and the  
11 decrease in the cost of driving. For the typical consumer  
12 who purchases a new auto that complies with the 2025  
13 standard with a 5-year auto loan, the average life of auto  
14 loans these days, consumer pocketbook savings will be  
15 immediate and substantial.

16 Higher fuel economy standards lower the  
17 cost of driving from the first month. They are cash flow  
18 positive because the reduction in gasoline expenditures is  
19 greater than the increase in the monthly payment to cover  
20 the cost of fuel saving technology. At the end of the auto  
21 loan the consumer will have saved an average of \$800. By  
22 the tenth year the vehicle will have generated an average of  
23 over \$3,000 in savings. Therefore, the resale value of the  
24 vehicle is likely to be much higher.

25 These potential consumer benefits come

1 at a moment when American consumers are in desperate need of  
2 relief from rising and volatile gasoline prices. Gasoline  
3 prices set a record in 2011 in both nominal and real terms,  
4 averaging \$3.53 per gallon. This week's price is a record  
5 for the month of January, and that clobbers the economy and  
6 the consumer pocketbook.

7 Household gasoline expenditures set a  
8 record in 2011 reaching an average of over \$2,850 per year  
9 which means that gasoline expenditures were 40 percent  
10 higher than expenditures on home energy, electricity,  
11 natural gas and heating oil. Ten years ago gasoline  
12 expenditures were 13 percent lower than home energy and that  
13 is why consumers are so troubled by gasoline prices.

14 But rising gasoline prices have also  
15 changed the structure of the cost of driving. Ten years ago  
16 the cost of owning a vehicle as reported in the consumer  
17 expenditure survey was the largest single component of the  
18 cost of driving by far, about three times as high as the  
19 cost of gasoline. In 2011 the cost of gasoline will equal  
20 or exceed the cost of ownership in the consumer expenditure  
21 survey. This is an entirely new automobile market.

22 Given the burden on household budgets  
23 and the continuing problem of oil vulnerability, it is not  
24 surprising to find that in our surveys, over a dozen in the  
25 past six or seven years, we find that three-quarters or more



1 of respondents are concerned about gasoline prices and  
2 dependence on Mideast oil. They get the fact oil imports  
3 are a political problem.

4 They think it is important to reduce oil  
5 consumption and they support higher fuel economy standards  
6 as a way to do so. Almost two-thirds of the respondents'  
7 records supported 60-miles-per-gallon standards with a  
8 payback of three to five years, and this proposed standard  
9 meets and exceeds that. They also think a higher standard  
10 will be good for automakers.

11 So if there is one thing you take away  
12 from this hearing today, remember this is a consumer benefit  
13 program. This is a wonderful consumer program. In fact, we  
14 estimate that 80 percent, 500 billion of the \$600 billion of  
15 total benefits are the consumer savings. So this is a  
16 consumer program.

17 But indirect national benefits are also  
18 really important. Reducing oil consumption and imports by  
19 over 4 billion barrels or almost 4 billion barrels will keep  
20 \$370 billion in the domestic economy, and that creates jobs.  
21 It will lower the price of gasoline by 25¢ a gallon. It  
22 will reduce vulnerability to oil price shocks. It will  
23 reduce the number of troops we have in harms way and with  
24 aircraft carriers running around the Straits of Hormuz.  
25 Everyone has to get that important benefit.

1                   The simple fact of the matter is that  
2 with every scenario considered by the two agencies the  
3 benefits vastly exceed the costs, and everyone gets that.  
4 That's why you heard labor, you have heard the  
5 environmentalist, you've heard automakers and you've heard  
6 consumers support this program.

7                   Simply put, these standards may well be  
8 the most important energy policy of the last quarter of a  
9 century. They are a win-win-win for consumers, for the  
10 economy, for national security and the environment.

11                   I urge you to adopt it. Thank you.

12                   MS. OGE: Thank you.

13                   Miss Sue Cischke. Good morning.

14                   MS. CISCHKE: Good morning. I am Sue  
15 Cischke, Group Vice President of Sustainability, Environment  
16 and Safety Engineering for Ford Motor Company.

17                   It's a pleasure to be here today to  
18 provide our perspective on this very important rulemaking.  
19 Just over two years ago I was here commenting on the first  
20 nationally harmonized greenhouse gas and fuel economy  
21 regulations and encouraging the continuation of a harmonized  
22 requirement beyond 2016. We applaud the combined efforts of  
23 EPA, NHTSA and CARB, and this proposal provides our industry  
24 both a single program moving forward as well as a regulatory  
25 framework that enables manufacturers to plan and invest in

1 the future with confidence. We are committed to working  
2 with you to finalize these regulations.

3 The standards proposed are aggressive,  
4 but so are the demands from our consumers for greater fuel  
5 efficiency. As a result, we are continually investing in  
6 our product strategy to improve the fuel economy and reduce  
7 the greenhouse gases of our fleet. Starting this year,  
8 one-third of our vehicle lineup will offer a model that  
9 achieves at least 40 miles per gallon. In addition to the  
10 Transit Connect Electric, last year we delivered our first  
11 all-new Ford Focus Electric. Later this year we will start  
12 production on our C-Max Energi plug-in. And just last week  
13 we announced and unveiled our next generation 2013 Fusion  
14 Hybrid, and an all-new 2013 Fusion plug-in hybrid. Our  
15 commitment goes beyond our products, and we also have set a  
16 goal to reduce facility emissions of CO2 by 30 percent by  
17 2025 on a per-vehicle basis. You will continue to see us  
18 offer more great products with advanced, innovative  
19 technologies to improve the fuel efficiencies of our  
20 vehicles and to deliver outstanding quality and features  
21 that our customers desire.

22 The key is to ensure that the proposed  
23 targets do not outpace consumer demand or the affordability  
24 of the technologies needed for compliance. As a full-line  
25 manufacturer we are challenged to meet a broad range of

1 customer wants, such as function, performance, comfort and  
2 convenience, safety, and, of course, fuel economy. And all  
3 of these attributes need to come together in a line of  
4 vehicles that consumers afford. After all, attainment of  
5 our national goals for CO2 reduction and energy security  
6 cannot be met by niche products and technologies. It does  
7 little good to produce vehicles with improved fuel  
8 efficiency unless those vehicles are actually purchased by a  
9 wide range of American consumers.

10 Further, the technologies must be self-  
11 sustaining in the marketplace and not dependent upon  
12 long-term government subsidies. That philosophy has been  
13 the basis of Ford strategy since 1903, however I wasn't  
14 there at the time.

15 We must also acknowledge that market  
16 success is dependent upon many factors outside of our  
17 control, such as the price of fuel, the state of the  
18 economy, or the availability of affordable technologies and  
19 materials. The further we look into the future, the more  
20 difficult it is to predict these factors with accuracy. The  
21 proposed rule extends to the 2025 model year which is an  
22 unprecedented time frame in the context of fuel economy  
23 regulations. This presents a significant challenge for  
24 manufacturers. While the establishment of longer-term  
25 standards provide manufacturers with targets for future

1 product planning investment, the longer time frame leads to  
2 greater risk that the assumptions underlying the standards  
3 do not come to fruition. For example, if a lack of adequate  
4 infrastructure hinders the introduction of new fuel-saving  
5 technologies or if fuel prices turn out to be substantially  
6 lower than anticipated, it might be necessary to change the  
7 standards in order to avoid damage to American jobs and the  
8 U.S. economy.

9           This is why the proposed mid-term  
10 evaluation of the 2022 to 2025 greenhouse gas standards is  
11 so vital to this joint proposal. As proposed, the mid-term  
12 evaluation provisions require EPA to make a fresh  
13 determination regarding the appropriateness of the proposed  
14 2021 model year standards after considering a variety of  
15 factors and soliciting public comments. This process will  
16 take place concurrently with NHTSA's process for setting  
17 final standards for 2022 to 2025 model years. The mid-term  
18 evaluation is an essential check point to ensure that the  
19 standards for these models are consistent with evolving  
20 market conditions. The existence of a robust, meaningful  
21 mid-term evaluation process is critical to Ford's support  
22 for this rulemaking package.

23           Turning now to the more specific  
24 elements of the proposed rulemaking, we support the relative  
25 manner in which car and truck targets have been set to

1 reflect their respective capabilities to improve fuel  
2 economy. This is based primarily on the agencies' updated  
3 analysis of full-sized trucks from the 2012 to 2016  
4 rulemaking. In particular, EPA acknowledged that it had  
5 "underestimated the impact of the different pickup truck  
6 model configurations," in the model year 2012 to 2016 rule.  
7 They further acknowledged that the "very largest light  
8 trucks have significant load-carrying and towing  
9 capabilities that make it particularly challenging for  
10 manufacturers to add fuel economy-improving technologies in  
11 a way that maintains the full functionality of those  
12 capabilities." We concur with the agencies' analysis and  
13 conclusions.

14 In general, we continue to encourage the  
15 agencies to take a holistic view of the transportation  
16 sector to encourage the implementation of technologies and  
17 strategies whose benefits might otherwise be reflected in  
18 the formal fuel economy test procedures.

19 Manufacturers are developing more  
20 innovative in-vehicle systems such as more efficient air  
21 conditioning, use of refrigerants with lower global warming  
22 potential, and improvements in energy management and  
23 aerodynamics. These technologies provide a real-world  
24 benefit for drivers but are not fully reflected on the fuel  
25 economy label. We commend the agencies for acknowledging

1 these technologies in the rulemaking.

2 Further, we anticipate working together  
3 to establish the correct methodologies to account for the  
4 benefits of driver-activated technologies. For example,  
5 coaching systems result in more fuel-efficient driver  
6 behavior as well as eco-route planning tools can provide a  
7 significant improvement in real-world fuel economy. Also,  
8 market fuel quality, particularly octane level, can have a  
9 significant positive impact on all on-road vehicles and  
10 should, therefore, be a key part of our national strategy to  
11 improve energy security.

12 Once again, we appreciate the  
13 opportunity to provide our testimony on this important  
14 rulemaking. We are continuing to review all the different  
15 aspects of the proposal and we plan to provide detailed  
16 written comments aimed at achieving and finalizing  
17 regulations consistent with the commitment that all parties  
18 have made to this national program.

19 Thank you. And I'll be able to take  
20 questions at the end of the panel.

21 MS. OGE: Thank you.

22 Mr. Alex Cornell du Houx.

23 Could you pronounce your name for us.

24 MR. CORNELL du HOUX: Cornell du Houx.

25 You are very, very close.

1 MS. OGE: Good morning. Thank you.

2 MR. CORNELL du HOUX: Good morning,  
3 Madam Chair and members of the panel.

4 My name is Alex Cornell du Houx and I  
5 represent Brunswick, Maine in the state legislature, and I  
6 also work with the Truman National Security Project and  
7 Operation Free.

8 I have been in the military since 2002  
9 and I served in Iraq with the Marines in the infantry.

10 When I served in Iraq with the Marines  
11 in and around Fallujah I came across a line of cars, trucks,  
12 and tractors as far as the eye could see. We decided to  
13 investigate and finally reached the end of the line to find  
14 that they had been waiting in 100-degree heat all day for  
15 gasoline and diesel, and it really struck me how dependent  
16 this nation was on this single source of energy and how  
17 crippled it made them. They were so desperate for this  
18 single source of energy that when the curfew came, they  
19 didn't care that we had shot over their heads to break up  
20 the line. And then it made me think about our country, and  
21 it made me pause and think about how the United States was  
22 dependent on this single source of energy and how  
23 essentially we are forced to line up to countries like Iran  
24 and Venezuela for this single fuel.

25 So this is one reason I joined Operation



1 Free, a coalition of veterans and national security  
2 organizations that have come together to focus on this and  
3 make us more secure because this will boost their economy,  
4 it will increase our environmental health and to make sure  
5 that we have a more secure America.

6 Our military leaders have taken note,  
7 and the DOD, the nation's largest energy consumer, has a  
8 goal to reduce their carbon pollution by 20 percent by 2020.  
9 The Quadrennial Defense Review stated although they produce  
10 distinct types of security and economic stability  
11 challenges, climate changes are inexplicably linked. CIA  
12 also opened a center on climate change.

13 The Army has one of the largest electric  
14 vehicle fleets in the world, over 4,000 vehicles aimed to be  
15 by three years. The Air Force will have 50 percent of its  
16 aviation fuel from biofuels by 2016. The Marines, where I'm  
17 from, will lead the way and they're aiming for a 30 percent  
18 energy reduction by 2015. The Navy is launching what they  
19 call the great green fleet by 2016, which includes hybrid  
20 destroyers and F-18s that run off the bio-fuel. The Navy  
21 also aims to reduce petroleum fuel in its commercial feet by  
22 50 percent by 2015.

23 When I was in Iraq I saw our dependence  
24 on oil was a constant threat to our security and  
25 independence. The Department of Defense has set ambitious

1 goals to reduce our dependence on oil and improve fuel  
2 standards because they understand the risks it poses to our  
3 nation.

4           And this is not just a lesson from the  
5 military. Our addiction doesn't only affect our national  
6 security; it's detrimental to our economic security as well.  
7 Every day we are sending \$1 billion a day overseas to pay  
8 for oil many of which could be staying here in this country  
9 supporting our own economy. Nearly half of the oil used is  
10 from cars and light trucks. So increasing fuel efficiency  
11 will have a tremendous impact.

12           Our \$1 billion a day dependence on oil  
13 makes us vulnerable to unstable and unfriendly regimes. Not  
14 only does cutting our dependence on oil make us more secure,  
15 it invests hard-earned American money back into our economy.

16           This standard for cars and light trucks  
17 by 2025 is the single best step we can take right now to  
18 curb this dangerous addiction to oil. It will help my  
19 community and countless communities around the nation to  
20 improve their economic security. It will also keep America  
21 competitive with foreign automakers, many of which already  
22 have higher standards of their own than ours, and it would  
23 increase our national security making us more independent in  
24 keeping billions of dollars out of the hands of people who  
25 don't have America's interest at heart.

1                   By implementing the standard we will be  
2 taking control of our energy future and creating a more  
3 secure America.

4                   Thank you. And I'll be happy to answer  
5 questions.

6                   MS. OGE: Thank you for testifying;  
7 thank you for your service.

8                   So the last member of this panel is  
9 Mr. Wilton.

10                  Good morning.

11                  MR. WILTON: Good morning. I am Jay  
12 Wilton. I am Chrysler Group's Vice President of  
13 Engineering, Planning and Regulatory Compliance. I  
14 appreciate the opportunity to comment today on EPA's and  
15 NHTSA's proposed national greenhouse gas and fuel economy  
16 rules.

17                  Chrysler recognizes the benefit to the  
18 country of continuing the national program to address fuel  
19 economy and greenhouse gases. EPA and NHTSA began this  
20 program in 2009 with standards for model years 2012 through  
21 2016 and now the agencies are continuing it for model years  
22 2017 through 2025.

23                  The challenge of meeting the proposed  
24 standards must not be underestimated. We believe it's  
25 important to observe that reaching the projected overall

1 average of 163 grams per mile of carbon dioxide in model  
2 year 2025 will have to be achieved within 13 years or  
3 approximately two product cycles.

4           However, Chrysler fully supports the  
5 goals of this program. Sergio Marchionne, our CEO is also  
6 the CEO of Fiat, which is the industry's fuel economy leader  
7 in Europe. He understands and endorses these commitments  
8 and is determined to pursue the product actions necessary  
9 for Chrysler to meet these 2017 and beyond goals.

10           Chrysler and Fiat have already begun  
11 transforming the fleet with fuel efficiency improvements on  
12 our flagship Chrysler 300 Sedan, which achieves the best in  
13 class 31 miles per gallon with its new HB transmission and  
14 our recently revealed Dodge Dart with its 1.4-liter  
15 multi-air engine and 6-speed dual dry clutch transmission.

16           Chrysler is also working on the advanced  
17 technology of vehicles for tomorrow with the planned launch  
18 of the Fiat 500 electric vehicle and our collaborative  
19 efforts with the Department of Energy to develop plug-in  
20 hybrid electric technology for our minivan and our Ram-1500  
21 pickup.

22           Chrysler strongly supports a single  
23 harmonized national greenhouse gas and fuel economy  
24 performance standard. It allows manufacturers to offer  
25 vehicles that customers want to buy and at prices they can

1 afford. The availability of supporting cost-effective  
2 technologies along with the aforementioned customer  
3 considerations will provide the proper measure of  
4 performance for the proposed program.

5 Chrysler will support the final rules if  
6 they reflect the commitments and the foundational principles  
7 of the framework agreement. These foundational principles  
8 are one, strong performance requirements; two, a mid-term  
9 review to assess customer acceptance; and, three, the broad  
10 use of incentives to encourage technology innovations and  
11 early integration into production vehicles.

12 We believe the mid-term review is  
13 critical in determining whether the customer is buying and  
14 will continue to buy the technology packages needed to  
15 comply with the standards year over year. Efforts to search  
16 for parameters that measure potential customer acceptance  
17 must not lose sight of the most important question, are they  
18 buying the product. Measuring whether customers will buy  
19 what we offer even next year is challenging. Speculating as  
20 far as 13 years in the future holds significant uncertainty  
21 and risk. A mid-term assessment of the underlying  
22 rulemaking assumptions provide a credible and equitable  
23 mechanism to adjust standards for future consumer and  
24 technology uncertainties and is a primary reason Chrysler  
25 supports this program.

1           I would also like to make some comments  
2           on other provisions of the proposed rule.

3           First, Chrysler agrees with setting the  
4           truck performance requirements based on the underlying  
5           physics of these types of vehicles. We believe the proposed  
6           2017 through 2025 standards support this premise and correct  
7           the deficiency of the 2012 through '16 rule which overlooked  
8           these factors.

9           The truck standards for 2012 through '16  
10          model years were not supported by fundamental science,  
11          accommodating that science which seemed to be restricted by  
12          statutory directions to not back-slide on standards from  
13          previous years.

14          The 2017 through 2025 truck standards  
15          are challenging while respecting the utility of these  
16          vehicles and their importance to the nation's economy.

17          Second, Chrysler supports the additional  
18          detailed proposal for capturing off-cycle fuel economy and  
19          greenhouse gas improvements. The agencies wisely built on  
20          this facet of the 2012 through '16 regulation that  
21          recognizes improvements in fuel economy and greenhouse gases  
22          that are not captured in laboratory tests but do have real-  
23          world reductions for our consumers.

24          And, finally, there are references to  
25          minimum penetration levels in various aspects of the

1 proposed rule. These thresholds are unnecessary in our  
2 opinion and serve as potential disincentives to invest in  
3 new technologies. We propose that all actions be recognized  
4 as they had historically been on a per-vehicle-so-equipped  
5 basis. This is an equitable approach where every vehicle  
6 built with the required technology for our customers is  
7 acknowledged. If a minimum penetration rate is required, a  
8 manufacturer may be discouraged from pursuing innovative  
9 technologies with uncertain acceptance and possibly no  
10 credit or payback.

11 In conclusion, I want to reiterate  
12 Chrysler's support of the single harmonized national  
13 standard for fuel economy and greenhouse gas emissions. We  
14 look forward to continuing to work with the agencies  
15 throughout the rulemaking process and after the final rule  
16 is published later this year.

17 I appreciate the opportunity to testify  
18 and would be happy to answer questions as well.

19 MS. OGE: Thank you.

20 Any questions of the panel?

21 MR. MEDFORD: No. I'd like to thank  
22 everybody.

23 MS. OGE: I have one question for  
24 clarification for Mr. Robinson.

25 You mentioned the importance of the

1 mid-term review, but also you mentioned the importance of  
2 having more frequent reviews of the program.

3                   Could you just elaborate a little bit  
4 what that means.

5                   MR. ROBINSON: Sure, I'd be glad to,  
6 Chairwoman.

7                   The mid-term review is going to be some  
8 period from today. It's, depending on how you want to  
9 define the beginning of it, at least five years from now,  
10 probably more.

11                   Through the comments you heard from  
12 other panelists and myself, there's a lot of uncertainty  
13 between now and then. It would be our expectation and hope  
14 that the agencies would solicit, invite and act upon  
15 continuous data and analysis that we can provide along with  
16 data and analysis from other sources, obviously, to make  
17 informed judgments along the way so that we don't wait. If  
18 there are obvious events that occur, if there are things  
19 that are not coming true that are assumed in the rulemaking,  
20 then adjustments would be made instead of waiting for a  
21 mid-term course correction. That's all we're talking about.

22                   MS. OGE: Thank you.

23                   Any questions from the panel?

24                   Thank you. I want to thank the panel.

25                   So I'm going to wish Ms. Cischke publicly a wonderful,



1 healthy, well-deserved retirement.

2 (Applause)

3 MR. MEDFORD: Thank you. I think we are  
4 ready for the next panel.

5 I would just remind the speakers that  
6 the court reporter would really like to have a copy of the  
7 testimony.

8 Good morning and welcome, Mr. Foster.

9 MR. FOSTER: Good morning. Thank you  
10 very much.

11 Good morning, Distinguished Members of  
12 the Panel. My name is David Foster and I'm Executive  
13 Director of the BlueGreen Alliance, a national partnership  
14 of America's largest labor unions and environmental  
15 organizations uniting more than 15 million members and  
16 supporters in support of the clean energy economy.

17 I would first like to commend the Obama  
18 Administration and specifically the White House Council on  
19 Environmental Quality, the Environmental Protection Agency  
20 and National Highway Traffic Safety Administration for their  
21 outstanding leadership on this critical issue of fuel  
22 standards. America's working families continue to struggle  
23 to fill their gas tanks in a steady but slow economic  
24 recovery. But with your leadership we have an opportunity  
25 to help save consumers money at the gas pump, create and

1 preserve American jobs and strengthen the economy by setting  
2 strong fuel standards.

3           The BlueGreen Alliance strongly supports  
4 the light-duty vehicle standards for model year 2017 to 2025  
5 that will raise fuel efficiency to 54.5 miles per gallon,  
6 nearly double what today's fuel efficiency standard is and  
7 limit the greenhouses gas emissions as it's been noted to  
8 163 grams per mile.

9           The proposed standards build upon the  
10 success of the current round of standards for model years  
11 2012 to 2016. Combined with this program, by 2025, the U.S.  
12 can save an estimated 12 billion barrels of oil, equivalent  
13 to four years of oil consumption from our current U.S.  
14 light-duty vehicle fleet, and 6 billion metric tons of CO<sub>2</sub>,  
15 the equivalent of one year of total U.S. CO<sub>2</sub> pollution by  
16 implementing these proposed standards.

17           Every day our country sends an estimated  
18 \$1 billion to foreign countries for oil. Strong standards  
19 will keep more of the dollars here in the United States and  
20 move America to a more efficient advanced vehicle fleet  
21 creating hundreds of thousands of jobs, economic  
22 opportunities both inside and outside the auto industry.

23           Based on the agencies' initial technical  
24 assessment, the net consumer savings of fuel expenditures  
25 will be very substantial and will provide much needed relief

1 at the pump. By developing and producing advanced fuel-  
2 saving technology in the United States, automakers and  
3 suppliers can create quality jobs and provide the clean,  
4 fuel-efficient cars and light-duty trucks consumers want.

5 The automakers are already making these  
6 investments in response to the historic clean 2012-2016  
7 standards as well as the growing consumer demand. From  
8 pickup trucks to sedans the American automakers are  
9 introducing models with clean fuel-efficient technology into  
10 the marketplace. Models such as the redesigned Ford  
11 Explorer SUV and the plug-in hybrid Chevy Volt I think  
12 demonstrate the range of conventional and advanced  
13 technology improvements available to consumers today.

14 In 2008 we saw the consequences when  
15 automakers had difficulty responding to consumer shifts in  
16 response to volatile fuel prices. So these strong  
17 feasibility standards will provide long-term certainty to  
18 the industry and ensure that innovation continues and recent  
19 investments in advanced technology pay off. They will also  
20 set the stage for weaning America off oil dependence for  
21 good and for the long-term reductions in greenhouse gas  
22 pollution we need to create a sustainable clean energy  
23 economy.

24 Evidence already exists that bringing  
25 cleaner vehicles into the market creates American jobs. We

1 have, by example, the Advanced Technology Vehicle  
2 Manufacturing loan program that will preserve or create  
3 nearly 40,000 jobs in the U.S. auto sector, retooling  
4 America's factories to produce advanced technology vehicles  
5 and their key components.

6 The battery and electric drive component  
7 ramp program is helping establish the United States as a  
8 world leader in the production of this exciting new  
9 automotive technology.

10 We also request continuing federal  
11 programs to support these auto industry efforts in retooling  
12 to meet the demand for cleaner, more efficient cars. And  
13 we're committed to advocate with you for this important  
14 support for our domestic industry. Consumers looking to  
15 purchase vehicles in the next few years are expressing  
16 interest in higher fuel economy. Building the next  
17 generation of advanced vehicles in the United States will  
18 create tens of thousands of new engineering and  
19 manufacturing jobs and strengthen America's rebounding  
20 sector.

21 This is a unique opportunity to fulfill  
22 your commitments to create American jobs, protect consumers  
23 whether they drive a car or truck from high gas prices and  
24 to cut America's dependence on foreign oil. Our 15  
25 BlueGreen Alliance partners and their 15 million members are

1 committed to promoting the fact that green auto jobs are a  
2 win-win for all Americans, and we're committed to raise  
3 awareness among consumers of the significance of these fuel-  
4 saving technologies.

5                   So, as you finalize the light-duty  
6 standards, we look forward to continuing our engagement with  
7 your agencies and the other stakeholders working to  
8 implement the strong standard which will maximize oil  
9 savings and reductions of greenhouse gas pollution. They  
10 are the secret to strengthening the U.S. auto industry.  
11 They will increase the deployment of advanced technology,  
12 protect U.S. automotive jobs and create more opportunity for  
13 American workers.

14                   So we applaud the efforts undertaken so  
15 far and believe that strong feasible standards can guarantee  
16 the best possible outcome for American workers, our  
17 communities, the economy and the environment.

18                   Thank you.

19                   MR. MEDFORD: Thank you very much.

20                   Mr. Pelissier.

21                   MR. PELISSIER: Pretty close.

22                   MR. MEDFORD: Sorry.

23                   MR. PELISSIER: Thank you. My name is  
24 Dan Pelissier. I'm the president of UAW Local 163 located  
25 in Westland, Michigan. Local 163 has been in existence

1 since 1942. We have approximately 2,000 members at eleven  
2 workplaces.

3 Our two biggest units by far are engine  
4 plants. One, Detroit Diesel, is owned by Daimler Trucks and  
5 produces engines for over-the-road trucks and other  
6 heavy-duty applications. We also have a unit on the Detroit  
7 Diesel Campus, City of Detroit Filter Operations, which  
8 produces pollution-control equipment for these large  
9 engines. Although neither of these are affected by the  
10 rules that is the subject of today's hearing, I want to  
11 recognize that Local 163 has experienced the increase in  
12 jobs that can come with sensible regulation.

13 The other engine plant represented by  
14 Local 163 is General Motors' Romulus engine plant. Romulus  
15 Engine opened in 1975. Since 1975 Romulus Engine has  
16 produced 17 million engines, and since its conversion to  
17 making gasoline engines in 1985 has built engines for  
18 General Motors products mostly, including many V-6 and V-8  
19 and larger displacements over 6 liters in some cases.

20 The plant also has been well-known for  
21 its quality and productivity achievements over the years  
22 and has been the most productive V-8 plant in North America  
23 several times. However, over the years, the actual demand  
24 for those engines in their current configuration has not  
25 been what it was during the day of 17 million in annual

1 sales.

2                   And like any manufacturing facility, we  
3 always have to think about future product possibilities. No  
4 program runs forever. Preserving and expanding employment  
5 is always a concern for the union. We need new investment  
6 to retool our plant for the latest technology.

7                   One trend that is driving technology is  
8 the desire by consumers to save fuel. The fuel economy and  
9 tailpipe pollution proposals we are discussing today gives  
10 manufacturers additional certainty so they can invest in  
11 producing more fuel-efficient products. These are huge  
12 investments, and added certainty helps.

13                   Romulus engine plant learned last fall  
14 that we are going to be the beneficiaries of a large  
15 investment by General Motors that will retool our plant to  
16 make some of GM's most efficient engines.

17                   GM will invest \$385 million at our plant  
18 to establish for the first time in our plant's history the  
19 production of 4-cylinder engines. I can't say anything  
20 about the details of the engine or the products that it will  
21 power, but I can say that this is obviously very good for  
22 the future of our facility.

23                   This investment was made possible by  
24 many factors, not the least of which is the new national  
25 agreement between GM and the UAW that was bargained by UAW

1 President Bob King and Vice President Joe Ashton.

2 But it's also clear the commitment GM  
3 made to increase the efficiency of its vehicles all the way  
4 to 2025 and the desire of consumers to save money on fuel  
5 means that many more vehicles will have an option for a  
6 4-cylinder engine. After all, who would have thought that  
7 Buick cars would be equipped with so many 4-cylinder  
8 engines.

9 That's why Local 163 sees a direct  
10 connection between the proposals under consideration here  
11 today and the jobs of the future at our plant. We will  
12 provide GM customers with an engine that is more efficient,  
13 yet gives them the performance they want. The adoption of  
14 these proposals will improve the environment, reduce our  
15 dependency on foreign oil and create jobs for autoworkers,  
16 and that is why the UAW is here to offer our support.

17 Thank you.

18 MR. MEDFORD: Thank you both.

19 Do my colleagues have any questions?

20 Thank you so much for your testimony  
21 today.

22 I think we're ready for the next panel.

23 MS. OGE: Like to call Mr. Mike Stanton,  
24 Doug Chalmers, Tom Thiel, Doug Fox, Ron Krupitzer, Robin  
25 Eckstein, Neil Carter and John Juriga.



1                   Good morning, Mr. Stanton. Welcome.

2                   MR. STANTON: Thank you very much.

3                   My name is Mike Stanton, and I am  
4    President and CEO of the Association of Global Automakers.  
5    We represent international motor vehicle manufacturers,  
6    original equipment suppliers and other automotive-related  
7    trade associations. Our members' market share and U.S.  
8    production is just about 40 percent.

9                   Global Automakers and its members have  
10   always endorsed a comprehensive and harmonized national  
11   approach to reducing greenhouse gas emissions and improving  
12   fuel economy. The alternative to having complied with a  
13   patchwork of state requirements would add significant cost  
14   resulting in higher vehicle prices with no corresponding  
15   environmental or energy benefits. We have been working with  
16   the EPA, DOT and CARB to create a program that meets our  
17   national and environmental and energy objectives while  
18   providing manufacturers with flexibility and lead-time  
19   necessary to design and build advanced technology vehicles  
20   that will provide consumers a wide full range of vehicle  
21   choices. This NPRM brings us another step closer to the  
22   goal of having a long-term single national program.

23                  The standards proposed by the agencies  
24   are extremely stringent and are based on a large number of  
25   assumptions about technology and the auto market over the

1 next 14 years. By extending the standards for many years  
2 into the future, the agencies provide manufacturers with  
3 substantial lead time which is of great value in compliance  
4 planning. On the other hand, the long time frame means the  
5 standards in the later years will be based on some  
6 assumptions. And for this reason we support the proposed  
7 mid-term review to reassess the stringency of the standards  
8 including technology penetration rates, fuel costs and most  
9 importantly consumer acceptance.

10 So we also support the flexibility  
11 mechanisms and credits that the agencies propose to make  
12 available. These provisions enhance the ability of  
13 manufacturers to meet market demand while maintaining the  
14 emissions and energy benefits of the program. They also  
15 provide another means of dealing with the uncertainty  
16 associated with the out year standards. The various credits  
17 work in different ways, all of which are extremely  
18 important. The credit banking and trading system provides  
19 an incentive for manufacturers to implement advanced  
20 technologies at early dates.

21 Off-cycle credits provide incentives for  
22 manufacturers to pursue technologies that produce benefits  
23 in actual on-road driving but are not measured using the  
24 FTP. Advanced technology credit provides an incentive for  
25 manufacturers to continue to develop and market these

1 technologies which have the potential for substantial  
2 long-term improvements in fuel efficiency and emission  
3 performance.

4 Air conditioning-system credits provide  
5 manufacturers flexibility in pursuing a variety of  
6 enhancements to system efficiencies and the use of advanced  
7 low global warming refrigerants. We see these flexibility  
8 mechanisms as an essential part of the program.

9 We also support the credit-based  
10 compliance option for the methane and nitrous oxide  
11 standards as well as the new upward adjustment approach to  
12 allow these emissions to be included with the carbon dioxide  
13 emissions. However, we see no need for the proposed  
14 prohibition on the use of different compliance options for  
15 nitrous oxide and methane in the same year. This  
16 restriction limits manufacturers' compliance flexibility but  
17 with no clear environmental benefit.

18 With regard to the proposed requirement  
19 for testing to measure nitrous oxide emissions beginning in  
20 model year 2017 we urge EPA to reconsider the  
21 cost-effectiveness of this requirement. The quantity of  
22 these emissions is quite low and we see no indication that  
23 they will become an important factor in climate change in  
24 the future. Testing for this substance will require  
25 expensive new analyzers. The performance remains to be

1 determined. We urge the agency to allow manufacturers to  
2 continue to demonstrate compliance using the pre-2017  
3 analysis-based methodology in 2017 and thereafter. The EPA  
4 could monitor these emissions and adopt new test-based  
5 requirements in the future should the emissions grow in  
6 significance.

7                   And, finally, Global Automakers supports  
8 the case-by-case small volume manufacturers approach. It  
9 allows the flexibility that this small segment of the  
10 industry needs while also mandating requirements necessary  
11 to control greenhouse gases. We also support the  
12 harmonization of the definition of small volume  
13 manufacturers.

14                   Obviously, we will have written comments  
15 which will expand on these points as well. To emphasize, we  
16 strongly support the program, we strongly want to work with  
17 you and will work with you in the process involved in the  
18 final standard and the mid-term review.

19                   Thank you.

20                   MS. OGE: Thank you.

21                   Don Chalmers, good morning.

22                   MR. CHALMERS: Good morning.

23                   My name is Don Chalmers. I'm Chairman  
24 of NADA's Government Relations Committee and President of  
25 Don Chalmers Ford in Rio Rancho, New Mexico. I traveled

1 here yesterday from Santa Fe, New Mexico, and I might ask  
2 the Committee's indulgence. I have had a personal thing  
3 come up and I have a plane to catch, and if you could ask  
4 any questions of me right after my testimony I would  
5 certainly --

6 MS. OGE: We'll do that.

7 MR. CHALMERS: Thank you very much.

8 Today I would like to make three main  
9 points. First of all, NADA supports one workable national  
10 fuel economy program.

11 Secondly, NADA wants the highest fuel  
12 economy that we can get as long as the mandates are feasible  
13 and affordable as customers do have choices.

14 And, third, the proposal dramatically  
15 underestimates cost impacts on new vehicles.

16 NADA supports the single national  
17 program governing light-duty vehicle fuel economy as that is  
18 what Congress sought in 2007 when it enacted the Energy  
19 Independence and Security Act. But dealers are concerned  
20 about the accelerated schedule in this proposal. The  
21 mandates for model year 2011 to 2016 just now being  
22 implemented aggressively move up the 2020 goal of 35 miles  
23 per gallon by four years. If this proposal aims to set  
24 mandates for model years 2017 through 2025, five of the  
25 thirteen years out in the future will more than double the

1 fuel economy of the vehicles I now sell.

2 Sure, manufacturers need adequate time  
3 to achieve compliance. And as a businessman, dealers  
4 appreciate regulatory certainty, but we question whether  
5 setting fuel economy mandates so far out makes sense when  
6 critical variables like fuel prices, consumer behavior and  
7 creditworthiness are paramount. If anything, this  
8 contradicts Congress's intent that such standards be set in  
9 5-year or fewer intervals. Moreover, any supposed certainty  
10 may be fleeting given the proposal's mid-term review could  
11 result in even stricter mandates for model years 2022 to  
12 2025.

13 The showroom realities I see suggest  
14 that we should take the time to evaluate how consumers react  
15 to the higher-mileage/higher-cost vehicles manufacturers  
16 will build in the next few years. In other words, if we  
17 want, if we wait two years, manufacturers would still have  
18 the time necessary to comply and we would all have better  
19 data on which to make decisions. Sales of new vehicles were  
20 12.7 million last year, a far cry from the 17-plus million  
21 in the high water market in the mid 2000s, but much better  
22 than the 10.4 million sold in 2009.

23 Dealers embrace the pivotal role we are  
24 playing to help lead our nation back to the road of  
25 prosperity, but we are wary of anything that might depress

1 sales and turn back the gains being made. Simply put,  
2 before rushing head-long into a new set of mandates aimed at  
3 doubling today's fleet fuel economy, we need to know better  
4 what the ramifications will be.

5 To work, fuel economy rules must require  
6 improvements that are affordable. Why? Because you can  
7 mandate what the manufacturers must build but you can't  
8 dictate what consumers will buy. If our customers do not  
9 purchase these products, we all lose.

10 Not that we're not suggesting the  
11 proposal is technologically infeasible. For example, my  
12 manufacturer Ford Motor Company has or can develop the  
13 engineering and manufacturing expertise necessary to comply,  
14 but at what costs. Our concern is for our customers and the  
15 prices that they will face.

16 When prospective purchasers come to my  
17 showroom, they have choices, even if their car just broke  
18 down that morning on the way to work and they definitely  
19 need to get there. I'm always delighted when they buy a new  
20 car or truck. But if they can't afford what I've got to  
21 sell or if what I'm selling fails to meet their needs, we  
22 can always walk over to my used vehicle lot or explore the  
23 option of having my service department fix up their old  
24 vehicle. And you can trust that my many competitors in the  
25 used car sales and service business will jump at the

1 opportunity to offer these option if I don't. So if new  
2 mandates are achieved -- if new mandates are to achieve the  
3 efficiency and emissions target sought, they must not  
4 undermine vehicle affordability or performance.

5 By EPA's own estimates, current prices  
6 would go up over today \$3,200. I heard different numbers  
7 thrown around, but a third of that are the mandates that are  
8 just now going into effect through 2016 and then another  
9 \$2000, or a little over 2,000 on the mandates from 2017 to  
10 2025, which will total in today's dollars \$3,200 over  
11 today's prices. This would raise payments between \$60 and  
12 \$70 a month in a typical automobile loan.

13 Lenders look when they approve the loan  
14 at advancing or loaning between 18 and 20 percent of the  
15 buyer's monthly take-home pay. If marginal credit is  
16 involved, that drops to 12 to 15 percent. Someone suggested  
17 you just put \$3200 more down on a car loan, but this is  
18 pretty naive and really not connected to the reality of  
19 today's showroom.

20 I asked my sales manager to give me a  
21 couple of recent examples of how this would affect our  
22 customers. And he said, How many do you want? And I just  
23 brought two here today that I can talk about. I can't give  
24 names for privacy reasons, of course, but I've got a single  
25 male, bought a car from me in the month of December. He has



1 a modest income of about \$24,000. He has very good credit.  
2 He had saved and has a down payment of \$2,000, was  
3 interested and bought a new Ford Fiesta.

4 The finance source gave him a qualified  
5 approval that said his maximum payment could be no more than  
6 \$350 a month. We negotiated it down to that and today he is  
7 driving a new Ford Fiesta. But if the price had been  
8 another \$3200 this customer would not have gotten this  
9 vehicle. Very likely, and this is just speculation on my  
10 part, would have ended up in my used car department buying  
11 an older car.

12 The second example is a middle-aged  
13 couple, came in -- when I say middle-aged, they're around  
14 55, and I hope I don't insult anybody by that. They were  
15 looking at a new Escape. They had an income of \$3500 a  
16 month but they had marginal credit. Down payment was their  
17 trade-in. Their trade-in was a 200,000 mile used Ford  
18 Taurus. They were qualified by the finance source to a  
19 maximum payment of \$570 a month. They could have been  
20 looking at an Escape hybrid but they couldn't afford the  
21 additional cost of the hybrid. They certainly could not  
22 afford another \$3200 increase in price and would have kept  
23 their old Taurus, fixed it up, or bought a used car.

24 The results of both these examples are  
25 the same: no new efficient vehicles would be on the road

1 today. I would have lost a sale, someone would -- there's a  
2 loss of jobs and in manufacturing the new vehicle that  
3 wasn't sold. Basically everybody loses, including the  
4 environment.

5 In Oklahoma where I grew up, we would  
6 say it doesn't make any difference if beans are only a  
7 nickel a bushel. If you can't get the nickel, you can't buy  
8 the beans. And, so, if they can't get the loan for the  
9 vehicle, then they wouldn't get the car that they wanted  
10 that we all want them to have.

11 As I said before, the proposal indicates  
12 that by 2025 the average price of the new light-duty vehicle  
13 will increase by some \$3200 over what it is today.

14 A study that the NADA will release next  
15 month will raise significant concerns regarding how the  
16 proposal calculates retail price impacts. By using a more  
17 realistic analytical approach, our initial analysis shows  
18 the proposal underestimates the cost at retail and suggests  
19 a compliance-related price increase in my showroom could be  
20 at least 60 percent higher than that which would be up to  
21 \$5,000 increase.

22 NADA also will soon release a look-back  
23 at the 2002 to 2010 medium- and heavy-duty truck emissions  
24 mandates revealing the EPA underestimated the average  
25 compliance cost by a factor of three. This look-back shows

1 what can happen when a regulatory proposal seeks to set far  
2 in the future mandates based on far in advance predictions.

3           Importantly, it will also document the  
4 widely recognized market disruptions that occurred as a  
5 result. Like the light-duty vehicle customers, commercial  
6 truck buyers seek out alternatives when faced with  
7 unreasonable regulatory mandates.

8           In closing, I ask only that you take  
9 into account the market realities of the showroom. If the  
10 new vehicles manufacturers must produce fail to meet the  
11 needs, desires or financial constraints of car and truck  
12 buyers, those buyers will seek out and find other options.

13           Again, dealers support a national  
14 program for improved light-duty fuel economy, but one  
15 consumers are willing and able to buy into.

16           On behalf of NADA, thank you again for  
17 the opportunity to present these views. I know that they're  
18 different than other people that came up here. But if we're  
19 all thinking the same way, we're all not thinking.

20           If you have questions, I'll be glad to  
21 answer them.

22           MS. OGE: Thank you, Mr. Chalmers.

23           Any questions for Mr. Chalmers before he  
24 leaves?

25           MR. MEDFORD: No. I think we'll look

1 forward to the new data that you mentioned.

2 MR. CHALMERS: Thank you.

3 MS. OGE: Well, I have a couple of  
4 questions.

5 So in your testimony, you clearly spoke  
6 about the cost, and we can sit here and question you. The  
7 purpose of this public hearing is to get input so we can  
8 refine the final language.

9 You did mention, however, the benefits  
10 that the consumer will get out of this action, for example,  
11 our analysis is in 2025, just from the 2025 new vehicle, the  
12 cost of that new vehicle would be \$2,000 -- consumers will  
13 save over \$6,000 in fuel savings assuming the gasoline price  
14 is the same as today in 2025, and in that the consumer will  
15 save \$4,000.

16 Would you please comment what is NADA's  
17 position on that?

18 MR. CHALMERS: Thank you for the  
19 question and I appreciate it. I probably didn't explain  
20 things right.

21 You used 2,000. I used 3200 because I'm  
22 adding the extra --

23 MS. OGE: I understand. Let's stay with  
24 the 2025 \$2,000 and the benefit, the consumer benefit.

25 MR. CHALMERS: I would agree and I think

1 all dealers agree and I want to sell very fuel-efficient  
2 cars. And if we sell more fuel-efficient cars, there are a  
3 myriad of benefits that can happen. But, again, if the  
4 customer can't get the financing for that car, then it makes  
5 no difference and if he can save as much or even more, and  
6 that depends on the consumer, if they can save as much or  
7 even more than what their monthly payment goes up, it  
8 wouldn't make any difference if the finance source will not  
9 finance the car in the first place. Finance sources do not  
10 look at how much you're going to save in fuel economy. They  
11 want to know what your income is today and what the car  
12 payment is today. They don't look at fuel economy.

13 And because of that, we will have a  
14 group of people that fall off and would not be able to have  
15 access to the new fuel-efficient cars that will be coming  
16 out. And, unfortunately, it's the people that fall off and  
17 don't get access are the people that probably need it the  
18 most and can least afford it. Other people that can't  
19 afford it, they could write a check for the car or have  
20 excellent credit and much more capacity to borrow, they will  
21 gain, but we would lose a significant percentage of the  
22 marketplace.

23 MS. OGE: And one more question, and  
24 then you can go back home. Thank you for coming.

25 I'm somewhat mystified by your

1 testimony. You're representing the Ford dealers.

2 MR. CHALMERS: Yes.

3 MS. OGE: And we just had Sue Cischke  
4 from Ford testifying on the program and clearly sees also  
5 the same concerns about the long-term of the standards, but  
6 the support of a mid-term review to reassess where we're  
7 going to be in the 2018 time frame.

8 So Ford thinks that they are going to  
9 sell more cars, that's why they're supporting it. What do  
10 you think? Why is there this disparity between what the OEM  
11 is saying, that they support this program with the way that  
12 we have structured it, and you represent the Ford dealers,  
13 you believe that's not a good deal for consumers, for your  
14 customers. Can you explain those, please, for the public  
15 record what is the disconnect that I see.

16 MR. CHALMERS: Well, first of all, I'd  
17 like to congratulate Sue who's a friend on her retirement  
18 and Ford won't be quite the company that it was the day she  
19 leaves.

20 And I do believe we have a little bit  
21 different view. And, again, we all need to say what we  
22 think, and we don't have to think to be in lock step. We  
23 may be closer together in our thoughts than we may think.  
24 We are concerned that the further out that we try to guess  
25 what the marketplace is going to be like, the more

1       inaccurate we're liable to be. And if we waited and  
2       gathered information the next couple of years of what is  
3       happening and how consumers are reacting to the 2011 through  
4       2016 standards, if we waited a year and a half, two more  
5       years, Ford Motor Company would still be able to comply with  
6       the technology required to meet the standards we're talking  
7       about, but we would have a whole lot more data on where  
8       we're heading and it would be more accurate. So we would  
9       end up with a better decision. That's Number 1.

10                   The second thing that I just can't quite  
11       get around is the affordability from a finance standpoint,  
12       not from a long-term look at payment versus gasoline. It's  
13       whether you can get qualified for a loan in the first place.  
14       That's my expertise. And that's what happens on the  
15       showroom floor. The bankers or anybody can get a chart and  
16       compare the payment to the fuel savings, and I don't know  
17       much about how to -- the technology required to reach these  
18       standards, but I do know exactly what my finance sources,  
19       all of them look at, and they'll look at a payment versus  
20       someone's disposable income. And if it's greater than what  
21       they need regardless of how much they're going to save in  
22       fuel economy, they won't -- they do not finance that car,  
23       and that's the reality of vehicle financing today.

24                   MS. OGE: Thank you.

25                   Now I'm going to go to Mr. Tom Thias.

1                   Good morning.

2                   MR. THIAS: Good morning.

3                   I want to thank you all for being here.

4 I've been in the car business not as a dealer but as a  
5 salesman for a quarter of a century. And I think all of us  
6 in this room or maybe a few do not or have not recalled the  
7 1970s with the oil embargo. That was not an annoyance for  
8 just a weekend; that went on for months and months and  
9 months, which began all this to begin with I believe in  
10 1977. That was the direct response to this.

11                   Let's come to the current era. It was  
12 four years ago about this time when the cost of a gallon of  
13 gasoline for the average person and businesses and companies  
14 began to creep up. If we go four years ago, it was about  
15 \$2.65 at this time. By May I recall the panic when it  
16 went -- April when it pushed over three; and then in June  
17 and July and August when it pushed four. The talking heads  
18 on the radio were talking about -- in fact, certain ones  
19 were castigating us because, gee, it's \$8 a gallon in  
20 Europe. Frankly, we were being strangled when it went past  
21 \$3.50.

22                   GMAC U.S.A. went out -- GMAC Canada went  
23 out in September -- went out in August of '08. GMAC U.S.A.  
24 went out -- this is the leasing companies -- went out in  
25 August. Why? Because you had hundreds and hundreds of



1 these full-size trucks that were put out three years earlier  
2 with a residual value in place that we cannot sell on our  
3 lots nor could GMAC in their normal returns put these  
4 vehicles onto the dealer lots, these program cars.

5 Each one hit General Motors and Chrysler  
6 in a liquidity situation. They had to cover each one and  
7 they would continue to come in from three years previous and  
8 two years previous as far as they could see for the next two  
9 and a half years. That may have been why they had to beg  
10 for the money to cover it. All right?

11 By December of that year after GM had  
12 gone through its troubles, and Chrysler, the cost of a  
13 gallon of gas went back into the low twos. We have no  
14 control over this. Those of you who drove in today and  
15 gassed up your tanks, as of last Tuesday, at least in the  
16 Lansing area, it was \$3.69 a gallon for regular. And,  
17 again, we have no control over this. There's ominous things  
18 on the horizon. You have probably heard the \$4-plus this  
19 summer. That is why we're here.

20 What we have done so -- what we can say  
21 now is that we are prepared. Four years ago, we didn't have  
22 the vehicles. Now for General Motors we have the Chevy  
23 Cruze. It gets 42 miles a gallon, and that's an average on  
24 the highway, two or three miles each side. We have the new  
25 Chevy Sonic. And this Cruze, by the way, is the highest

1 selling car in the country, second I think in rank with the  
2 Focus. And the new little car, the Sonic from Chevrolet  
3 rated at 40. The new E-assist coming up, the full-size  
4 Buick LaSabre on the ground now using electric lithium  
5 batteries with an AC motor is rated at 36 miles a gallon.

6 My point is we are on the way.  
7 Technology is marching on and I could go on for hours but  
8 let me keep this short.

9 The amazing Chevy Volt, the extended  
10 range electric vehicle. On the Monroney sticker, and that's  
11 the window sticker in the window, from last year's 2011  
12 Volt, the EPA stated this: If you drive an average of  
13 45 miles between charges, you will average 168 miles per  
14 gallon.

15 Now, the EPA says that 80 percent of the  
16 population drives 40 miles a day on average. Now, think  
17 about that for a minute. There is just a storm of negative  
18 press against the Volt. Not the Leaf, not the upcoming Ford  
19 Focus, from certain walks it is relentless from newspapers  
20 and this and that.

21 This vehicle is phenomenal. It can go  
22 101 miles -- let's not get into the product, I don't want to  
23 sell you one here today. The point is you have the Ford  
24 Focus coming out, you've got other -- if we look at it down  
25 at the auto show where I'm headed next, you have a whole

1 area called Electric Avenue. Everybody is getting in on it,  
2 and I think certain powers to be are very afraid. They will  
3 do whatever they can to stop this. And that may have been  
4 why gas went to \$4 in '08, but that's my speculation and  
5 I'll stay away from that.

6 One more thing. The complaint in these  
7 small little cars -- and, quite frankly, the Volt is a  
8 comfortable car. It will do 101 miles an hour in 0 to 6.89.

9 First, my local utility, Board of Water  
10 and Light of Lansing says this on their website, you can  
11 check it out, cost to charge about a buck twenty a day.  
12 That's if you're running the 25- to 50-mile range. Folks,  
13 that's \$36 a month plus a gallon of gas or two.

14 The average person is driving 20, or  
15 buying two gallons of gas a day driving that 25 to 40-45  
16 miles. That's \$8 a day, that's \$240 a month, that's \$7,200  
17 over three years. The Impala brand new gets an average of  
18 23.

19 My point is if I'm spending \$36 a month  
20 plus a couple gallons of gas versus \$240 in a vehicle like  
21 the Volt and the Leaf and the Ford Focus CV, I'm going to  
22 save \$7,200 over two years. And if I'm leasing it at \$399 a  
23 month, and I think the Leaf and the Volt are at the 40-50  
24 somewhere, take that 7200 bucks I'm not spending away from  
25 the \$399 a month on the lease, your net cost to drive is

1 about 7200 bucks over the three years. Maybe I'm pushing it  
2 too far. It's coming.

3 And finally, Bob Lutz, former Vice  
4 Chairman of General Motors last Tuesday introduced Via  
5 Motors. They are there. They're outfitting the OEM GM  
6 pickup trucks, vans and Suburbans for the SUVs all electric,  
7 40-mile range. Cost to charge, \$2 a day. Average fuel  
8 economy -- this is their information, not mine -- 100 miles  
9 a gallon.

10 Now we're going to do and we're going to  
11 go out with this over the next -- until the next 2025, and I  
12 tell you now we're ready for it, as far as the abilities we  
13 have for these vehicles to kind of offset that high dollar  
14 gas. They don't have us anymore.

15 And that's my statement. Thank you.

16 MS. OGE: Thank you.

17 Mr. Fox, good morning.

18 MR. FOX: I hate to follow that.

19 I am Doug Fox, owner of Ann Arbor  
20 Automotive. We're a group of automotive retail dealerships  
21 in Ann Arbor, Michigan, and I'm here to speak strongly in  
22 favor of proposed standards fully effective in 2025.

23 I'd just like to share a little bit  
24 about our experience and what we see in Washtenaw County.  
25 Our customers strongly desire more fuel-efficient vehicles.

1 Our sales were up in 2011 over 20 percent, and that was  
2 largely driven through the sales of fuel-efficient  
3 clean-burning vehicles, many of which were hybrids.

4 There's tremendous interest, as the  
5 gentleman that preceded me so elaborated on, in electric  
6 vehicles. We have consumers that are just waiting with  
7 bated breath for the new Nissan Leaf and the new Mitsubishi  
8 i Car which will go on sale later on this year in this part  
9 of the country. So we're very, very excited about that.

10 I think there seems to be universal  
11 agreement I think from everyone that we've heard today that  
12 everyone feels we should reduce our dependence on petroleum,  
13 and these standards, of course, move us in that direction.

14 If I could just speak a little bit to  
15 the gentleman that had to leave early. In terms of the cost  
16 and the concern that you might say, Well, geez, we're retail  
17 guys up here, we sell these cars, why aren't we concerned so  
18 much about these numbers that are being thrown around about  
19 the increased costs to the consumer, 3,000, 5,000, I saw a  
20 number as high as \$9,000 somewhere the other day.

21 I guess I have a lot of faith in the  
22 future of technology and where things are moving in our  
23 industry, and I think if you look at past history, where we  
24 are today, and where we were 25 years-30 years ago,  
25 performance vehicles had to be V-8, had to have 400 cubic

1 inches of displacement. Today we can exceed those kind of 0  
2 to 60 numbers with six cylinders, 25 percent less  
3 displacement in the engine.

4 I feel that if you make some pretty  
5 obvious assumptions that technology will continue to  
6 improve, it's not going to stand still, and it's not going  
7 to get worse. We don't know what the true cost of these  
8 improvements will be in 2025. If you look at the cost -- if  
9 you went back in 1999, 13 years ago and showed drawing and  
10 specifications for an iPad or a Kindle to an electronic  
11 company and said what would it cost to bring it to market in  
12 1999, it wouldn't be \$199, it would be way higher than that.  
13 So, I think for us to try to peg what these fuel economy  
14 standards will actually cost in terms of the price of the  
15 vehicle today in 2012, it's a pretty fast-moving target.  
16 So, I'm going to bet on the optimistic side and say that it  
17 is probably not going to be as detrimental to sales as some  
18 might think.

19 Lastly, I would just like to echo what  
20 Congressman Dingell said, that this truly is a remarkable  
21 moment in time. From almost everyone that I've heard speak  
22 today, we really have, as he put it, squared the circle, and  
23 there are really just winners here, everyone seems to win on  
24 this deal.

25 So I'm strongly in support of it and I

1 appreciate you hearing my comments.

2 MS. OGE: Thank you.

3 Mr. Krupitzer.

4 MR. KRUPITZER: Good morning.

5 My name is Ron Krupitzer, Vice President  
6 of Automotive Market for the American Iron and Steel  
7 Institute.

8 On behalf of the AISI I would like to  
9 thank the Chairpersons Oge and Medford for conducting this  
10 hearing today and also for the amazing work that was done  
11 over the last several years by your agencies in preparing  
12 the NPRM and supporting technical documents. We've had a  
13 chance to work in part with some of your engineers and I  
14 think it's been a great experience for us.

15 I would like to address the panel today  
16 on two major issues with respect to how the regulations will  
17 affect, first, the use of steel in future vehicles, and,  
18 secondly, greenhouse gas emissions.

19 On that first subject, AISI recognizes  
20 that the new regulations will influence car companies to  
21 consider mass reduction as a high priority.

22 I would like to state for the record  
23 that the steel industry has a history of providing mass  
24 reduction for light-duty vehicles; most recently, in fact,  
25 by developing advanced grades of advanced high-strength

1 steels for this purpose. These steels have tremendously  
2 improved strength over conventional mild steel, enable parts  
3 really to be thinner and lighter while carrying the same  
4 required loads.

5 In May of this year the "Great Designs  
6 in Steel" seminar featured Ducker Worldwide who reported  
7 that our new steels are now the fastest growing automotive  
8 material in today's new car and truck. So, in fact, you can  
9 see that these grades have already provided affordable mass  
10 reduction for car makers in this decade.

11 Ducker also forecasted the acceleration  
12 in the growth of these advanced steels between now and 2025.  
13 This increase in growth rate is expected largely because of  
14 the new regulations which will demand, in fact, further  
15 improvement in fuel economy and associated mass production.  
16 These advanced steels in the new vehicles today average  
17 around 17 percent which have grown from zero since about  
18 2002. That 17 percent can possibly triple by 2025.

19 And much work was necessary to grow to  
20 this level, in fact starting with projects like the  
21 ultralight steel research project that the global steel  
22 industry completed in 2002, to work that's now being done by  
23 the Auto Steel Partnership which includes Chrysler, Ford and  
24 General Motors and the North American steel companies.  
25 We've also had tremendous support in our development work



1 with the U.S. Department of Energy and U.S. Advance  
2 Materials Partnership.

3 Because of work like the lightweight  
4 front end structure project and the future generation  
5 passenger compartment, we actually accelerated the use of  
6 these new steels in use in vehicles today.

7 Now, for the future, 2017 to 2025, the  
8 subject of today's hearing, the AISI together with the world  
9 steel producers under WorldAutoSteel, completed a study in  
10 May of this year called FutureSteelVehicle. This study  
11 examined the future of efficient structures for electrified  
12 power-train vehicles like battery electric or plug-in  
13 hybrids. Twenty new grades of high strength steels were  
14 included in this study compared to our previous work, and it  
15 dramatically increased steel's portfolio of choices for car  
16 makers to use in making light cars and trucks. Many of the  
17 newest grades actually have strengths over 1000 MPa. And  
18 just to calibrate you, that's well over five times the  
19 strengths of conventional steels in vehicles.

20 So, such results in these studies  
21 surprised even us with mass reductions in some cases of 35  
22 percent in the body structure in the FutureSteelVehicle  
23 project.

24 Now, such high reductions are really  
25 because of these extremely high strengths that are now

1 available and the new manufacturing processes that are also  
2 available to suppliers like tailor rolling, hot stamping,  
3 for example, extremely strong B-pillars and very safe  
4 interior passenger compartments. FutureSteelVehicle results  
5 reinforce the forecast by Ducker that these grades should  
6 continue to grow at least out towards 2020.

7           So, the results of the FSV study has  
8 been shared with North American car manufacturers. More  
9 importantly it shows that significantly more mass reduction  
10 can, in fact, result from the use of these newer steels.  
11 What is also important in this study is that while we  
12 compare different materials in this engineering work, we  
13 found that many of the costs in carbon emission consequences  
14 of this study resulted in the most favorable conclusions  
15 from steel.

16           So, this takes us to a discussion of  
17 what's the best way to make a green vehicle to keep  
18 greenhouse gases at the lowest possible level.

19           Now, on this second subject, the effect  
20 of the proposed regulation on greenhouse gas emissions, I  
21 wanted to cite some work at University of California - Santa  
22 Barbara, University of Michigan and other places that will  
23 be identified in our written comments, that have pointed out  
24 already or done research on the value of life-cycle  
25 assessment in determining the true impact of vehicles on

1 greenhouse gas emissions.

2           Additionally, recent studies at UC Davis  
3 have examined the consequences of continuing to apply only  
4 tailpipe emissions -- that is driving cycle -- regulations,  
5 whereby ignoring some of the critical upstream sources of  
6 greenhouse gases. And I know General Motors earlier today  
7 commented on the upstream emissions concerns.

8           Well, for example, in recent LCA case  
9 studies by Geyer at UC Santa Barbara, he did a Sun to Wheels  
10 Study, and in Ricardo's recent publications preparing for a  
11 life cycle CO2 measure we saw that these organizations also  
12 support the fact that materials and manufacturing emissions  
13 are becoming a bigger and bigger part of total emissions, so  
14 we can't ignore them.

15           LCA methods are perhaps the most  
16 straightforward way to account for total emissions in  
17 vehicles. It's important, therefore, that LCA methodology  
18 be considered, although sometimes it's considered difficult  
19 or complicated. Fortunately, some work UC Davis has pointed  
20 to a rather simple method of using a bill of materials that  
21 all car makers use to build their cars and trucks as a way  
22 to calculate those upstream factors in emissions.

23           So what I'd like to conclude with is a  
24 recommendation, and that is that I feel and the American  
25 Iron and Steel Institute feels and the World Steel

1 Organization feels that considerable collaboration is really  
2 necessary among car companies, regulators and suppliers to  
3 establish a firm methodology for fairly accounting for life-  
4 cycle emissions in vehicle regulations.

5 The steel industry stands ready to  
6 participate in a multifunctional working group with the EPA,  
7 NHTSA and automakers and their suppliers to address this  
8 important challenge. We believe it is possible to develop  
9 and test such LCA methods in time for the mid-term review  
10 established for this regulatory period, but we have to start  
11 right away.

12 Thank you very much for your attention.

13 MS. OGE: Thank you.

14 Mr. Neil Carter. Good morning.

15 MR. CARTER: Good morning.

16 My name is Neil Carter and I'm here on  
17 behalf of many veterans like myself. I also point out the  
18 many problems in the Southwest Region of Afghanistan in  
19 2008.

20 This is considered a turning point in  
21 the native land to the war with Afghanistan because from  
22 2003 up to this point the U.S. was more heavily invested in  
23 Iraq, and once the native coalition had taken over the  
24 Afghan mission.

25 My unit suffered particularly heavy

1 losses in the spring and summer of that year and  
2 subsequently from insurgents. As a Marine Corps officer, I  
3 mostly operated in the Combat Operation Center or the COC at  
4 the battalion headquarters. This is located in the very  
5 middle of the camp in close proximity to the Marine living  
6 quarters. Within the COC there were dozens of  
7 communications data and other information systems many of  
8 which were classified set up for battalion staff and other  
9 personnel. This included laptops, radios and also  
10 telephones. All these systems as well as the lighting in  
11 the COC required a maximum amount of power in order to  
12 maintain 24/7 operations. The generator ran nonstop  
13 throughout the entire deployment. This generator was  
14 connected to a fuel line that pumped fuel from a large drum  
15 that was positioned about 30 meters from the COC.

16           Every day an Afghan gentleman would  
17 drive this fuel truck through the operating systems and  
18 security checks; drive up to the drum and refill more  
19 generator fuel. The reason why the drum is positioned so  
20 far from the COC was so that the Afghan trucker cannot get  
21 too close to the COC and potentially view classified  
22 material and hear any discussion pertaining to operations.

23           Not a single day went by in Afghanistan  
24 when I saw the truck refueling in the COC while wondering  
25 not only how long the U.S. taxpayer could afford to pay for

1 all this oil we were going through, how could we continue to  
2 depend on someone who is not an American who was in daily  
3 combat operations with us.

4           While I had no reason to believe that  
5 the trucker would turn against us or sabotage our operation  
6 or worse, I also had no belief -- no reason to believe that  
7 he would not. I was sure that like anyone else, he was only  
8 trying to make an honest living, but the fact that American  
9 lives depended on whether or not we had enough fuel to run  
10 the COC. In a few instances the trucker didn't even show up  
11 which severely impacted daily operations and put lives in  
12 danger. I knew there had to be a better way.

13           Being in one of the volatile regions in  
14 Afghanistan for eight months gave me time to contemplate and  
15 speculate. I often thought about how we as a military could  
16 operate using less oil and paying less on our host nations  
17 to fuel our machines. During one of those blackouts when we  
18 had run out of fuel, could we have gotten more information  
19 up to our men in the field a little faster and maybe saved a  
20 life or two.

21           The United States of America has some of  
22 the smartest minds in the world. President Kennedy drew on  
23 the impossible and after a few short years after his  
24 historic speech there was an American walking on the moon.  
25 I know we can do the same today to develop cleaner, more

1 efficient methods to power our machines because at the end  
2 of the day American lives depend on it.

3 Thank you, and I'd be happy to take any  
4 questions.

5 MS. OGE: Thank you for your testimony.  
6 Thank you for your service.

7 I'm going to go to Mr. Mitch Bainwol.  
8 Good morning.

9 MR. BAINWOL: Good morning. Thank you  
10 for your time and service.

11 My name is Mitch Bainwol and I'm the CEO  
12 of the Alliance of Automobile Manufacturers, an association  
13 of 12 vehicle manufacturers representing roughly  
14 three-fourths of the cars sold in the United States.

15 Two years ago the Alliance testified in  
16 support of the 2012-16 greenhouse gas and fuel economy rule,  
17 encouraged EPA, NHTSA and the California Air Resources Board  
18 to continue the Single National Program beyond 2016. We  
19 continue to support having a Single National Program and  
20 appreciate your efforts to pursue this goal.

21 Of course, much has changed since 2009.  
22 For one thing, automakers now are driving the country's  
23 economic recovery. Autos represent the largest  
24 manufacturing sector in the United States, and our sales are  
25 viewed as a leading economic indicator. Today, our industry

1 supports 8 million American jobs, \$500 billion in industry  
2 compensation and \$70 billion personal tax revenues.  
3 Automakers and suppliers are adding tens of thousands of  
4 jobs here in the United States.

5 Another significant change is that  
6 automakers are offering more fuel economy or fuel-efficient  
7 choices than ever before. 265 models that achieve 30 miles  
8 per gallon or more on the highway. That's a 65 percent  
9 increase over model year 2010.

10 The unprecedented effort of the coming  
11 13 years to further our country's energy and environmental  
12 goals will succeed only, only if consumers buy the  
13 fuel-efficient technologies that we will be offering.

14 Looking into the future, consumer  
15 purchasing patterns will be the biggest unknown. Besides  
16 fuel economy, we know that consumers demand affordability,  
17 safety, convenience and utility. One challenge we have is  
18 that fuel economy considerations often rank below those  
19 other factors. Fuel prices are especially difficult to  
20 predict and have a huge impact on how consumers weigh fuel  
21 economy at the dealership. That's why it's critical that  
22 the final rule include a rigorous mid-term review with a  
23 clearly defined process for its implementation.

24 During the review, the agencies should  
25 seek expert peer-reviewed information including the input of



1 the National Academy of Sciences to answer these questions:  
2 Are the costs of advanced technologies declining as  
3 expected? Are researchers making the breakthroughs  
4 anticipated? What's happening with fuel prices, and how are  
5 consumers responding? What impact are the new requirements  
6 having on sales and on employment? How are the new rules  
7 impacting vehicle safety? What's happened with fuel  
8 quality? Will liquid fuels support the fuel-efficient  
9 technologies that have been introduced? Will the new  
10 charging infrastructure be available to enable plug-in  
11 hybrids, battery electric vehicles and fuel cell vehicles to  
12 penetrate the market at the levels predicted?

13                   Of course, the ultimate question will be  
14 whether mainstream consumers will be able and willing to  
15 purchase the technologies needed to achieve the country's  
16 fuel economy, energy security and environmental goals,  
17 particularly as the federal and state incentives are phased  
18 out. Thus, in addition to the questions I have identified,  
19 the agencies should really focus on consumer purchasing  
20 behavior.

21                   Before concluding, let me briefly touch  
22 on three additional points.

23                   First, let consumers determine the  
24 winning fuels and technologies. Ultimately consumers should  
25 decide what best meets their needs. Vehicles that run on

1 gasoline, diesel, biofuels, electricity, hydrogen and  
2 natural gas will all play a role in improving fuel  
3 efficiency and reduce greenhouse gas emissions.

4           Second, the rule needs to fit into  
5 comprehensive energy policy. For instance, the proposed  
6 rule indicates that the agencies expect electric vehicles to  
7 become an increasingly large part of the car market; yet,  
8 the rule leaves open the possibility of requiring  
9 manufacturers to account for upstream emissions -- this is  
10 what Mike Robinson spoke about -- from electricity  
11 generation in the event that the Administration is unable to  
12 control these emissions through other channels. If programs  
13 to address upstream emissions are needed, then let's put  
14 them in place with appropriate upstream regulations, not by  
15 imposing additional burdens on automakers.

16           Finally, manufacturers should be  
17 encouraged through flexibilities and incentives to implement  
18 verifiable innovations that enhance vehicle safety, that  
19 explore new technology applications and reduce CO2  
20 emissions. The Alliance will be providing in-depth written  
21 comments focusing on how best this can be accomplished.

22           The rulemaking under consideration today  
23 will govern vehicle production 5 to 13 years from now. It  
24 comes on the heels of a 5-year rulemaking that cost  
25 automakers approximately \$52 billion, a higher cost than any

1 previous rulemaking. The agencies predict that the  
2 additional greenhouse gas reductions and fuel economy gains  
3 from this rule will cost an additional 133 to 157 billion  
4 dollars. This unprecedented effort and expense will further  
5 our country's important energy and environmental goals, but  
6 only if consumers purchase the more fuel-efficient and  
7 climate-friendly and more expensive vehicle technologies.

8 Thank you for this opportunity.

9 MS. OGE: Thank you.

10 I keep on mispronouncing your last name.

11 What is your last name?

12 MR. JURIGA: Juriga.

13 MS. OGE: Juriga. Good morning.

14 MR. JURIGA: Good morning.

15 As Ms. Oge mentioned, my name is John  
16 Juriga. I'm the Director of Powertrain for the Hyundai Kia  
17 American Technical Center and I'm here to speak on behalf of  
18 Kia Motors Corporation.

19 Before discussing the proposal, I would  
20 like to take a few moments to talk about Kia's  
21 earth-friendly initiatives so we can better understand Kia's  
22 perspective. Kia is the automotive industry's current fuel  
23 -- one of the, Kia, automotive industry's fuel economy  
24 leaders. We're one of the fastest moving global automotive  
25 brands. When Kia Motors introduced the EcoDynamic sub-brand

1 in 2009, it demonstrated the company's global commitment to  
2 developing innovative fuel-stretching and emissions-cutting  
3 technologies, and in less than three years we are already  
4 delivering dramatic results.

5 Last year, Kia introduced its first  
6 hybrid in the U.S. market and the Kia Rio will also be the  
7 first non-luxury or hybrid vehicle to offer idle stop and go  
8 technology which turns off the engine when the vehicle is  
9 not in motion. Both the Kia Optima Hybrid and the Rio  
10 achieve EPA fuel-economy ratings of 40 miles per gallon  
11 while delivering class-leading horsepower. And the Optima  
12 holds the world record for the lowest fuel consumption by a  
13 gasoline hybrid traveling through all 48 contiguous U.S.  
14 states and needed less than six tanks of gas to cover nearly  
15 8,000 miles, an average 64.5 miles per gallon.

16 Kia is also actively working with the  
17 U.S. Department of Energy's Renewable Energy Laboratory to  
18 develop advanced vehicles including fuel cell technology.  
19 In December, Kia began selling the company's first electric  
20 vehicle in the domestic Korean market and we have announced  
21 plans to launch a CUV-style EV for global markets in 2014.

22 And now to the proposal.

23 I want to start by saying that Kia  
24 emphatically supports the proposal and believes that it is  
25 important for the agencies to set tough but feasible

1 standards while providing flexibilities which allow each  
2 automaker to maximize their strengths in achieving the  
3 standards. That being said, Kia has a few comments about  
4 the proposal which we will mention here and go into more  
5 detail in written comments.

6 Sort of the technical side, based on  
7 research that we have conducted, Kia believes the methods  
8 suggested by the agencies for nitrous oxide which must be  
9 measured starting in 2013 are not fully proven and  
10 developed. Kia prefers the bag method analysis of  
11 measurement to minimize reduction of testing throughout.  
12 However, the NDIR and FTIR bag analysis methods currently  
13 have repeatability and practicality concerns. We support  
14 the measurement but recommend that it be revisited in a time  
15 when there is improved and accurate and more efficient means  
16 available.

17 Kia supports the use of A/C menu for  
18 determining air conditioning system credits but supports an  
19 increase in the maximum amounts of credits permitted if we  
20 were able to demonstrate an emission reduction greater than  
21 the items provided in the menu. However, since the new AC17  
22 test procedure has not yet fully been developed, Kia  
23 recommends that EPA retain the idle test as an option until  
24 the AC17 has been proven to be more reliable rather than  
25 requiring the use of the AC17 procedure at the beginning of

1 2017.

2                   Additionally, Kia requests the  
3 industry -- for industry consistency that EPA set more  
4 detailed guidelines for the framework to prove out the A/C  
5 system durability. It's unclear how A/C system durability  
6 is defined.

7                   Kia appreciates these substantial lead  
8 times for these regulations which will provide stability in  
9 long-term planning. However, Kia believes it is important  
10 for the agencies to include mid-term evaluations to allow  
11 for revisions if some of the assumptions made in the  
12 drafting of the rule are not proven to be correct. Even  
13 though Kia supports the standards, Kia recognizes it is  
14 difficult to accurately predict the outcome -- to accurately  
15 predict how to deliver the 2025 technology in that time  
16 frame. Consumer acceptance of those technologies and costs  
17 will also be a challenge. The mid-term review will help us  
18 ensure that the standards are robust for all OEMs near to  
19 the time frame of implementation.

20                   Kia plans to move fast to advance our  
21 technologies, reduce greenhouse gas emissions and improve  
22 fuel economy, and we are committed to contributing to the  
23 sustainability of our plans.

24                   Thank you for this opportunity to  
25 provide our viewpoint and we'll be providing written

1 comments as well.

2 CHAIRPERSON OGE: Thank you. Any  
3 questions from the panel?

4 MR. SILVERMAN: One question -- one  
5 question for Mr. Krupitzer.

6 MR. KRUPITZER: Yes.

7 MR. SILVERMAN: The agency had an  
8 extensive discussion of safety in the proposal. I'm  
9 wondering if you would say a little bit about that and if  
10 there are any safety implications for use of that steel.

11 MR. KRUPITZER: Thank you for asking the  
12 question. Those comments will be covered in our written  
13 comments. Because of the time today we didn't get into it  
14 in much depth.

15 I think in general with regard to  
16 safety, we have done quite a bit of research over the last  
17 10 or 15 years in the steel industry. We have proven beyond  
18 a doubt that it's very possible to use lighter structures  
19 and achieve equivalent test performance on safety.

20 I think that the new Kahane report is  
21 very interesting -- we're still analyzing it, by the way --  
22 and the vehicle-to-vehicle situation is a different story.  
23 But I think that in general we don't have any objections to  
24 the initial conclusions that were drawn in that study, which  
25 really points out the importance of the footprint

1 methodology in defining, you know, your basic vehicle  
2 structure.

3 So, again, steel provides with its high  
4 strength varieties the opportunity to reduce the mass in a  
5 given footprint, which I think is critically important as  
6 suggested in that Kahane study as being probably the primary  
7 factor in determining how effectively we can design vehicles  
8 to be safe in collisions within the fleet among different  
9 size vehicles.

10 So without changing the laws of physics,  
11 I think that this regulation should not have a serious  
12 impact on the progress that we're making now on the safety  
13 of vehicles on the road.

14 MR. SILVERMAN: Thank you.

15 MR. MEDFORD: Okay, thank you very much.

16 I think we're ready for the next panel.

17 We have Rhett Buttle, Christine  
18 Dingeman, Robert Honeyman, Al Williams, Bob Bienenfeld, Ann  
19 Mesnikoff, Andrew Brown, Sharif Sokkary.

20 If you would write your name on one of  
21 those tents it would help the recorder.

22 Okay, Mr. Buttle. Thank you. Good  
23 afternoon.

24 MR. BUTTLE: Thank you. Actually, I  
25 have to run out after I testify to catch a flight.



1 MR. MEDFORD: Okay. Thank you.

2 MR. BUTTLE: Good morning. My name is  
3 Rhett Buttle. I am the National Outreach & Government  
4 Affairs Director for Small Business Majority.

5 For those of you who aren't familiar,  
6 the Small Business Majority is a nonpartisan, small business  
7 advocacy organization that is founded and run by small  
8 business owners. We represent the 28 million American small  
9 businesses who are self-employed or own a small business  
10 with up to 100 employees or under. Our organization uses  
11 scientific research, economics and opinion to understand and  
12 represent the interest of small businesses.

13 Solutions to our country's economic  
14 malaise start with our small businesses, but the government  
15 must support them if we are going to harness their powerful  
16 roles as job creators. Small businesses have a potential to  
17 stimulate the economy but they need smart policies to help  
18 them do so, such as stronger fuel efficiency standards. By  
19 concentrating their efforts on raising the requirements  
20 automakers must meet, legislators can help entrepreneurs  
21 save money and give them the boost they need to rebuild  
22 America. We know this from our research.

23 The rising cost of fuel is a key area  
24 where the government can help small businesses. We released  
25 a national opinion poll in September of last year that found

1 that 87 percent of small business owners believe it's  
2 important to the United States to take action now to  
3 increase fuel efficiency in cars and light truck. A 59  
4 percent majority described this as very important.

5 Moreover, small business owners in influential automotive  
6 states such as Michigan, Ohio and California demonstrated  
7 equally strong support for these stringent standards.

8 Our survey also found 71 percent of  
9 small business owners believe American car companies do not  
10 innovate enough, and 73 percent believe the federal  
11 government should do more to make them innovate. Therefore,  
12 it's not surprising that 80 percent of small business owners  
13 supporting requiring the automotive industry to increase  
14 fuel-efficiency standards to 60 miles per gallon by 2025 an  
15 even a higher standard than the 54.5 miles per gallon  
16 standard the Obama Administration proposed in November.

17 Small business owners know they'll  
18 benefit from strengthened fuel economy standards. The  
19 proposed rules are right on par what entrepreneurs told us  
20 they want - improved fuel standards that have the power to  
21 cut long-term business costs. Stronger standards are a  
22 surefire way to help small business owners to save money on  
23 fuel, invest in their companies and their time.

24 Of the employees we polled, the rising  
25 cost of doing business came in as their top concern

1 including rising fuel cost. This helps explain why so many  
2 small business owners believe in stronger fuel economy  
3 standards have the potential to boost their bottom lines.  
4 In fact, 87 percent of small business owners agree that  
5 improving innovation and energy efficiency are good ways to  
6 increase prosperity for small businesses. If lawmakers are  
7 going to meet entrepreneurs' needs, raising fuel economy  
8 standards is a great way to start.

9           Though higher standards, the money small  
10 business owners and consumers will save on gas will better  
11 equip the American public to foster economic growth by  
12 patronizing businesses everywhere, by promoting business  
13 everywhere. We support raising the fuel economy standards  
14 because it will be a boon to small business in our economy.

15           Thank you very much.

16           MR. MEDFORD: Thank you very much.

17           Does anyone have any questions? We  
18 understand you have to leave now.

19           Thank you very much.

20           MR. BUTTLE: Thank you for your time.

21           MR. MEDFORD: Next, Dr. Brown.

22           DR. BROWN: Thank you very much. I  
23 appreciate the opportunity, Deputy Administrator Medford,  
24 and Director Oge, good to see you again, and my friends Jim  
25 Tamm as well as Chet France.

1                   Good afternoon, and thank you for the  
2 opportunity to appear before you today.

3                   I am Dr. Andrew Brown, Jr., Executive  
4 Director and Chief Technologist for Delphi Corporation. I  
5 am also a recent past president of the Society of Automotive  
6 Engineers and I am currently Chair of the National Research  
7 Council Board on Energy and Environmental Systems.

8                   Delphi is a leading global supplier of  
9 mobile, electronic and transportation systems, including  
10 powertrain, safety, thermal controls and security systems,  
11 electrical/electronic architecture and in-car entertainment  
12 technologies.

13                   As a major automotive advanced  
14 technology supplier, Delphi has a significant interest in  
15 this Notice of Proposed Rulemaking and we appreciate the  
16 opportunity to comment directly.

17                   We support the continuation of a  
18 national program that incorporates energy efficiency and  
19 emission reduction benefits, while remaining technology  
20 neutral without favoring selective approaches.

21                   We support the existing credit options  
22 and applaud the agencies' efforts to extend additional  
23 flexibility for off-cycle credits.

24                   Being green is a vital everyday aspect  
25 of doing business that touches all industries. It is no

1 longer a niche movement. But the automotive industry in  
2 particular has made a strong commitment to be more  
3 sustainable and efficient throughout its supply chain.

4 The future of transportation rests on  
5 the steady pillars of environmental care, safety at all  
6 levels, the ability to communicate with other vehicles and  
7 with the infrastructure we rely on when we drive.

8 These safe, green and connected  
9 solutions must be the foundation of the quest for a green  
10 and sustainable mobility industry.

11 To this end, I would like to share five  
12 important concepts that Delphi feels will help the  
13 automotive industry move toward a greener future.

14 First, internal combustion engines,  
15 ICE's, both gasoline and diesel, will continue to improve  
16 and, therefore, be a major propulsion source for years to  
17 come. We as an industry and you as a government agency  
18 should be supporting efforts to improve current internal  
19 combustion engine technology. And we urge the EPA and NHTSA  
20 to take a careful look at the contributions that can be made  
21 by both gasoline and diesel engines.

22 Second, vehicle electrification is  
23 shaping the future of automotive power and propulsion and  
24 will continue to do so for many years to come as more  
25 drivers look to hybrid electric vehicles and start/stop

1 technology as a way to improve their efficiency and green  
2 vehicle choices. This market is expected to grow steadily  
3 for the foreseeable future and will be affected by global  
4 government regulations.

5 Third, this rulemaking will enable the  
6 consumer to experience the inherent value of technologies  
7 that have a reasonable payback period.

8 Fourth, the air conditioning system is  
9 the highest ancillary load on the system. We highly support  
10 the EPA's proposed credit system to incentivize  
11 energy-efficient HVAC technology that can reduce the fuel  
12 needed for the air conditioning system by 40 percent.

13 Finally, I recommend that the National  
14 Research Council technology cost estimates and  
15 implementation cadence data be included in the agencies'  
16 analyses and be considered a primary source of information.  
17 Industry reports and other analyses can also be used to  
18 provide even more insight and sensitivity.

19 I would now like to turn to specific  
20 technologies which we as Delphi believe are solutions to the  
21 joint EPA/NHTSA emissions and fuel emissions standards.

22 As I said earlier, the best potential is  
23 with improved internal combustion engine technologies.  
24 Delphi has a strong portfolio of ICE-compatible technologies  
25 including direct injection fuel systems and advanced fuel

1 injectors for alternative fuels, such as E-85 ethanol and  
2 compressed natural gas, variable valve lift and electric cam  
3 phasing to improve engine performance over the full engine  
4 operating range and reduce pumping losses. Multi-strike  
5 emissions systems to improve advanced high dilution  
6 combustion schemes, fuel delivery modules with brushless  
7 fuel pumps to reduce parasitic losses, and evaporative  
8 emissions canisters with heated purge to improve canister  
9 purge efficiencies under low conditions common with hybrid  
10 vehicles.

11           Second, Delphi has a proven track record  
12 in achieving energy and emissions reductions in diesel  
13 technology. Specifically, Delphi's direct injection fuel  
14 systems and linear oxygen sensors support diesel combustion  
15 with urea dosing systems, ammonia sensors and particulate  
16 matter or soot sensors help meet stringent emissions and on-  
17 board diagnostic requirements.

18           Finally, Delphi also has a portfolio of  
19 products that will help electrify the vehicle. Some of  
20 these products include traction inverters, DC to DC  
21 converters, battery packs, battery controllers, hybrid  
22 control systems and chargers.

23           I would also like to mention that Delphi  
24 holds a unique position in the automotive aftermarket by  
25 having the ability to apply knowledge from its original

1 equipment heritage to products that support emissions and  
2 fuel requirements well into a vehicle's long life.

3 New technologies benefiting fuel economy  
4 and emissions anticipated to be ready for the 2017 to 2025  
5 time frame include waste heat recovery, intelligent  
6 transportation systems and cost reductions for electric  
7 drive electronics.

8 In conclusion, Delphi appreciates the  
9 opportunity to comment on this Notice of Proposed  
10 Rulemaking. Again, we feel a national program that  
11 incorporates energy efficiency and emission reduction  
12 benefits should remain technology neutral. I think you can  
13 see that Delphi has taken this approach in order to provide  
14 its customers the broadest range of technologies to meet  
15 their individual requirements.

16 In addition, existing credit options and  
17 additional flexibility for off-cycle credits provide an  
18 incentive for the industry to look across the entire  
19 automobile for solutions.

20 Thank you very much, and I'm available  
21 for any additional input and clarification.

22 MR. MEDFORD: Thank you, Dr. Brown.

23 Miss Dingeman.

24 MS. DINGEMAN: Thank you.

25 My name is Christine Dingeman. I live



1 in Rochester Hills, Michigan. I am a volunteer for the  
2 Consumers Union, but I am here on my own behalf today.

3 I would like to speak in favor of the  
4 54.5 miles per gallon target for cars and light trucks by  
5 2025. I've been waiting for this since 1979 when the oil  
6 embargo caused all the lines at the gas station. I think  
7 it's taken way too long to get here.

8 I have many reasons to support this  
9 measure but I am going to share just a few today.

10 We must reduce our dependence on oil  
11 foreign and domestic for the security of our nation. Our  
12 dependence on fossil fuels weakens our ability to remain an  
13 independent nation free of imports of foreign nations or  
14 corporate interests. Increasing fuel efficiency will lead  
15 to alternative fuels and eventually to cars and trucks that  
16 don't rely on fossil fuels at all. This will result in a  
17 more secure nation.

18 We must protect our environment. About  
19 half of the oil we use fuels our cars and trucks. It also  
20 pollutes our air causing serious health effects and wreaks  
21 havoc on our environment with oil spills and pipeline leaks.

22 As the mother of an asthma sufferer and  
23 the widow of a lung cancer victim, I am very concerned with  
24 the rise in respiratory diseases over the last 10 to  
25 20 years. My husband never smoked; he was a marathon

1 runner, yet he died of lung cancer. Cleaner air means a  
2 healthier population and a huge savings for the nation on  
3 medical costs.

4 Third, we must reinvigorate our economy.  
5 Increasing the fuel efficiency of our cars and light trucks  
6 will generate jobs not only in the auto industry but in  
7 alternative fuel cell development and other related  
8 companies. This will provide consumers with greater vehicle  
9 choices and significant savings on fuel costs. As we,  
10 consumers, purchase new more efficient vehicles, we will  
11 help put people back to work while saving in our own  
12 pocketbooks.

13 This is an important issue to me and I  
14 am in total support of the 54.5 miles per gallon target.

15 I thank you for hearing my comments  
16 today.

17 MR. MEDFORD: Thank you very much.

18 Mr. Bienenfeld.

19 MR. BIENENFELD: Good afternoon. I'm  
20 Robert Bienenfeld, Senior Manager of Environment and Energy  
21 Strategy in the Product Regulatory Office of American Honda  
22 Motor Company.

23 We appreciate the opportunity to share  
24 with you Honda's thoughts on this joint EPA and NHTSA  
25 proposal for a national greenhouse gas and fuel economy

1 standard for the light-duty vehicles for the model years  
2 2017 to 2025.

3 This NPRM builds upon the important  
4 foundation established by the seminal greenhouse gas and  
5 CAFE standards adopted for the '12 to '16 model years.  
6 These newly proposed standards represent an ambitious,  
7 challenging, and dramatic set of goals for most of the  
8 automobile industry.

9 Honda has long advocated for fuel  
10 economy standards, and by inference lower greenhouse gas  
11 emissions, as well as a single national standard. Over the  
12 last year and a half, Honda has worked cooperatively with  
13 NHTSA, EPA, the White House and the California Air Resources  
14 Board towards the development of these proposed rules. We  
15 have committed significant resources to provide information  
16 to these agencies in the development of the rules including  
17 making our top technology executives available to them.

18 These proposed regulations set forth in  
19 the NPRM when harmonized with the proposed regulations now  
20 under consideration in California have the potential to  
21 simplify and rationalize OEM obligations throughout the  
22 United States. Without these harmonized regulations, there  
23 is a significant risk that OEMs would face fragmented,  
24 conflicting and burdensome regulation of fuel economy and  
25 greenhouse gases. There's a strong likelihood that the

1 California regulations, which likely would be adopted by  
2 additional states, would diverge from the Federal  
3 Regulations resulting in a patchwork of standards that  
4 differed in stringency, testing requirements, and  
5 flexibilities throughout the country.

6 Honda has long advocated for technology-  
7 neutral performance-based standards. These are important  
8 principles for several reasons. First, technology-neutral  
9 is important because these standards would be in place for  
10 more than a dozen years into the future. It is impossible  
11 to predict the potential advances that would be made over  
12 this time in each and every technology. Technology-neutral  
13 standards help to assure that favoritism in 2012 does not  
14 lead to failure in 2020. And just as importantly, each OEM  
15 will have different capabilities with respect to each  
16 technology, and favoritism for a technology necessarily  
17 results in, intentionally or not, favoritism for an OEM.

18 Secondly, performance-based standards  
19 are the best way to assure that regulations result in the  
20 greatest advance possible for our social goals.

21 It is in keeping with these two  
22 foundational principles, technology-neutral and performance-  
23 based standards, that we offer the following suggestions for  
24 improving the 2017 to 2025 proposal.

25 In the 2012 to '16 regulation EPA set

1 the CO2 value for the electric portion of the plug-in  
2 electric vehicles and battery electric vehicles to zero as  
3 an incentive for OEMs to bring these relatively expensive  
4 vehicles to market. This incentive was capped both in terms  
5 of volume and timing. These constraints have been weakened  
6 by their extension through 2025. Honda believes that this  
7 policy is misguided and creates significant incorrect  
8 perceptions about the relative merits of these technologies.  
9 We agree with most of the environmental community that the  
10 social benefits must be understood and measured on a  
11 well-to-wheel basis. It is clear that there are no special  
12 virtues to be associated with tailpipe greenhouse gas  
13 emissions if the well-to-tank emissions are high.

14                   Additionally, without a comprehensive  
15 well-to-wheel assessment of greenhouse gases, EPA and others  
16 who rely on EPA's assessments will improperly favor or  
17 signal preferred technologies rather than providing  
18 technology-neutral standards.

19                   We think the solution to quantify  
20 well-to-wheel greenhouse gas emissions is already within the  
21 government's grasp. The Department of Energy uses a  
22 respected, widely accepted model called GREET, and the NGOs,  
23 academics and the federal government itself use GREET to  
24 model policy choices when considering light-duty vehicles  
25 and their impact on the greenhouse gas emissions. We

1 believe it makes sense for EPA to adopt DOE's GREET model in  
2 order to evaluate the well-to-wheel impact on various  
3 technologies.

4 EPA has solicited comments on its  
5 proposal for advanced technology multipliers as a means to  
6 facilitate market penetration of the most advanced vehicle  
7 technologies as rapidly as possible. Honda supports the  
8 proposed multipliers for EV, PHEV, and fuel cell  
9 technologies. EPA requested comment on the idea of  
10 including natural gas vehicles in the technology  
11 multipliers. Natural gas vehicles can reduce CO2 as much as  
12 25 percent simply through changing the fuel from gasoline to  
13 natural gas. In addition, there is a new-found abundance of  
14 this clean domestic fuel. Together these attributes mean it  
15 makes sense to include natural gas vehicles in the advanced  
16 technology multiplier.

17 However, EPA intends to use the SAE  
18 utility factor in calculating the contribution of each fuel  
19 in climate change in the future bi-fuel vehicle, which Honda  
20 believes will virtually eliminate any regulatory  
21 differentiation between a dedicated and the bi-fuel natural  
22 gas vehicle to detrimental effect. Therefore, Honda  
23 suggests that EPA instead add dedicated natural gas vehicles  
24 to the EV and fuel cell electric vehicle group of  
25 technologies and add bi-fuel natural gas vehicles to the

1 PHEV group of technologies with respect to the multiplier.  
2 EPA and NHTSA propose for the 2017 to  
3 2025 periods to radically alter the light-duty truck curves  
4 from their '12 to '16 slopes. The agencies have proposed  
5 dramatically increased stringency for the smaller footprint  
6 truck and little or no stringent increases for the larger  
7 footprint trucks. Honda previously shared data with the  
8 agencies indicating that if any change were to be made to  
9 the curves, it was more appropriate to flatten out the  
10 curves or moderate the increase in stringency for the  
11 smaller footprint trucks and to increase the stringency for  
12 the larger trucks. In other words, Honda believes that  
13 smaller light trucks are being unfairly singled out for  
14 increases in their standards, especially compared to the  
15 larger vehicles. This obvious -- this is obviously because  
16 the smallest trucks will have an annual increase of around 4  
17 percent while the largest truck will have an annual increase  
18 of less than 1 percent.

19 Subsequent to the publication of the  
20 NPRM, on December 7th, 2011, the University of Michigan  
21 issued a study by Whitefoot and Skerlos. Honda agrees with  
22 their conclusion. And I'm quoting: "In the near term, the  
23 analysis suggests that the slope of the function determining  
24 fuel economy targets based on vehicle footprint should be  
25 flattened for both passenger cars and light trucks and even

1 further for light trucks.

2                   Additionally, the agencies' own data  
3 show this to be true. Simply looking at the EPA's and  
4 NHTSA's estimates for the compliance cost differences  
5 between passenger cars and trucks, both agencies estimate  
6 lower compliance costs for trucks than passenger cars, and  
7 this is primarily due to an imbalance in the light truck  
8 slope and a much more stringent burden being placed on the  
9 lower sales volumes of the smaller light trucks and little  
10 to no additional stringency being put on the larger light  
11 trucks.

12                   EPA and NHTSA believe that full-sized  
13 pickup trucks have unique challenges in improving fuel  
14 economy and GHG emissions due to payload and towing  
15 requirements. Honda believes that vehicles other than full-  
16 size pickup trucks should receive similar consideration in  
17 preserving their utility. SUVs and minivans, for example,  
18 are often fully loaded by families resulting in expectations  
19 or coming from expectations of 7- or 8-passenger seating  
20 capabilities while maintaining payload and towing  
21 functionality. Similarly situated vehicles ought to be  
22 treated the same.

23                   We've singled out these key issues for  
24 comment while recognizing that there is much to appreciate  
25 and support in this proposed regulation. The agencies are



1 to be commended for the depth and breadth of their research  
2 and analysis. The addition of a thoughtful and reasonable  
3 approach to off-cycle credits is exciting to us and we  
4 believe will result in the introduction of many new and  
5 innovative technologies.

6 The proposed mid-term review seems  
7 appropriate to us and we believe it will be essential to  
8 checking progress and making necessary adjustments that  
9 cannot be foreseen from this early date.

10 Thank you very much.

11 MR. MEDFORD: Thank you very much.

12 Miss Mesnikoff.

13 MS. MESNIKOFF: Thank you. I'll try to  
14 speak as slowly as I can. I tend to speak very fast so if  
15 I'm going too quickly ....

16 Thank you for the opportunity to testify  
17 today. I am Ann Mesnikoff. I'm the Director of the Sierra  
18 Club's Green Transportation Campaign.

19 On behalf of Sierra Club's 1.4 million  
20 members and supporters, Sierra Club applauds EPA and NHTSA  
21 for proposing to strengthen vehicle efficiency and  
22 greenhouse gas standards for model year 2017 to 2025 cars  
23 and light trucks. Together with the standards for 2012 to  
24 2016 vehicles this Administration has put new cars on the  
25 path of being twice as efficient as new cars today. By

1 2025, the new vehicles are expected to average 54.5 miles  
2 per gallon and emit 162 grams per mile of greenhouse gas  
3 pollution delivering to consumers vehicles down the road  
4 according to the agencies will average 37 miles per gallon.

5           These standards are the biggest single  
6 step we can take to reduce greenhouse gas emissions and  
7 tackle our oil addiction. Cars and light trucks drive our  
8 addiction to oil to consume over 8 million barrels of oil a  
9 day and CO2 nearly 20 percent of U.S. climate-destructing  
10 pollution. Our oil addiction drains our economy as much as  
11 \$1 billion every day costing jobs and threatening our  
12 national security.

13           As we noted in our report to hear on the  
14 issues of the American Securities Project, much of our oil  
15 comes from countries at high risk of instability several of  
16 which work actively against U.S. interests. Recent  
17 developments with Iran are yet another reminder of this  
18 fact.

19           The progress EPA and NHTSA have made in  
20 tackling our oil addiction and slashing pollution through  
21 setting standards together has been breathtaking after  
22 decades of inaction on vehicle standards. Over the past 18  
23 months the Administration has worked together with the  
24 California State officials to engage the public, the auto  
25 industry and auto workers as well as the environmental

1 community and others.

2                   The process has resulted in the proposal  
3 we are commenting on today. Sierra Club with other groups  
4 formed a coalition so that we could educate the public, our  
5 members, and decision-makers of the importance of  
6 strengthening vehicle standards. In Washington the  
7 coalition was confident that the technology would be  
8 available to transform new cars by 2025. The  
9 Administration's proposal makes enormous progress towards  
10 that goal and the events that will deliver our future are  
11 huge.

12                   By 2030 we will be using 1.5 million  
13 barrels less oil every day due to these standards.  
14 Consumers will save more than \$3,500 at the pump even after  
15 paying for the fuel-saving technology. Savings will be even  
16 greater if gas prices rise above current levels. According  
17 to DOT and the EPA these standards will save our economy and  
18 consumers more than 311 to 421 billion dollars. These  
19 hundreds of billions of dollars will translate into new  
20 jobs.

21                   The report from Ceres estimates that  
22 nearly half a million jobs may be added to the economy  
23 between jobs and the auto industry.

24                   Finally these standards will keep 280  
25 million metric tons of carbon pollution out of the

1 atmosphere. That's the equivalent of shuttering 72 coal-  
2 fired power plants for one year.

3 Americans want choices in the vehicle  
4 market but they do not want to guzzle gas nor do they want  
5 to waste billions at the pump. Americans consistently  
6 support higher standards and are willing to pay more to save  
7 oil. We can now be confident that technology once used to  
8 make vehicles more powerful will be used to improve fuel  
9 efficiency from improving the internal combustion engine,  
10 better transmissions, high strength lightweight materials,  
11 and to hybrid and plug-in vehicles.

12 The EPA and NHTSA both note the proposed  
13 standards preserve consumer choice. The fact is that these  
14 standards enhance consumer choice. Consumers today already  
15 enjoy a full range of more efficient and less polluting  
16 vehicles. The new analysis shows that new vehicles  
17 purchased last year averaged a half mile more per gallon  
18 than those in 2010, an improvement that saved \$722 million  
19 at the gas pump where consumers bought 214 fewer billion  
20 gallons of gas than the year earlier.

21 This year Automotive News included in  
22 its top ten new things in 2011 Ford's EcoBoost engine for  
23 its F-150 pickup truck, the top selling vehicle in the  
24 country. The Automotive News wrote a year ago, "Who would  
25 have guessed that Ford's F-150 pickup buyers would prefer an

1 EcoBoost V-6 to a traditional V-8?" This shows that the  
2 technology exists and has been put to work to improve the  
3 efficiency and reduce emissions from even the largest pickup  
4 trucks and the consumers will choose to buy better mileage.

5 The new proposed standards will continue  
6 to improve technologies and push them into the market. They  
7 will unleash innovation and create jobs. There's already  
8 been a dramatic shift among automakers from being a "can't  
9 do it" street to one that is innovating and touting change.  
10 Thirteen automakers are publicly supporting these proposed  
11 standards.

12 There are several issues we will comment  
13 on in depth in the docket including the issue of the zero  
14 emissions electric vehicles but also the need to address the  
15 outdated testing methods used for measuring vehicle  
16 efficiency standards, which in part result in the  
17 discrepancy between standards as they are proposed and what  
18 consumers will see in their dealership lots.

19 There is no doubt with these standards  
20 that these are the biggest single steps we can take to move  
21 Americans beyond oil and curb carbon pollution. However,  
22 more needs to be done. Even with more efficient vehicle  
23 standards, we must increase our transportation choices to  
24 reduce how much people drive and reduce the carbon content  
25 of the fuels we use. When it comes to vehicles, however,

1 President Obama and EPA and NHTSA have guaranteed progress  
2 for the next 13 years. We urge EPA and DOT to finalize  
3 strong standards in July.

4 Thank you very much.

5 MR. MEDFORD: Thank you.

6 Ms. Woodard.

7 MS. WOODARD: Thank you. Good  
8 afternoon.

9 My name is Tracy Woodard and I am  
10 Director of Government Affairs at Nissan North American. My  
11 responsibilities include ensuring that Nissan is positioned  
12 in the U.S. market to sell cars Americans want to buy and to  
13 make sure we do so in a way that promotes safety and a  
14 cleaner environment. I am pleased to have the opportunity  
15 to testify here today and to offer Nissan's support for the  
16 national program and the current proposal.

17 As you know, Nissan is a global  
18 automotive manufacturer offering a full line of light-duty  
19 motor vehicles in the United States and throughout the  
20 world. Nissan currently has over 11,000 employees in the  
21 United States, as well as three domestic production plants  
22 with an annual production capacity of nearly 1 million  
23 vehicles. Nissan supports the national program and remains  
24 committed to the regulatory program as set forth in the  
25 notices of intent and the proposed rule.

1                   Nissan expects its fleet during the  
2 model years covered by this rulemaking to include a diverse  
3 array of technologies and powertrains in order to meet the  
4 aggressive proposed targets. Nissan remains dedicated to  
5 continued improvements in gasoline-powered vehicles, safe  
6 mass reductions, and advances in traditional hybrid  
7 technology.

8                   Nissan has also led the way in investing  
9 in zero emissions technology for the mass market. We have  
10 been working with governments on every level to prepare  
11 infrastructure and in supporting the government programs to  
12 ensure the long-term viability of low and zero emission  
13 vehicles.

14                   Nissan's commitment to the proposed rule  
15 is premised on a robust and comprehensive mid-term  
16 evaluation for the model years 2022 to 2025. The standards  
17 are extremely aggressive and extend beyond current  
18 development planning periods. The agencies have assumed a  
19 significant amount of technology advancement, consumer  
20 acceptance, and fleet shift during these model years  
21 covered.

22                   The ability of auto manufacturers to  
23 meet these standards will depend not only on our commitment  
24 to incorporate additional and transformational technologies  
25 but also on factors external to vehicle design and

1 engineering. The mid-term evaluation is essential to  
2 ensuring that the standards remain technologically and  
3 economically feasible during those time periods.

4 The proposal also represents a  
5 significant leap forward in advancing more environmentally  
6 friendly vehicles and zero emissions transportation.

7 As a leader in electric powertrains, we  
8 brought to market the all-electric Nissan Leaf in December  
9 of 2010. Already, we have sold more than 9,800 Nissan Leafs  
10 in the U.S. and about 20,000 around the world. The Nissan  
11 Leaf is a full service family sedan designed for range,  
12 functionality, and safety and has received a combined miles  
13 per gallon equivalent rating of 99. The Nissan Leaf is a  
14 top safety pick by the Insurance Institute for Highway  
15 Safety and the first all-electric car to earn an overall  
16 five star safety rating from NHTSA. The battery contains  
17 air-cooled stacked laminated battery cells and is located  
18 below the front seats and rear foot space, keeping the  
19 center of gravity as low as possible and increasing  
20 structural rigidity compared to a traditional 5-door  
21 hatchback.

22 In the near future Nissan plans to  
23 introduce electric vehicles in other market segments  
24 including the luxury market.

25 Nissan is currently building a battery



1 production facility plant in Tennessee which we expect to  
2 complete in late 2012. When the plant is at its full  
3 capacity, Nissan will be capable of domestic production of  
4 200,000 advanced technology batteries annually. The battery  
5 plant will be located adjacent to Nissan's vehicle assembly  
6 plant in Smyrna which is being retooled to accommodate  
7 production of up to 150,000 electric cars annually.  
8 Combined vehicle and battery production at these facilities  
9 will create up to 1300 U.S. manufacturing jobs when the  
10 plants are operating at full capacity.

11 While Nissan has invested heavily in  
12 batteries and electrical powertrain technology, optimal  
13 environmental benefits as a result of zero emission electric  
14 vehicles requires sustained industry-wide investment in this  
15 technology. This, in turn, depends largely on the extent to  
16 which infrastructure is developed and consumers adopt these  
17 technologies.

18 The production credits in the proposed  
19 rule are essential to incentivizing continued manufacturer  
20 investment in these advanced technologies, increasing their  
21 rate of adoption and the rate by which the United States  
22 will realize a zero emission society.

23 We will provide more extensive written  
24 comments to support the agencies' efforts to promote  
25 transformational change to enable advanced technology like

1 battery electrical vehicles to gain a strong foothold in the  
2 new vehicle market.

3           We also understand that certain groups  
4 have raised concerns about upstream emissions from  
5 energy-producing facilities that power the grids that charge  
6 the vast range of consumer goods including electric  
7 vehicles. The solution to the issue of emissions from  
8 energy production facilities is not to discourage the  
9 proliferation of electric vehicles or other consumer goods  
10 by devaluing their contribution to a cleaner environment.  
11 Discouraging that fleet by diminishing the way in which the  
12 environmental benefits are presented to the public will only  
13 serve to reduce the market for electric-powered vehicles,  
14 delay further serious advancements in low emissions  
15 electricity and perpetuate the domination of  
16 emission-producing internal combustion engines. We support  
17 the continued focus on tailpipe emissions in this program.  
18 While we have no control over the energy production  
19 facilities or their emissions, we also support public and  
20 private efforts to move the power supply towards renewable  
21 energy sources.

22           The national program represents a  
23 significant step forward in reducing greenhouse gas  
24 emissions and fuel consumption through a unified federal and  
25 state regulatory structure. We appreciate the efforts of

1 federal agencies and California in providing a regulatory  
2 program that allows for one product pathway to compliance  
3 and that includes incentives to promote longer term public  
4 policy.

5 We look forward to continuing to work  
6 with you towards a final regulation and implementation of  
7 the program.

8 Thanks.

9 MR. MEDFORD: Thank you.

10 I think -- is it Mr. Sokkay?

11 MR. SOKKARY: Sokkary.

12 MR. MEDFORD: Sokkary.

13 MR. SOKKARY: Yes. Thank you

14 Mr. Chairman. Good afternoon to members of the panel. I do  
15 appreciate this opportunity to speak before you today.

16 The intent of my comments today are to  
17 support the adoption of 54.5 miles per gallon fuel  
18 efficiency standards to give my perspective on how this is  
19 critical to our national security. I base my remarks on my  
20 11-year career as a Marine Corps officer and being deployed  
21 to Afghanistan once, and my policy knowledge of the greater  
22 Middle East developed through my travels there. I must also  
23 point out that I am here today speaking for myself and not  
24 the Department of Defense or the United States Marine Corps.

25 All here know the shocking numbers,

1     \$1 billion a day overseas to pay for our oil. It is also  
2     common knowledge that much of this money goes to governments  
3     and organizations that do not support American interests or  
4     intentions. Our enemies benefit both from the money that  
5     can be funneled to forces in conflict with our troops and by  
6     giving the enemy a strategy target that will be able to  
7     affect U.S. actions.

8                     The clearest evidence I have of this  
9     latter point is that my attack helicopter squadron was  
10    tasked with providing security for Iraqi oil pipelines while  
11    I was in Iraq. This was an additional task once we were in  
12    country and it came about because the insurgents discovered  
13    that one of the ways they could have a great effect on the  
14    security and stability of the situation was to attack the  
15    pipelines and disrupt the flow of oil that was critical to  
16    the Iraqi government and American forces.

17                    I should also point out that our  
18    services with attack helicopters were in high demand, and  
19    while this new task did not sacrifice our critical support  
20    to U.S. forces, it was one more task and a litany of  
21    requirements that kept us very busy and stretched thin.

22                    I believe the reason the pipelines were  
23    considered important enough for us to protect was the  
24    critical need for oil. This need was driven by the  
25    requirements in country and our unquenchable thirst for it

1 at home. If the free flow of oil is not as critical to us  
2 or our allies we will not have to dedicate assets such as  
3 the aircraft pilots from my squadron to protect such  
4 infrastructure, and the enemy will not be able to target  
5 such things in order to harm our strategic interests.

6 The way to lessen this critical need of  
7 oil is to decrease the demand. Because almost half the oil  
8 we use goes to fueling our cars and trucks, one of the most  
9 effective ways to decrease the demand is to improve the  
10 efficiencies of these cars and trucks. The new standards of  
11 54.5 miles per gallon will go a long ways towards achieving  
12 this efficiency.

13 I would like to close with a general  
14 comment on standards. As a Marine Corps officer I had the  
15 privilege of leading some of the best men and women in the  
16 world. Given their training, dedication and professionalism  
17 I knew that anything I tasked them with they could  
18 accomplish. This was a testament to them as individuals and  
19 their families for making them the people they were, but  
20 also critically it was because the Marine Corps set high  
21 standards for all Marines to follow and then hold every  
22 Marine to those standards.

23 I believe there is analogy to the  
24 current debate on fuel economy standards. Many see the  
25 standards of 54.5 as a high standard to meet, but by

1 creating this high standard, you can leverage the training,  
2 dedication and professionalism of U.S. auto industry workers  
3 and engineers. I have no doubt we will be able to make  
4 fleets of cars that are more efficient and will continue to  
5 rival the best in the world.

6 Thank you.

7 MR. MEDFORD: Mr. Sokkary, thank you for  
8 your testimony. Also thank you for your service to our  
9 country which is much appreciated.

10 Mr. Honeyman.

11 MR. HONEYMAN: Thank you for allowing me  
12 to speak.

13 I am Bob Honeyman. I'm a local guy. I  
14 grew up in Detroit, spent 25 years in Ann Arbor, got  
15 diverted to South Florida for a couple of decades but now  
16 I'm back home. The cold is much better.

17 I'm not employed by Consumers Union, it  
18 may be indicated in your notes. I am just a guy. I was  
19 asked by Consumers Union to speak to the panel.

20 So, you know, one of my early exposures  
21 to EPA was down in South Florida. When I moved down there,  
22 I was shocked that every year in order to renew my tags, I  
23 had to go to a facility and have a tailpipe inspection. And  
24 I guess it was because the air quality in Miami and South  
25 Florida was less than desirable.

1                   But about a dozen years ago, I was  
2     looking, you know, for the tag application and the piece  
3     about the tailpipe inspection was missing. So I called to  
4     find out and I was told that because air quality had  
5     improved enough, the testing requirement was gone, it was no  
6     longer required, which, you know, said several things: one,  
7     it says that regulation does work, and it says also that not  
8     all federal programs have lives of their own. They do end.

9                   There's a myth that unregulated free  
10    markets are the most efficient in the world. The problem  
11    with that is that, you know, no one looks at the hidden  
12    costs, you know. We know about scrubbers on coal-fired  
13    plants and we know about the emission standards that were  
14    set up by EPA for the auto industry. You know, those  
15    essentially actualized the hidden costs, made them up front  
16    costs, made them cheaper, and forced the consumer to bear  
17    the burden which is where, you know, those costs should be  
18    felt.

19                  I'll give you Fukushima as an example of  
20    hidden costs that, you know, had the right regulatory  
21    environment been in place, Japan and the surrounding area  
22    wouldn't have to deal with that calamity.

23                  One of the things that struck me in  
24    preparing for this was that we all think the United States  
25    is the most innovative country of creators, you know,

1 there's no problem that we can't solve. Yet, I found a  
2 paper that was presented to -- a background paper presented  
3 to the UN-sponsored commission on sustainable development a  
4 year ago written by Ann Early and Green Wieskal.

5 They compared fleet efficiency across  
6 different countries, and while the U.S. showed 25 miles per  
7 gallon in 2008, I was surprised, China is 40 percent better,  
8 and Europe and Japan are 80 percent better. So the modestly  
9 regulated auto industry in this country failed to come up  
10 with the innovations that created fuel efficiency that the  
11 rest of the world is able to benefit from.

12 So in my mind, it is incumbent upon us,  
13 upon the EPA to create the standards that create the  
14 requirements that the auto industry clearly can live up to  
15 because it's being done elsewhere in the world.

16 The hidden costs to 25 miles per gallon,  
17 the domestic fleet consumed something like 3.2 trillion  
18 barrels of oil in 2008. We imported 4.2 trillion barrels in  
19 2008, and we added nearly \$400 billion to our trade deficit.  
20 Nearly half the trade deficit was because of oil that was  
21 imported.

22 You know, everything being equal,  
23 ignoring population growth, you know, if we held up the  
24 efficiency of the fleet, then my calculations, for what it's  
25 worth, we'd save approximately a million and a half to two



1 -- I'm sorry, one and a half trillion to two trillion  
2 barrels of oil a day, which is, you know, in the  
3 neighborhood of \$150 billion of imports that we no longer  
4 have to fund with currency outflow.

5           You know, to ignore the fact that the  
6 biggest exports in this country over the last 25-30 years  
7 have been jobs, the currency that's sitting out there is  
8 just immense. It's several trillion dollars, maybe more,  
9 sitting in, you know, Asia and other places.

10           Fortunately, we have, you know, annual  
11 budget deficits so that our largest export is treasuries,  
12 otherwise we might have a serious problem with the daggers  
13 and all. But clearly it's something that we have to handle.  
14 Even reducing the trade deficit by 20 percent, which is what  
15 I figured roughly the --

16           MR. MEDFORD: Can I ask you in the  
17 interest of time to wrap it up.

18           MR. HONEYMAN: Sure. I'm just about  
19 done.

20           That still saves a lot of currency that  
21 is going offshore.

22           And, finally, the regulation makes  
23 capitalism work better. And I look at the EPA as clear  
24 evidence of how it works and how it works well.

25           Thank you.

1 MR. MEDFORD: Thank you very much.

2 And Mr. Williams.

3 MR. WILLIAMS: Thank you.

4 My name is Al Williams. I am Climate  
5 Equity Fellow for the Detroit NAACP.

6 First I would like to say thank you, and  
7 am extremely elated to be here today to present our comments  
8 on the proposed vehicle standards on behalf of the Detroit  
9 NAACP and all the NAACP branches in the State of Michigan.

10 We are fully engulfed in an environment  
11 of social justice issues and we see environmental justice as  
12 a social justice issue. So when we heard of the Obama  
13 Administration and the proposed landmark fuel economy carbon  
14 pollution standards that would double car and light truck  
15 fuel economy by 2025, we were ecstatic, absolutely ecstatic  
16 and are doing all that we can to make sure that the  
17 community knows, African-Americans, fellow Detroiters  
18 throughout Metropolitan Detroit understands the importance  
19 of the standards.

20 You know, the U.S. economy -- or the  
21 U.S. has been a world leader in a number of different  
22 things, but our policies on transportation and fuel  
23 efficiency and greenhouse emissions have been to say the  
24 least one of the worst across the world.

25 Our fuel taxes are amongst the lowest in

1 the world and we greatly lag behind Europe and Japan when it  
2 comes to setting effective efficiency standards. The  
3 2012-2016 rule took a giant step towards catching up to the  
4 new proposed rule for 2017 to 2025. And it will extend the  
5 progress and set longer term requirements.

6 The consistent long-term signals will  
7 help manufacturers plan for ongoing technology developments;  
8 and, once again, we applaud the EPA, NHTSA as well as DOT as  
9 well as California and the Obama Administration for taking  
10 another large step along a long road to sustainable  
11 transportation systems.

12 So, for us, you know, this is about  
13 countenance. For the NAACP these proposed standards will  
14 help families, families with passenger cars, light trucks,  
15 SUVs. It will help them save money, put more money back in  
16 your pocket. To extend the standards enacted last year that  
17 cover vehicles sold in 2012-2016 will raise the average fuel  
18 economy by 2016, but the first ever fuel-efficiency  
19 standards for medium- and heavy-duty trucks from 2014 to  
20 2018 will also be enacted this year. So, the common sense  
21 standards that are represented here will be our largest  
22 reduction in oil consumption in the history of the United  
23 States of America.

24 This means cars, light trucks will go  
25 twice as far on a gallon of gas, and families and small

1 businesses will spend half as much on gas to get to where  
2 they need to go on a daily basis, which is absolutely  
3 important.

4           These standards mean reducing our  
5 dependence on foreign oil and it also, as was said earlier,  
6 will strengthen national security. In 2010 the United  
7 States imported more than 4.3 barrels of oil -- 4.3 billion  
8 barrels of oil sending billions and billions of dollars to  
9 other nations where our economy suffered immensely and  
10 struggled.

11           These proposed standards will reduce oil  
12 consumption, greenhouse gas emissions, and air pollution.  
13 They will reduce dependence on oil by 4 billion barrels  
14 which is very, very significant, and it will slash 2 billion  
15 metric tons on greenhouse gas emissions.

16           As I said earlier, the average American  
17 household spends approximately \$2,000 per year on gasoline.  
18 I don't know if I have \$2,000 a year to spend on gasoline  
19 anymore, but the daily gasoline costs in the United States  
20 is astronomical. And adopting these standards of fuel  
21 efficiency and emissions performance, to take it to 54.5  
22 miles per gallon by 2025 will save me, my mom, my family and  
23 consumers across the country about \$6,000 a year, maybe  
24 more, which is very significant, and when it can go to so  
25 many other places to do so many other positive things other

1 than going to a foreign oil distributor.

2 Promoting fuel efficiency will create  
3 high quality jobs right here in the United States. As said  
4 earlier, one of the biggest things they outsourced in the  
5 past 20 years has been jobs, and the City of Detroit has  
6 felt it more than anybody else, I would say. Better fuel  
7 economy standards will improve our competitiveness and  
8 advance vehicle technologies and stimulate innovation,  
9 economic progress and, most importantly, energy  
10 independence.

11 So my hat goes off to the Obama  
12 Administration, the EPA, NHTSA, DOT for taking these very,  
13 very important steps. And having these hearings here today  
14 during the auto show and to have people like President Bob  
15 King and UAW sign on in support of this is very important,  
16 very important to not only the political talking hands of  
17 the world but it's even more important to my grandmother who  
18 stays on Dexter and Davison and still drives a car from the  
19 1980s and has spent so much of her, I don't know, constant  
20 income that comes the same amount every month on gas that's  
21 fluctuating almost every day now to help her save money to  
22 put towards my son's college career or to put towards the  
23 business on her street to stay in business. I mean, that's  
24 absolutely important to functioning for cities like Detroit  
25 who are not functioning as well as they can.

1                   I want to bring this back to laymen's  
2 terms. These proposed standards will save the wildlife and  
3 the environment. The standards will cut 2 billion tons of  
4 carbon pollution, which helps our wildlife. It will reduce  
5 our need for oil, like I said before, eliminating the  
6 consumption of 4 billion barrels of oil. And it will save  
7 consumers money, it will save consumers money, put more  
8 money back into our pockets so we can help the economy on  
9 our own.

10                   And last but not least, the most  
11 important thing, which transcends through lives, I believe,  
12 is it creates jobs. It will create jobs. I said this,  
13 NAACP has for years, if you want to reduce crime, create  
14 jobs. The EPA is doing that and helping other doing that.  
15 And I applaud you for that.

16                   And, then, last but not least, our  
17 historic addiction to dirty oil has been absolutely  
18 astronomical. And if you ask me, it's taken its toll on a  
19 number of different occasions and really has put the United  
20 States at the bottom of the barrel on a number of different  
21 levels. 3.4 billion barrels of oil a day. Three times as  
22 much oil as would be produced from the controversial  
23 Keystone pipeline, which means we will save much more oil  
24 than that pipeline from Canada to Texas will produce. And  
25 then, you know, we're cutting our intake of oil.

1                   So I applaud the EPA; I applaud NHTSA.  
2   NAACP stands behind this. There's community of colors  
3   throughout the City of Detroit and Metropolitan Detroit.  
4   We support you. We've been to Chicago in support of this.  
5   We will go to Philadelphia in support of this. We will  
6   stand up in support of this, and we applaud the EPA, the  
7   Obama Administration as well as all the automakers who have  
8   partnered up in support of this.

9                   Thank you very much.

10                  MR. MEDFORD: Thank you very much.

11                  Any questions from our colleagues?

12                  Listen, we'd like to thank each and  
13   every one of for your testimony today. We're going to take  
14   a 30-minute break now and come back with Panel 4 in 30  
15   minutes, so that will be 1:50 sharp.

16                  (A recess was taken from.

17                  1:20 p.m. to 1:58 p.m.)

18                  MS. OGE: So we will start the afternoon  
19   with our next panel: James Jacobs, Brenda and Gil Archambo,  
20   Pamela Ortner, Reverend Peggy Garrigues, Julie Lyons  
21   Bricker, Mr. Timothy Schacht, Mr. Tom Zerafa, and Miss Robin  
22   Eckstein.

23                  If you could please take a seat,  
24   indicate the names in the signs in front of you, and I would  
25   ask you to speak slowly, not too slowly, but slowly enough

1 so your comments can be recorded.

2 So we will start with Mr. Jacobs. I  
3 understand that he has another appointment and he needs to  
4 leave after his testimony.

5 MR. JACOBS: Thank you very much. Thank  
6 you for indulging me.

7 Thank you for the opportunity to testify  
8 before this public hearing. My name is Jim Jacobs. I am  
9 the President of Macomb Community College, which is located  
10 in Southeast Michigan. Macomb Community College provides  
11 learning experiences to more than 59,000 students annually  
12 and it is the largest grantor of associate degrees in the  
13 State of Michigan.

14 By virtue of our location and long  
15 history of partnership with the auto industry, which is  
16 heavily concentrated here, we are uniquely able to comment  
17 on the education and training issues affecting the auto  
18 industry in consequence of the 2017 and later model year  
19 light-duty vehicle greenhouse gas emissions and corporate  
20 average fuel economy standards.

21 The auto industry has been undergoing  
22 profound radical technological and business changes over the  
23 years. The production of clean, fuel-efficient vehicles and  
24 their key components is now a major driver of industry  
25 growth and job opportunities. According to the study by the



1 UAW and the National Wildlife Federation and the National  
2 Resources Defense Council, there are now more than 150,000  
3 workers nationwide working on the production of  
4 fuel-efficient vehicles. Adding technology to these  
5 vehicles to enhance fuel efficiency and reduce emissions  
6 creates jobs, because new work is needed to research, design  
7 and manufacture and install these devices on trucks and  
8 cars.

9           The recovering auto industry as a whole  
10 has added 100,000 jobs last year and is on track to add  
11 another 60,000 jobs this year. Many of these jobs will be  
12 in the area of advanced internal combustion engines, hybrid  
13 powertrains and electric vehicles, and many of them are  
14 located here in Southeast Michigan.

15           Our college is providing the training to  
16 these workers who will need to build the clean, fuel-  
17 efficient cars of the future. For our region and the United  
18 States auto industry the future is now.

19           We collaborate with three sets of  
20 partners as we redefine and develop major curriculum changes  
21 in response to changing the automotive technology. The  
22 first and foremost is industry itself. We maintain strong  
23 linkages to many companies and industry associations for  
24 expressed purposes of anticipating and defining work force  
25 means. One particularly strong example is the Michigan

1 Academy for Green Mobility Alliance Or MAGMA. It's a  
2 Michigan regional skills alliance which includes members of  
3 all the major automobile manufacturers in Michigan -  
4 Chrysler, Ford, GM and Nissan and Toyota; major automobile  
5 suppliers like Delphi, Denso, Eaton and many others, battery  
6 manufacturers including LG Chemical, Al23 as well as major  
7 industry associations and educational institutions. This  
8 agency has taken a lead in redefining and endorsing courses  
9 in curriculum in advanced automotive technology.

10 The second set of collaborators are  
11 government agencies, primarily in the form of funding for  
12 grants in developing and disseminating curricula. One  
13 example of such grants is the Department of Energy's  
14 Electric Drive Vehicle Grant to educate and prepare the  
15 technical and scientific workforce for the emerging electric  
16 vehicle industry.

17 Another is the National Science  
18 Foundation Grant to fund a new Center for Advanced  
19 Automotive Technology located at Macomb Community College.  
20 This advanced technology education center is one of the 41  
21 national centers sponsored by NSF and will be central for  
22 development and dissemination of advanced automotive  
23 technology programs in content not only to Michigan but  
24 nationally.

25 Our third set of partners are other

1 educational institutions. Through our educational  
2 connections and innovations we work with the universities  
3 and community colleges in Michigan and nationwide to develop  
4 and promote the education of technicians and engineers in  
5 the technologies that will enable dramatic fuel improvement  
6 for the U.S. fleet and will assure technological leadership  
7 of the domestic industry. An example of our educational  
8 institution collaboration is the Automotive Communities  
9 Consortium, a national collaborative network of 18 community  
10 colleges led by Macomb which is designed to facilitate the  
11 college-to-college institutional peer learning environment  
12 for sharing best practices in education in community.

13           As of today, Macomb Community College  
14 has a hybrid electric vehicle curriculum, an alternative  
15 fuel certification and a renewable energy certificate.  
16 These lead to Associate Degrees in Automotive Technology,  
17 Electronic Engineering, and Automated Systems and are  
18 designed to lead to a wide range of jobs in emerging fields  
19 and curricula in the 4-year degree programs.

20           Macomb Community College offers five  
21 exclusive courses: Hybrid Electric Vehicle Fundamentals,  
22 Hybrid Electric Vehicle Power Management, Introduction to  
23 Electric Vehicle Propulsion Systems, Motors and Control for  
24 Electrical Vehicles and Institutional Industrial  
25 Applications, Sensors and Control Systems.

1                   Macomb Community College also offers  
2   Advanced Energy Storage for Mobile Applications, Electric  
3   Line and Smart Grid Design, Principles of Hydrogen Fuel  
4   Technology, a Capstone Electric Vehicle Build program.  
5   These courses are designed to be transferred to Wayne State  
6   University's Bachelor of Science and Electric Transportation  
7   Program which is an excellent example of how partnering can  
8   lead to programs that cleanly articulate with one another.  
9   This coordination benefits both industry and their  
10  requirements for appropriate skilled workforce and students  
11  who wish to advance their education most efficiently.

12                   Macomb and other educational providers  
13  fully recognize the importance of the technological  
14  volatility in today's automobile industry. We're committed  
15  to responding quickly to the needs of this industry and of  
16  the communities we serve so that our students will continue  
17  to enter the workforce fully prepared to contribute to the  
18  renovation of the U.S. auto industry.

19                   We look forward to working with our  
20  partners in industry, education, and the government to  
21  continue the education and training of the future work force  
22  in the new automobile industry that will be created with the  
23  standards that you've proposed.

24                   Thank you very much.

25                   MS. OGE: Thank you.

1 Ms. Pamela Ortner.

2 Good afternoon.

3 MS. ORTNER: Good afternoon.

4 My name is Pamela Ortner and I am a  
5 Michigan Nurse Advocate working with Healthcare Without  
6 Harm. Healthcare Without Harm is an international coalition  
7 of more than 430 organizations in 52 countries working to  
8 transform the healthcare sector worldwide without  
9 compromising patient care so that it is ecologically  
10 sustainable and no longer a source of harm to public health  
11 and the environment. I appreciate this opportunity to  
12 comment on the proposed standards and EPA's and NHTSA  
13 efforts to protect the public's health through the  
14 implementation of this rule.

15 My father if he was still living would  
16 be 107 years old today. He worked most of his working life  
17 at the Ford Motor Company Highland Park Plant. He was the  
18 cost analyst for the operation. I became aware at an early  
19 age of the impact of the auto industry and it was an  
20 important part of my life and my community. I grew up in  
21 Detroit.

22 In 1988, I became involved in a campaign  
23 to close an incinerator in my community and I began to  
24 become aware of public health impacts from different types  
25 of industry. It was common sense to me that this was a

1 nurse's role.

2                   It made sense to become involved in the  
3 effort to shutter the incinerator, and I have since been  
4 interested in supporting the work of the Environmental  
5 Protection Agency, especially as it relates to the auto  
6 industry.

7                   In 1995 the Institute of Medicine report  
8 on Nursing Health in the Environment validated my work and  
9 the work of nurses to be involved in environmental health  
10 issues. The report called for an integration and  
11 enhancement of environmental health in nursing education  
12 practice and in research. According to the IOM, if  
13 environmental health hazards and health effects are to be  
14 recognized and dealt with effectively it is of fundamental  
15 importance that all healthcare providers have a clear  
16 understanding of the association between environment and  
17 health.

18                   I'm attending the hearing today to urge  
19 the EPA and President Obama to keep these proposed standards  
20 as strong as they are. We recognize how important they are  
21 for so many reasons. They're going to save our communities  
22 and our individuals money at the pump which will strengthen  
23 our economy, clean up our air, create jobs, increase our  
24 independence on oil and combat climate disruption. Harmful  
25 air emissions will be reduced by 297 million metric tons by

1 the year 2030 if these standards are put into place.

2 The question about climate science and  
3 climate change, when the news reports it, the news  
4 reporting for saying there is climate change is 50 percent,  
5 and the news reporting for scientists' reports that say that  
6 it is not, in fact, happening is 50 percent. But, actually,  
7 local public health departments around the country now are  
8 putting programs into place to protect our population from  
9 climate change.

10 Human health effects of climate change  
11 can cause an increase -- will cause an increase in  
12 heat-related mortality in cities, increase in allergins,  
13 increase in rates of water and foodborne diseases, increase  
14 in vector-borne diseases such as malaria, cholera, Dengue  
15 and plague and increase in skin temperature.

16 Ground level ozone as we know causes  
17 health problems because it irritates the mucous membranes,  
18 damages lung tissue, reduces lung function and sensitizes  
19 the lung to other irritants.

20 Particulate matter, which is part of the  
21 emissions, can damage lung issue, aggravate respiratory and  
22 cardiovascular diseases and can alter the body's defense  
23 systems against foreign materials, can cause cancer and  
24 premature death.

25 Sulfur dioxide is -- the immediate

1 effect is bronchial restriction, and people with asthma are  
2 more sensitive to the effects of SO<sub>2</sub>; probably likely  
3 because of preexisting inflammation that is associated with  
4 asthma.

5 Nitrogen dioxide can irritate the lungs  
6 and mucous membranes, aggravate asthma, cause bronchitis and  
7 pneumonia and lower resistance to respiratory infection.

8 But those who are most vulnerable will  
9 be most affected. Our bodies are becoming alarming  
10 reflections of the toxic chemicals in the air. Pregnant  
11 women exposed to air pollution are more likely to have  
12 smaller babies and give birth prematurely. Studies have  
13 found that exposure to air pollution during pregnancy  
14 significantly reduces fetus size, and that women who live in  
15 regions with high carbon monoxide levels or fine particulate  
16 pollution were approximately 10 to 25 percent more likely to  
17 have a preterm baby than other women, especially if they  
18 breathe polluted air during the first trimester or the last  
19 month of pregnancy.

20 Seniors exposed to air pollution are  
21 more likely hospitalized for pneumonia or health problems.  
22 There are over 1.1 million senior citizens in the United  
23 States. Studies have found that seniors who are exposed to  
24 NO<sub>x</sub> and fine particulate matter were more than twice likely  
25 to be as likely to be hospitalized for pneumonia, which is a



1 leading cause of illness and death in the elderly.

2 In addition, exposure to carbon monoxide  
3 increased the likelihood that seniors with heart problems  
4 would be hospitalized.

5 I just want to talk about briefly asthma  
6 and the incidence of asthma in Michigan.

7 There are over 744,000 adults living  
8 with asthma in Michigan and over 225,000 children. The  
9 total estimated incremental cost, direct costs of asthma and  
10 that's emergency room visits and pediatric hospital stays  
11 currently is over \$1 billion in the State of Michigan.

12 Much like lead exposure, there is little  
13 scientific debate about the harmful effects of climate  
14 change and these pollutants from car emissions. The  
15 proposed rule will save lives, protect the health of  
16 millions and bring about an action that is long overdue.  
17 There are many of us in Detroit that have been waiting for  
18 this to happen for a long time. We can and must act to make  
19 sure that we protect the most vulnerable among us.

20 Thank you.

21 MS. OGE: Thank you.

22 Now I'm going to call on Reverend Peggy  
23 Garrigues.

24 Good afternoon.

25 REV. GARRIGUES: Yes. I'm Reverend

1 Peggy Garrigues from the Clawson United Methodist Church. I  
2 speak as a person of faith and a religious leader.

3           When my son Isaac was five years old we  
4 had to twice take him to the emergency room for asthma  
5 attacks because of air pollutants. We had good insurance,  
6 so he's doing fine now, but many who will be impacted by the  
7 health issues related to air pollution cannot afford good  
8 insurance.

9           My Christian faith tells me to care for  
10 the poor, the orphan, the widow, the least of these.  
11 Reducing the pollution we put in the air is a way of caring  
12 for the most vulnerable that we are called to care for as  
13 people of faith.

14           In 2006 I took a group of college  
15 students to New Orleans to help clean up after Hurricane  
16 Katrina. We saw firsthand the devastation and destruction  
17 from a major storm and especially what was caused in poor  
18 neighborhoods.

19           As global temperatures increase because  
20 of the increase in greenhouse gases, major storm events  
21 increase in frequency and intensity and will cause more  
22 destruction, especially among those most vulnerable.

23           Along with my Christian faith teaching  
24 me to care for those most vulnerable, it also teaches me to  
25 be a good steward of God's creation, so anything we can do

1 to decrease greenhouse gases we put into the air is a way of  
2 caring for God's creations as well as the vulnerable.

3 The official stance of the United  
4 Methodist Church which I am a part of is that war is  
5 incompatible with Christian teaching. The more we depend on  
6 foreign oil, the more we are likely to be going to war over  
7 oil resources especially in the Middle East. So the less we  
8 depend on foreign oil by increasing our use of fossil fuels,  
9 the less the incentive to go to war.

10 So, these standards, these proposed  
11 standards will be an important step to helping people of  
12 faith to live out their values and create a better world for  
13 all of God's children.

14 MS. OGE: Thank you.

15 Now I am going to call on Miss Brenda  
16 and Gil Archambo, both of you.

17 MS. ARCHAMBO: And I'm Brenda.

18 MS. OGE: Welcome.

19 MS. ARCHAMBO: Thank you.

20 Good afternoon. Thank you for the  
21 opportunity to testify today. We certainly appreciate it.

22 My name is Brenda Archambo, and I live  
23 on Black Lake in Cheboygan County. That's in the northeast  
24 lower peninsula.

25 I am an angler and I'm also President

1 and founder of Sturgeon for Tomorrow. Sturgeon for Tomorrow  
2 is a non-profit organization dedicated to the rehabilitation  
3 and recovery of the Majestic Lake sturgeon which in Michigan  
4 is a threatened species.

5 Michigan wildlife and national resources  
6 are the backbone of our \$5 billion recreational tours and  
7 economy. The Great Lakes are a national treasure.  
8 Michigan's wildlife is as unique as the shape of its  
9 shoreline and the variety of habitat found within its  
10 borders. Whether it's a moose in the Upper Peninsula or a  
11 musky in Lake St. Clair or the iconic lake sturgeon in  
12 northern lower peninsula, wildlife helps define Michigan's  
13 sense of place. It's part of our state's history and it's  
14 inseparably linked to its wildlife, and it's really what  
15 makes us pure Michigan.

16 And as a sportswoman I am particularly  
17 concerned about toxic pollution spewing from tailpipes and  
18 then falling from the air onto our lakes and rivers and  
19 forests polluting the environment and accumulating up the  
20 food chain as fish and wildlife consume that contamination.  
21 This directly affects many species including water fowl,  
22 walleye, perch, bass, musky, and the iconic lake sturgeon,  
23 all are revered in front of our state's  
24 angling/hunting/conservation heritage.

25 Safeguarding our natural resources is

1 important to those of us who are Michiganders who hunt and  
2 fish and spend time in the woods and on the waters, but it's  
3 also a wise investment in our economic future. Reducing  
4 pollution from automobiles will help protect our  
5 longstanding investment in our outdoor heritage. The  
6 difference today is that we have the technology and the  
7 feasibility and affordability to solve this problem.

8           The proposed fuel efficiency standards  
9 for cars and light trucks as well as medium- and heavy-duty  
10 trucks are bringing exciting, new, sparkling vehicles to  
11 dealers and driveways right now. And the new proposed  
12 standards would extend these benefits doubling the fuel  
13 economy of our cars, SUVs and pick-ups to an average of 54.5  
14 miles per gallon by 2025.

15           Taken together the new and proposed fuel  
16 economy standards cut our demand for oil by 3.4 million  
17 barrels of oil a day. It's really unconscionable that we  
18 are such addicts to this oil. That equates to nearly a  
19 third of today's transportation fuel use. It's more than  
20 all the oil we get today from the Persian Gulf and Venezuela  
21 combined.

22           These new standards could also cut  
23 carbon pollution by over 600 million metric tons, about 10  
24 percent of total U.S. carbon pollution today. Deep cuts in  
25 the oil we need means less need for construction of new

1 pipelines, fewer leaks and threats to people and wildlife  
2 and our public and private land. It shows we can take real  
3 steps to roll back climate change and protect wildlife for  
4 generations to come. By utilizing our environmental laws we  
5 can help rid the air and water of harmful pollutants and  
6 restore the health of our ecosystem, and while these  
7 standards are critical for wildlife, making our cars and  
8 trucks more efficient also means hundreds of billions of  
9 dollars in savings for families and businesses, thousands of  
10 new jobs and greater energy security for our nation.

11 I strongly urge the EPA to move forward  
12 and finalize strong fuel efficiency and greenhouse gas  
13 standards that cut oil use and reduce carbon pollution  
14 ensuring our outdoor legacy for future generations. Now and  
15 in the future the EPA and other federal and state and  
16 environmental laws can help ensure that the legacy we leave  
17 our children is a clean and healthy planet.

18 Thank you.

19 MS. OGE: Thank you.

20 Does Gil have anything to add, any  
21 comments?

22 MR. ARCHAMBO: Yes. I'll be very brief.

23 MS. OGE: Thank you.

24 MR. ARCHAMBO: Good afternoon.

25 My name is Gil Archambo. I live in

1 Cheboygan, Michigan. I am a UAW retiree and a former  
2 building and electrical contractor. I'm also an avid  
3 sportsman and a member of numerous conservation clubs. I've  
4 always driven a light-duty pickup truck for my entire  
5 life -- well, my adult life, because living in the north  
6 woods and getting into the wilderness and out in the great  
7 waters, I had to have the horsepower to haul heavy equipment  
8 such as boats, 4-wheelers, snow machines and ice fishing  
9 shanties.

10                   One of my passions is ice fishing.  
11 Guiding anglers, families, and especially our next  
12 generation out onto the ice to teach them about the  
13 longstanding winter ice traditions.

14                   There's nothing better than getting out  
15 on the ice in the wintertime and bringing home a nice mess  
16 of fish for dinner, being mindful, however, that Michigan  
17 posted 120 fish consumption advisories in 2010.

18                   I'd love to have my truck with increased  
19 fuel efficiency while not compromising any horsepower.  
20 Moreover, fuel efficiency deeply cuts the carbon pollution  
21 from automobiles that contribute to our warming climate that  
22 is causing iconic species to disappear and threaten the  
23 future of many others. Autos are the largest contributor to  
24 carbon pollution in the U.S. after power plants.

25                   The new proposed fuel economy standard

1 would cut demand for oil by 3.4 million barrels per day. It  
2 would save Americans over \$100 billion per year, and it cuts  
3 gasoline consumption by one-third -- that's huge -- and  
4 reduces our climate pollution by 8 percent annually.

5 Strong standards together with American  
6 innovation and public and private investments in advanced  
7 manufacturing and advanced battery technology have begun  
8 bringing high quality jobs back to our communities across  
9 the country and positioning American auto and auto component  
10 manufacturers as leaders in cutting edge technology. For  
11 example, while the U.S. had just two factories making  
12 advanced batteries in 2009, this year U.S. manufacturers are  
13 expected to supply 20 percent of the world's advanced  
14 vehicle batteries. One study cites 38,000 jobs in Michigan  
15 alone, that already tied to the work on clean air efficiency  
16 and auto technology.

17 I support making our nation's cars and  
18 trucks more efficient to reduce the carbon emissions from  
19 exhaust that is driving a warming climate which increases  
20 the threat to American wildlife and our conservation  
21 heritage.

22 We welcome the Administration's  
23 leadership in developing a coordinated fuel efficiency and  
24 greenhouse gas standard. This is something we have to  
25 encourage and have sought for very long time.



1 Thank you very much.

2 MS. OGE: Thank you both of you.

3 Miss Julie Lyons Bricker.

4 Good afternoon.

5 MS. BRICKER: Thank you.

6 I'm Julie Lyons Bricker and I'm the  
7 Executive Director of the Michigan Interfaith Power & Light.  
8 It's a nonprofit organization that helps interfaith houses  
9 of worship in the State of Michigan learn how to be more  
10 energy efficient, learn about renewable technologies and  
11 also practice other sustainability measures.

12 On the whole, our membership supports  
13 the clean air efforts and they have started signing on to  
14 the clean air promise, so as the Director, we will certainly  
15 help continue bringing clergy to make statements and sign  
16 letters to the editor and pen op-eds for this and other EPA  
17 initiatives coming down the line.

18 But, really, I'm here today as a mother.  
19 And I think these vehicle standards are a great step in the  
20 right direction to help tackle global warming. I applaud  
21 the Obama Administration, the EPA and the NHTSA for  
22 releasing these standards, and I have hopes that the future  
23 40 years will be even more successful than the EPA's past  
24 40 years in terms of keeping our environment clean and  
25 cleaning the water and air.

1                   One of the things I didn't consider  
2           until I heard the Archambos' testimony here is about what my  
3           kids will have access to whenever they're teenagers and  
4           young adults wanting to spend time in the environment; and,  
5           so, I think we have to keep in mind not only what's  
6           happening now but for their generation and their kids and  
7           their kids' kids.

8                   In closing, I think these standards  
9           present a huge win on many fronts for the environment, the  
10          economy and for national security.

11                   Thank you for your time.

12                   MS. OGE: Thank you.

13                   Mr. Timothy Schacht.

14                   MR. SCHACHT: Hi. I'm Tim Schacht. I'm  
15          a veterinarian in private practice with my wife here in the  
16          City of Detroit, and I appreciate the opportunity to speak  
17          to the committee.

18                   I would like to commend the EPA, the  
19          Obama Administration and the automobile industry for the  
20          long, overdue attention now being given to the issue of  
21          inefficiencies in how Americans power their cars. The  
22          collaboration between government and private enterprise that  
23          has targeted an increase in the fuel use standards for  
24          domestic automobiles is welcome news for many years. Under  
25          these new rules, Americans will be safer due to less

1 reliance on oil imports from regions that have proven to be  
2 dangerous to work with and because of the promise of less  
3 pollution emitted from our tailpipes.

4 Americans will be wealthier due to less  
5 money being sent offshore and, instead, available to be  
6 spent within our own economy. Americans will also be  
7 enabled to further capitalize on technologies both existent  
8 and in development that will help achieve the reasonable and  
9 attainable standards agreed hereto.

10 Of concern to me, however, is the risk  
11 that these goals will be undercut and their benefits a false  
12 promise. It is incumbent on government to protect the  
13 interests of citizenry, not special interests. The failure  
14 of past efforts to enact fuel efficiency standards that  
15 bring about meaningful change has proven very costly.

16 My wife worked for EPA in the 1970s.  
17 She was in Washington for the 1979 oil crisis and the  
18 hostage crisis at the American embassy in Tehran. It was  
19 clear to her that America having not learned from the 1967  
20 oil embargo and the 1973 oil crisis should develop a  
21 national energy policy to protect us from such problems.  
22 Nothing happened.

23 As a consequence, our nation has spent  
24 trillions of dollars to kill thousands of people in order  
25 that we might prop up a self-destructive, random and

1 rudderless energy strategy. Maybe it is true that the  
2 events of the last 40 years have finally taught us what  
3 1967, 1973 and 1979 did not. I certainly hope so.

4           However, the proof will be in the  
5 pudding. Thus far all we have are words on paper and I  
6 support those words. However, it is the actions these words  
7 will direct that are of greatest importance. If the intent  
8 of this directive is undermined or circumvented, then  
9 clearly as a nation we will have been misgoverned and will  
10 continue to live in denial of our complicity in a failed  
11 energy strategy that has cost us vast fortunes and untold  
12 human suffering.

13           Thank you.

14           MS. OGE: Thank you.

15           Mr. Tom Zerafa.

16           MR. ZERAFA: Thank you, and thank you  
17 for the panel being here today to honor us here in Detroit  
18 and our State of Michigan. And thank you to my esteemed  
19 colleagues at this table for your testimony as well.

20           I'm a native Detroiter. I've lived here  
21 all my life in the area. I grew up in the southwest side of  
22 Detroit right in the center of the Ford Rouge Plant, the  
23 Cadillac Plant and the Fleetwood Plant, and I remember  
24 growing up that most people that worked in the factory  
25 didn't live too long after they retired from the factory

1 because of heart disease, cancer, and various other diseases  
2 because of the lack of environmental practices that were  
3 happening in those auto industries at that time. The  
4 average person, the average male died shortly within  
5 five years of retirement if not before back in those years.  
6 I remember very much many of our neighbors' funerals during  
7 that time.

8 I thank the Obama Administration in  
9 particular for making this an urgent matter, to reduce our  
10 carbon footprint in the auto industry through the work  
11 that's being done to bring better standards to our auto  
12 industry for better fuel -- better use of fuel, better use  
13 -- to reduce our use of fossil fuels and to promote safer  
14 ways of engineering our automobiles and other forms of  
15 transportation through more natural means, through  
16 electricity, through the battery and through other means  
17 right now.

18 I guess a question I would have for  
19 those of us who are currently driving and who intend to be  
20 driving our current vehicles for a while yet, possibly up to  
21 and beyond when these new standards take place is will we be  
22 able to retrofit our cars that we own at that time to the  
23 new standards, will there be a means of doing that. That  
24 might be something that needs to be looked into, rather than  
25 having to purchase a brand new vehicle and for some of us

1 maybe not in the position of buying one at that time. So  
2 that might be something to be looked at. I haven't heard  
3 that proposal yet from anyone so far since I've been here,  
4 but that's a concern I have.

5           Again, you know, the need to reduce our  
6 carbon footprint is very obvious with the winter we're  
7 having right now in Michigan and throughout the Midwest. I  
8 mean, it was 50 degrees out earlier today. This is not  
9 Michigan weather. And a lot of that is due to what we have  
10 put into the air. Anyone who contests that there is no such  
11 thing as man-made pollution is wrong, because I believe a  
12 lot of this has been made by the human race and that has had  
13 an effect on the warming of the seasons to a point where  
14 they're unseasonable right now. And we are going to pay a  
15 price for it during the course of our lives.

16           But I say charge forward with this  
17 program and I hope that -- I know that we will all benefit  
18 from it in the long run.

19           And I guess just one more thing I wanted  
20 to add that as we're working on the auto -- working on, you  
21 know, the automobile, that we're also looking at other means  
22 of transportation as well to develop cleaner standards and  
23 that is public transportation. By the year 2025 I'm going  
24 to be 74 years old at that time. It's hard to believe that  
25 and that's not that many years away, and I hope I don't have

1 to be driving at that point. I hope that I'll be able to  
2 hop on a bus or hop on a train or hop on a light rail at  
3 some point, because there's going to be a time when I'm  
4 probably going to be more of a danger to the road than an  
5 asset. And, so, I hope that the auto industry people that  
6 are here and everybody else and certainly the Administration  
7 will take that into consideration to put their -- bear their  
8 muscle to develop those types of transportation to a more  
9 safe way and a more environment to protect the public.

10 Thank you so much.

11 MS. OGE: Thank you.

12 And the final member for this panel is  
13 Ms. Robin Eckstein.

14 Good afternoon.

15 MS. ECKSTEIN: Thank you, ma'am.

16 Robin Eckstein.

17 First of all, thank you very much for  
18 letting me be here and speak. I think it's a great part of  
19 our government that you guys have these public hearings and  
20 allow our input into your agency. I think that's awesome.

21 My name is Robin Eckstein. I'm here  
22 with the Truman National Security project, but mainly I'm  
23 here as a veteran. I think I have seen kind of firsthand  
24 how our inefficiencies with fuel has really affected us and  
25 especially our troops. I was stationed in Bagdad at the

1 Baghdad International Airport right after the initial  
2 invasion in Iraq in 2003 as a truck driver, and my mission  
3 while I was over there was to be in these convoys  
4 transporting fuel and water to various outposts around  
5 Baghdad and the surrounding area.

6           And every day when we rolled outside the  
7 gates it was a roll of the dice, whether we were going to be  
8 shot at, have IEDs, be blown up by enemy fire. And it  
9 began -- it was obviously very clear that this was a bad way  
10 of doing things because we were transporting all this fuel  
11 in these very inefficient vehicles to the forward operating  
12 bases where, again, the fuel was being used very  
13 inefficiently.

14           And it became my mission after I got out  
15 of the military to see that changes like that, changes  
16 happen. I may have taken off my uniform, but I'm continuing  
17 my service for my country by coming to meetings like this  
18 and letting people know that it is a national security  
19 issue, too. I know you've heard from a lot of  
20 environmentalists, faith groups and jobs and stuff about how  
21 important it is for fuel efficiency standards but I think  
22 one of the biggest is national security and our troops. And  
23 I know the Iraq war is over, but there's still the  
24 Afghanistan war going on, and let me tell you it's even more  
25 expensive to get the fuel transported over there.



1           The military has seen that this is a  
2     problem and is already moving into a positive direction.  
3     They're testing new fuel-efficient vehicles for the military  
4     to use. And, frankly, if the military can do it, I don't  
5     see why the United States can't for the rest of us. And I  
6     really think that the EPA moving in this direction is so  
7     positive because -- you know, my sister recently had a baby  
8     and I've got this great niece now and I don't want her to  
9     have to grow up and be in the military and have to be in a  
10    convoy and get shot at because they're doing things  
11    inefficiently. And fuel efficiency standards is kind of a  
12    no-brainer.

13                   And, like I said, if the military is  
14    already doing it there's no reason why the United States  
15    can't get behind them and continue making the changes that  
16    we need to see.

17                   So I'm definitely in support of  
18    strengthening the fuel efficiency standards that the Obama  
19    Administration has brought forward.

20                   I thank you very much for having me in.

21                   MS. OGE: Thank you for coming and thank  
22    you for your service.

23                   MR. MEDFORD: Thomas, I don't have your  
24    name on my list and I can't read it from here, but you asked  
25    a couple of questions and --

1 MR. ZERAFA: Yes, I did.

2 MR. MEDFORD: Your first one is a  
3 challenging one which is about retrofiting.

4 I think most of us know, most of the  
5 activities of fuel economy involve new powertrains, they  
6 involve aerodynamics, they involve new materials that are  
7 strong that weigh less.

8 The only area I can think of is low  
9 rolling resistant tires and at NHTSA, DOT, we are working on  
10 some information to rate the new tires for rolling  
11 resistance and fuel economy. So that would be one area that  
12 we can provide information on.

13 Your other question was about what to do  
14 with public transit in this region, and I just want to point  
15 out that the Department is working very closely with the  
16 Mayor and the Governor in this state to improve the public  
17 transit here in Detroit specifically but in the state  
18 overall. So I think from that front there's a lot of  
19 transportation support particularly with Detroit.

20 MS. OGE: Any other questions from the  
21 panel?

22 Thank you. Thank you for coming  
23 forward.

24 MR. MEDFORD: So I think we're ready for  
25 the next panel.

1                   Good afternoon, everyone. Get started I  
2 think Deb Bakker needs to leave soon, so we'll start with  
3 you, Ms. Bakker.

4                   MS. BAKKER: Good afternoon. I'm  
5 Deborah Bakker, Senior Manager of Regulation and  
6 Certification Department at Hyundai Technical Center, and  
7 I'm speaking today on behalf of Hyundai Motor Company.

8                   It is a pleasure to be here today to  
9 provide our perspective on this very important rulemaking.  
10 We appreciate the significant effort on the part of all the  
11 agencies and the difficult task of developing feasible and  
12 harmonizing national greenhouse gas emission standards.

13                   Before discussing the proposal, I'd like  
14 to take a few moments to talk about Hyundai's thoughts on  
15 fuel efficiency and our efforts and successes in this area.

16                   Hyundai is one of the industry's most  
17 fuel-efficient automakers. We are on track this year to  
18 surpass the government industry fuel economy target of 35.5  
19 MPG for the 2016 model year. Currently four Hyundai models  
20 - Sonata hybrid, Elantra, Veloster and the Accent - achieve  
21 EPA highway fuel economy ratings of 40 MPG.

22                   We're the only automaker that provides  
23 the fleet-wide fuel economy performance in our release of  
24 monthly sales figures, and these 40 MPG models account for  
25 one-third of our U.S. sales in 2011.

1                   In 2010 we publicly pledged to reach  
2                   50-plus MPG for our fleet by 2025, and in our discussions  
3                   with the agencies on this rulemaking we have consistently  
4                   supported the standard in excess of 50 MPG. We continue to  
5                   strongly support the agencies on this rulemaking. We  
6                   believe it's the right thing to do for the environment and  
7                   for the nation's energy security.

8                   Hyundai agrees with many of the  
9                   flexibilities and credits provided in the proposal. We  
10                  support the credit and banking provisions and continued  
11                  application of off-cycle credits for technologies whose  
12                  benefits cannot be counted for on the city and highway  
13                  cycles. Hyundai believes off-cycle technology is an area  
14                  that is ripe for innovation and can provide important gains  
15                  in real-world fuel economy.

16                  Now that the agencies have quantified  
17                  the value of various off-cycle technologies in a menu  
18                  format, Hyundai asks that the EPA and NHTSA allow the menu  
19                  credits to be used in the 2012 to 2016 model years. In  
20                  addition, we recommend that the agencies eliminate the ten  
21                  gram cap on menu technologies. EPA plans a cap because the  
22                  menu technologies are based on limited data. However,  
23                  Hyundai agrees with the agency that the credits offered are  
24                  conservative and that the cap is not necessary.

25                  Hyundai also appreciates that there are

1 a number of flexibilities in the proposal that address OEMs'  
2 different strategies for creating a fuel-efficient fleet.  
3 For example, some OEMs are focusing resources on electric  
4 vehicles and they are receiving credit multipliers for  
5 expanding that technology. Others are improving the fuel  
6 efficiency of cargo-carrying larger pickup trucks, and the  
7 agency is providing incentives to improve those  
8 technologies. Some OEMs plan to be fuel efficiency leaders  
9 for gasoline vehicles in the 2017 to 2025 time frame, and  
10 the California Air Resources Board is proposing to allow  
11 those OEMs to offset part of the zero emission vehicle  
12 mandate for a limited time through over-compliance in  
13 challenging GHG/CAFE standards. We appreciate the  
14 government's recognition of these varying OEM strategies by  
15 providing a variety of incentives to maximize performance in  
16 each area.

17 Hyundai also appreciates the substantial  
18 lead time for these regulations which will provide stability  
19 for long-term product planning. Hyundai supports the  
20 mid-term evaluation because it provides an opportunity to  
21 ensure that the details of the program are appropriate.

22 Although we believe the proposed  
23 requirements are feasible, Hyundai recognizes that it's  
24 difficult to perfectly predict out to the 2025 time frame  
25 the necessary technologies and costs and consumer acceptance

1 of those technologies. The mid-term review will help ensure  
2 that the requirements are sound closer to the time of  
3 implementation.

4 Thank you for the opportunity to comment  
5 today and we will be submitting written comments with  
6 additional details.

7 MR. MEDFORD: Okay. Do we have any  
8 questions before she has to leave?

9 Deb, I have just one thing. You  
10 commented that there are limits on the credits that you can  
11 get based on the menu but I think we also said in the  
12 proposal that if you provide data that support greater  
13 credits that can be considered and greater credits can be  
14 given.

15 You're aware of that; right?

16 MS. BAKKER: Right. We're just saying  
17 that for simplicity's sake we wanted to opt into the menu  
18 rather than generating the data. We wanted to be able to go  
19 to the ten gram cap.

20 MR. MEDFORD: Okay. Thank you.

21 Okay. Next. Miss Hilary Sinnamon.

22 MS. SINNAMON: My name is Hilary  
23 Sinnamon from the Environment Defense Fund. On behalf of  
24 the Environmental Defense Fund and our more than 700,000  
25 members nationwide, I sincerely thank you for the

1 opportunity to testify today on this landmark proposal to  
2 address the extensive climate disrupting pollution from  
3 passenger vehicles and to provide consumers nearly double  
4 the fuel efficiency of today's cars and light trucks.

5 As Pulitzer prize winning author Thomas  
6 Friedman recently wrote: "This is a big deal." Increasing  
7 the efficiency of our passenger fleet is one of the most  
8 effective things you can do to reduce our dependence on oil  
9 and will likely be one of President Obama's greatest climate  
10 and energy security legacies.

11 The United States consumes more than 19  
12 million barrels of oil a day which is nearly a quarter of  
13 the oil consumed in the entire world and more than all  
14 European Union nations combined. Our nation's fleet of cars  
15 and light trucks, the focus of this proposal, consumes more  
16 than 8.6 million barrels of oil per day, 45 percent of total  
17 U.S. petroleum consumption.

18 Over half of the oil we use each day is  
19 imported from foreign countries, many of which do not like  
20 us. The U.S. consumes nearly 25 percent of the world's oil  
21 production, but controls less than 2 percent of the supply.  
22 We send over \$1 billion a day overseas to pay for oil. The  
23 majority of it goes to nations deemed dangerous or unstable.  
24 As General Anthony Zinni said, "We will pay to reduce  
25 greenhouse gas emissions today or we will pay the price

1 later in military terms. And that will involve human  
2 lives." His statement underscores why we need to act now.

3 We need to reduce the amount of oil we  
4 consume in the U.S. by a lot. Thankfully, we've already  
5 taken the first step. In 2010 the agency finalized the  
6 first phase of fuel-efficiency and greenhouse gas standards  
7 for model years 2012 to 2016 vehicles which are already in  
8 showrooms and on roads today. Those standards will make the  
9 first dent in the oil dependence by reducing consumption by  
10 1.8 billion gallons over the lifetime of the vehicles. That  
11 is a lot of petroleum but it is not enough. That's why this  
12 proposal to further improve fuel efficiency of model years  
13 2017 to 2015 is very important. It will further reduce our  
14 oil consumption by 4 billion gallons. When this program is  
15 fully implemented we will reduce our daily consumption by  
16 more than we import from the entire Persian Gulf today.

17 The high price of oil threatens our  
18 fragile economy. In fact, the price of a gallon of gas is  
19 up 10 percent since January of last year, 25 percent since  
20 January of 2010, and 100 percent since January of 2009. At  
21 today's average gas prices consumers are spending more than  
22 \$1 million a day to fuel their passenger vehicles, the  
23 largest household expense after housing. These high fuel  
24 prices leave consumers with less money to spend elsewhere.  
25 We need to put some of that money back into consumers'



1     pockets.

2                     Based on the projected future savings  
3     from today's proposal, vehicle owners could save more than  
4     \$4,000 over the life of their new vehicle, offsetting the  
5     higher vehicle cost in under four years, and that's at  
6     today's fuel prices. Consumers who buy a vehicle with a  
7     typical 5-year loan will see immediate savings about \$12 a  
8     month.

9                     This proposal also comes at a time when  
10    we're seeing a strengthening industry. In fact, at the Auto  
11    Show here last week Detroit was called a beacon of hope for  
12    the global auto industry. That's because of the double  
13    digit growth in passenger vehicle sales in 2011 and  
14    projected similar growth for 2012. And much of these gains  
15    are coming from cleaner, more efficient vehicles.

16                    Our petroleum addiction also has  
17    significant environmental consequences. The combustion of  
18    oil in our nation's fleet of light-duty vehicles emits about  
19    20 percent of total U.S. greenhouse gas emissions. Carbon  
20    dioxide and other potential heat-trapping gases contribute  
21    to climate change, which can threaten us at home and abroad.

22                    The number of people at risk due to  
23    droughts will increase, because many low-rainfall areas are  
24    projected to receive less rain and because rising  
25    temperatures and evaporation will cause soils to dry.

1 Seasonal snowpacks in the Western United States will shrink,  
2 endangering water supplies relied upon by Western  
3 communities. The number and extent of wildfires, insect  
4 outbreaks, and tree mortality in the interior West and  
5 southwest and Alaska will likely expand. And damaging  
6 impacts outside of the United States may harm our trade,  
7 humanitarian, and national security interests.

8 National disasters in 2011 wielded the  
9 costliest toll in history - a massive \$380 billion worth of  
10 losses from earthquakes, floods, tornadoes, hurricanes,  
11 wildfires and tsunamis and more. And that figure does not  
12 include the expenses associated with sickness or injuries  
13 triggered by the disasters.

14 If finalized, stronger fuel efficiency  
15 and GHG standards for passenger vehicles could reduce carbon  
16 dioxide pollution by more than 6 billion tons over the life  
17 of the program, the equivalent to the total CO2 emissions  
18 for the entire United States in 2010. It would be the  
19 biggest step our nation has taken yet to address climate  
20 change, and many believe it would be the single biggest step  
21 any nation has taken so far to address global climate  
22 change.

23 In conclusion, I would like to say that  
24 Environmental Defense Fund is proud to be among the  
25 manufacturers, the automakers, the economists, the health

1 and environmental advocates, the states, the national  
2 security groups, the small businesses and the consumers who  
3 all agree that cleaner, more efficient vehicles are a step  
4 forward for American families and businesses.

5 Thank you.

6 MR. MEDFORD: Thank you.

7 Now we'll go to Mr. Kubsh.

8 MR. KUBSH: Thank you.

9 Good afternoon. My name is Joe Kubsh.  
10 I'm the Executive Director of the Manufacturers of Emission  
11 Controls Association, and I am pleased to provide comments  
12 in support of EPA's and NHTSA's proposed rulemaking on  
13 light-duty vehicle greenhouse gas emission standards and  
14 corporate average fuel economy. We believe an important  
15 opportunity exists to significantly reduce greenhouse gas  
16 emissions and improve fuel economy from passenger cars,  
17 light-duty vehicle trucks and medium duty passenger  
18 vehicles.

19 MECA is a nonprofit association of the  
20 world's leading manufacturers in emission control technology  
21 for mobile sources. The experience of our industry over the  
22 last 40 years vividly demonstrates the connection between  
23 vehicle emission regulation and economic development. Prior  
24 to 1970 our industry did not exist, but with the enactment  
25 of the Clean Air Act in 1970 our industry has flourished,

1 developing successive generations of technology to meet  
2 ever-tightening regulatory standards.

3 In 2010 alone our industry generated  
4 approximately \$12 billion of economic activity in the United  
5 States and accounted for approximately 65,000 jobs mostly in  
6 manufacturing. EPA's greenhouse gas emission standards on  
7 light-duty and heavy-duty vehicles are aiding in the  
8 development of a thriving U.S. industry focused on a wide  
9 range of technologies that can reduce vehicle greenhouse gas  
10 emissions.

11 As detailed in EPA's proposal there are  
12 a large set of technology combinations that are available to  
13 further reduce greenhouse gas emissions from passenger  
14 vehicles and light-duty trucks including fuel efficient  
15 advanced gasoline and diesel powertrains. MECA, like many  
16 commented already today, supports performance-based  
17 standards that are technology neutral.

18 Implicit in federal and state greenhouse  
19 gas emission analyses is the ability of these advanced  
20 powertrain options to meet the applicable criteria pollutant  
21 emission standards. All of these advanced light-duty  
22 powertrain options combined with the appropriately designed  
23 and optimized emission control technologies will be able to  
24 meet all current and future federal and state criteria  
25 emission requirements. In this manner, advanced emission

1 controls for criteria pollutants enable advanced powertrains  
2 to also be viable options for reducing greenhouse gas  
3 emissions. In many cases the application and optimization  
4 of advanced emission control technologies on advanced  
5 powertrains can be achieved with minimal impacts on overall  
6 fuel consumption. Auto manufacturers will also take  
7 advantage of synergies between advanced emission control  
8 technologies and advanced powertrains to assist in their  
9 efforts to optimize their performance with respect to both  
10 greenhouse gas and criteria pollutant exhaust emissions.

11           Advanced diesel emission control  
12 technologies like particulate filters with lower  
13 backpressure characteristics, selected reduction catalysts  
14 with improved performance at lower exhaust temperatures and  
15 SCR catalysts coated directly on particulate filter  
16 substrates are examples of emerging diesel emission control  
17 technologies that will allow future diesel powertrains to  
18 not only be as clean as gasoline engines from a criteria  
19 pollutant perspective, but diesel powertrains will deliver  
20 improved fuel consumption characteristics and lower  
21 greenhouse gas emissions. The use of diesel particulate  
22 filters also delivers significant reductions in black carbon  
23 emissions from diesel engines, a combustion emission that  
24 also has important climate change impact.

25           For gasoline vehicles, direct injection

1 technology enables gasoline engines to achieve fuel  
2 efficiency and is expected to be a dominant pathway to  
3 meeting future light-duty gas emission standards. Again,  
4 emission controls like secondary air injection systems and  
5 3-way catalysts ensure that these more fuel-efficient  
6 gasoline engines meet tough EPA or California criteria  
7 emission regulations. Advanced gasoline emission controls  
8 catalysts are available and will continue to evolve and be  
9 optimized to ensure that future gasoline direct injection  
10 engines will meet the toughest criteria pollutant emission  
11 standards with minimal impacts on overall vehicle exhaust  
12 system backpressure and fuel consumption.

13 Under lean combustion conditions similar  
14 emission control technology used on diesel vehicles can be  
15 used to reduce emissions from lean, gas direct injection  
16 powertrains. These include the particulate filters to  
17 reduce PM emissions, SCR catalysts and/or lean NOx adsorber  
18 catalysts known to reduce NOx emissions. Lean NOx adsorber  
19 catalyst performance has a high degree of sensitivity to  
20 fuel sulfur levels. The current EPA fuel sulfur limits for  
21 gasoline are too high to allow lean NOx adsorber catalysts  
22 to be a viable NOx control strategy for future fuel-  
23 efficient gasoline lean burn engines that employ direct fuel  
24 injection technologies. MECA believes that EPA should lower  
25 gasoline fuel sulfur limit to a 10 ppm national average and

1 its pending Tier 3 light-duty vehicle emission standards  
2 proposal to allow NOx adsorber catalyts to be used on such  
3 vehicles in the future in order to provide additional  
4 options for improving the efficiency and reducing greenhouse  
5 gas emissions from gasoline vehicles.

6 The performance of advanced emission  
7 control technologies for advanced diesel gasoline and  
8 natural gas-fueled powertrains can also be optimized to  
9 minimize nitrous oxide and methane greenhouse gas emissions  
10 from future light-duty vehicles consistent with the limits  
11 EPA set for these important greenhouse gas emissions in  
12 their initial round of light-duty vehicle greenhouse gas  
13 emission standards.

14 Emissions controls for gasoline and  
15 diesel engines can also be used with low carbon alternative  
16 fuels, but it's important that the specifications associated  
17 with any low carbon fuel should be compatible with the use  
18 of available exhaust emission control technology.

19 To conclude, MECA commends EPA, NHTSA  
20 and California for taking important steps to further reduce  
21 greenhouse gas emissions and improve fuel economy for light-  
22 duty vehicles. Our industry is prepared to do its part and  
23 deliver cost-effective advanced emission control  
24 technologies to the market for these more fuel efficient  
25 vehicles.

1                   Thank you for this opportunity to  
2 provide comments on this proposal.

3                   MR. MEDFORD: Thank you very much.

4                   Mr. Dorobantu.

5                   MR. DOROBANTU: Madam Director,  
6 Mr. Administrative Director, I am Dr. Mihai Dorobantu,  
7 Director of the Vehicle Technologies and Innovation team at  
8 the Eaton Cooperation's Vehicle Group. I want to thank the  
9 agencies for the opportunity to give testimony regarding the  
10 proposed rule.

11                   Eaton is a leading diversified, global  
12 power management company with sales in 2010 of about \$13.7  
13 billion. We are fundamentally committed to helping the  
14 world use less energy and use energy safely. Our innovative  
15 technologies help customers manage electrical, hydraulic and  
16 mechanical power safely and efficiently. In addition, these  
17 four management technologies help customers control costs  
18 and reduce the energy requirements.

19                   Eaton has been actively helping  
20 automotive and truck manufacturers to improve the efficiency  
21 of their vehicles for over 100 years and we will continue to  
22 deliver innovations that differentiate manufacturers in the  
23 marketplace. We are a global leader in advanced engine  
24 valve train systems, superchargers, and traction modifying  
25 devices. We are also a global producer of fuel emission



1 control devices and electrical vehicle charging stations.

2 Eaton provides automotive and truck manufacturers with  
3 technical solutions that improve fuel efficiency and reduce  
4 emissions without compromising performance.

5 It is the products and technologies from  
6 Eaton's automotive operations that will be the focus of my  
7 testimony today.

8 We manufacture engine subsystems such as  
9 supercharger-based boosting, variable valve activation and  
10 cylinder deactivation products that contribute significantly  
11 to the improvement in emissions and fuel economy driven by  
12 the proposed standards. We believe our products and  
13 technologies will offer OEMs attractive, practical choices  
14 to comply with the standards and derive economic benefit  
15 across the entire segment.

16 There are many stakeholders in the  
17 light-duty vehicle market that are pressed by commercial and  
18 social responsibilities to improve performance, reduce fuel  
19 consumption and reduce greenhouse gas emissions. What  
20 brings us all together is the realization that reducing the  
21 emissions and fuel consumption is also a business advantage  
22 in the long term. If the new standards are carefully chosen  
23 and implemented, they can drive benefits to a broad spectrum  
24 of stakeholders by reducing the total cost of operations for  
25 customers, reducing the nation's dependence on foreign oil,

1 fostering innovation, and creating high-value jobs while  
2 fundamentally improving our environment.

3 Eaton appreciates the agency's use of  
4 sound economic analysis and in-depth technology reviews  
5 during the rulemaking process. We believe that the  
6 framework outlined in the NPRM is a good step towards the  
7 final regulation that will foster innovation, foster both  
8 technology and competition while maintaining fleet diversity  
9 and incentivizing over-achievement of emissions and fuel  
10 economy targets. It is important that certain principles  
11 outlined in the notice are further developed in the upcoming  
12 period.

13 Eaton believes it is vital that the rule  
14 maintains the flexibility to adapt the solutions that can be  
15 rapidly adopted by OEMs and accepted by consumers. An  
16 example is the increased use of supercharged and mild hybrid  
17 technologies that provide fuel savings and performance with  
18 return on investments that is acceptable to the average  
19 consumer.

20 The proposed rule provides regulatory  
21 incentives that foster innovation and technology deployment.  
22 We believe that many of the technologies needed to achieve  
23 the proposed standards are available. Some are already in  
24 use, while others will benefit from the new paradigm these  
25 proposed regulations will provide. Working with our OEM

1 partners, Eaton looks forward to providing high performance  
2 and cost-effective fuel efficient technologies. Eaton is  
3 looking forward to participating in the rulemaking process  
4 with specific comments to the EPA and NHTSA on the proposed  
5 rule in the near future.

6 Thank you.

7 MR. MEDFORD: Thank you very much.

8 Mr. Griffin.

9 MR. GRIFFITH: Thank you, Deputy  
10 Administrator and Director Oge, and thank you all for your  
11 time here today.

12 Good afternoon. I am Charles Griffith,  
13 Climate & Energy Program Director at the Ecology Center, an  
14 environmental nonprofit organization based in nearby Ann  
15 Arbor since 1970. I am here to express my organization's  
16 strong support for the proposed standards.

17 The Ecology Center has had a long  
18 history of involvement in the promotion of policies to  
19 encourage the improvement in vehicle fuel economy and reduce  
20 greenhouse gas emissions. Currently we are coordinating the  
21 Built By Michigan campaign, an effort to advance policies in  
22 the state as well as nationally that help promote the sale  
23 and use of electric vehicles and other advanced vehicle  
24 technologies. Our effort includes businesses, local  
25 government officials, electric vehicle enthusiasts and

1 others who share a common interest in ensuring that the U.S.  
2 auto industry remains a leader in the development of these  
3 emerging technologies and to support a range of policies and  
4 other programs that can help to support their  
5 commercialization and manufacture here in our state and  
6 across the country. Clearly the proposed standards that we  
7 are discussing here today represent one of those needed  
8 policies.

9           There are some other specific comments  
10 in support of the proposed standards I would like to make  
11 today.

12           One is that the proposed standards  
13 continue the attribute-based structure and requirements for  
14 steady improvement that were established in the current  
15 standards. When first proposed by the agencies in 2009  
16 following the historic 2007 Energy Independence and Security  
17 Act, this new approach represented a breakthrough in  
18 regulation for this sector. Not only were the requirements  
19 more fairly applied among vehicle manufacturers but the  
20 rules also more effectively stimulated innovation by  
21 requiring improvements across all vehicle sizes and classes.  
22 The rules also included provisions that help ensure the  
23 continued production of domestic fuel-efficient vehicles,  
24 and we support those as well.

25           Second, we do like the longer time frame

1 contained in the proposed rules. By looking out further  
2 into the future the rules can ensure consistency of approach  
3 and allow manufacturers to better plan for the vehicles that  
4 they will need to develop. While we do have some concerns  
5 about the proposed mid-term review providing an opportunity  
6 to slow progress, we understand the need for potential  
7 adjustments due to many unknowns that far into the future.  
8 We are hopeful that such a review will show that even more  
9 progress is achievable.

10 We are especially supportive of the fact  
11 that the proposed rules will not only lead to significant  
12 reductions in petroleum use and greenhouse gas emissions,  
13 but that they will also lead to big savings by consumers at  
14 the pump as well as to the economy generally. The estimated  
15 consumer savings of approximately \$3,000 to \$4,400 in net  
16 lifetime savings is almost certainly a conservative estimate  
17 when considering likely increases in the fuel prices and  
18 improvements in technology. The estimated social level  
19 benefits of \$311 to \$421 billion are, therefore, likely  
20 conservative as well. We certainly think that consumers and  
21 businesses alike who rely on transportation will all  
22 significantly benefit from having the 300-plus billion  
23 dollars more in their pocketbooks to spend on other things.

24 Equally impressive are estimates of job  
25 creation and benefits to the manufacturing sector.

1 According to research commissioned by Ceres more than  
2 500,000 new jobs would be created as a result of the new  
3 standards, many of them here in Michigan. Another study on  
4 the automotive supply chain for fuel-efficient vehicle  
5 technologies found there were already more than 150,000  
6 people employed in the advanced engine, transmission and  
7 other electric vehicle supply sectors with over 38,000 of  
8 those jobs here in Michigan. Jobs in these automotive  
9 supply chains could be expected to nearly double with the  
10 implementation of the new proposed standards.

11 It's important to note that while  
12 significant job losses have been sustained in the automotive  
13 industry in recent years, investments and new fuel-efficient  
14 technologies now provide a strong basis for new  
15 manufacturing job growth, providing even greater  
16 competitiveness for the U.S. going forward. The proposed  
17 standards along with other policies to facilitate research,  
18 development, and commercialization of new technologies will  
19 help to ensure those job gains continue to be realized here  
20 in the region as well as in the U.S. more broadly.

21 The Ecology Center would also like to  
22 express support for the flexibility mechanisms in the  
23 proposed standards, and in particular the incentives for  
24 electric vehicles, plug-in electrics and fuel cell vehicles.

25 As I stated earlier, support for these

1 emerging technologies is critical if we are to maintain U.S.  
2 leadership and encourage new manufacturing opportunities  
3 here at home. We do agree, however, that the incentives  
4 should be phased out over time so the full emissions of  
5 these vehicles can be accounted for. We, therefore, support  
6 the decrease in the incentive multiplier and the proposed  
7 manufacturer caps on the 0-gram per mile value for upstream  
8 emissions.

9                   Beyond the direct benefits of the  
10 standard, the Ecology Center would like to commend the EPA  
11 and NHTSA on its successful negotiation that is reflected in  
12 the standards we are discussing here today. It is no small  
13 feat to be able to bring together such a broad  
14 representation of interests including the automotive,  
15 environmental and consumer groups as well as the State of  
16 California to negotiate a rule that all parties can support.  
17 We believe it is important to recognize the successful  
18 process that the agencies have managed and led, including  
19 the cooperation between the two agencies itself.

20                   In closing, we would like to thank the  
21 agencies for their exceptional work on these proposed rules  
22 and for the opportunity to speak here today.

23                   MR. MEDFORD: Thank you very much.

24                   Mr. German.

25                   MR. GERMAN: Hello. My name is John

1 German. I am happy to present comments on the proposed  
2 vehicle standards on behalf of the International Council on  
3 Clean Transportation.

4 ICCT has broad expertise in all  
5 transportation areas and our primary mission is to help  
6 regulatory agencies worldwide reduce air quality pollutants  
7 and greenhouse gas emissions.

8 While the U.S. has consistently been the  
9 world's leader in reducing pollutant emissions, U.S.  
10 policies on transportation fuel efficiency and greenhouse  
11 emissions have been far less effective. The 2016 rule took  
12 a giant step towards catching up and the proposed rule would  
13 extend the progress and set longer term requirements. We  
14 applaud EPA, NHTSA, along with California, the  
15 Administration and the vehicle manufacturers for taking  
16 another large step along the road to a sustainable  
17 transportation system.

18 My comments today will focus on the  
19 conservative nature of the technology benefit and cost  
20 analyses of the rule. I will also touch upon the safety  
21 benefits of the rule and suggested improvements in program  
22 design and off-cycle credits. Alan Lloyd's testimony next  
23 week on behalf of ICCT will focus on the standard  
24 development process and on suggestions for improvements on  
25 some of the credits. ICCT will provide detailed written



1 comments to the docket and will also address additional  
2 issues such as the consumer welfare and the interim review.

3           The opportunities to improve efficiency  
4 in the near term are far larger than most people realize.  
5 The internal combustion engine is widely perceived as  
6 century-old technology that is at the end of its  
7 development, but the reality is exactly the opposite.  
8 Computer simulations, computer-aided design are enabling  
9 vastly improved designs and technologies. On-board computer  
10 controls provide unprecedented integration of engine,  
11 transmission and hybrids operation. Instead of slowing  
12 down, the pace of technology development just keeps  
13 accelerating.

14           The sophistication of assessing  
15 technology efficiency improvements has been increasing as  
16 well. To support development of the 2025 standards EPA  
17 contracted with Ricardo to conduct full-system simulation  
18 modeling of the latest technology developments.

19           ICCT has been intensively involved in  
20 the simulation modeling process for the last two years. It  
21 is very clear to us that the technology being assessed by  
22 Ricardo are on the conservative side. In fact, this is  
23 unavoidable due to the restriction to the currently  
24 available data and engine maps. Engine technology is  
25 improving much faster than we can keep up with, and engines

1 better than those modeled by Ricardo are already in  
2 development. For example, the diesel maps used by Ricardo  
3 for the U.S. simulations are already out of date, and ICCT  
4 has already recontracted with Ricardo to rerun the diesel  
5 simulations for Europe using maps representative of the  
6 latest diesel technology.

7 Another example is the engine map for  
8 the gasoline engine with boosted-EGR which is higher fuel  
9 consumption than a similar concept in development by the  
10 energy absorption.

11 This rapid technology improvement can  
12 also be seen by looking at historical data. The 2001  
13 Natural Research Council report found that turbocharging and  
14 downsizing could improve fuel economy by 5 to 7 percent.  
15 The most recent estimates in the draft RIA found this  
16 benefit is now two to three times higher. This is not due  
17 to the older estimates being wrong, but rather to rapid  
18 improvements in combustion and turbocharging technology over  
19 the last 10 years.

20 By comparison, the 2025 rules are  
21 13 years away. The efficiency estimates in the draft rule  
22 are actually quite conservative and there should not be any  
23 consideration of rolling them back.

24 Computer simulations will especially  
25 impact lightweight material design. In the past

1 optimization of materials was a long, slow process of  
2 gradually changing a few parts of the time to avoid  
3 unanticipated problems with safety, ride, noise and  
4 vibration.

5           The recent development of sophisticated  
6 and accurate vehicle simulations is opening up a new world.  
7 The initial use of these models was to improve safety  
8 design. The simulations were so effective that 5 star crash  
9 ratings became almost universal and NHTSA had to revise  
10 their rating criteria. The simulations are continuing to  
11 rapidly improve to the point where they are starting to be  
12 used to simultaneously optimize the material composition,  
13 shape and thickness of every individual part, including  
14 secondary weight reductions.

15           The shift in material design  
16 capabilities also impacts the cost to reduce vehicle weight.  
17 The studies in progress by Lotus and FEV are using highly  
18 sophisticated simulation models to optimize part material  
19 and design. The results of these studies will be far more  
20 accurate of future designs and they must be used to assess  
21 the costs of weight reduction for the final rule.

22           ICCT is also paying FEV to do additional  
23 teardown cost assessments in connection with our work in  
24 Europe. These include updating the future hybrid costs, new  
25 cost assessments for advanced diesel engines, basic

1 start/stop systems, manual transmissions and cool EGR  
2 systems. These results will be shared with EPA and NHTSA as  
3 they become available.

4 ICCT will address the safety issues in  
5 more detail in our written comments including the results  
6 from DRI's latest safety analysis.

7 I will just make two quick observations.  
8 First, every time Kahane reanalyzes the impact of mass  
9 reduction on fatalities, the fatality increase goes down.  
10 More importantly, the coefficients in Kahane's modeling  
11 reflects the material composition in historical vehicles.  
12 This is dominated by conventional steel. This modeling  
13 implicitly assumes that lighter vehicles do not change  
14 material composition. However, future weight reduction will  
15 be accomplished primarily with use of high-strength steel  
16 and aluminum, both of which have better crash properties  
17 than the standard steel. Their use will improve vehicle  
18 crash performance and reduce fatalities, even in small cars.  
19 In fact, Honda has moved aggressively towards the use of  
20 high strength steel in small cars, in part due to the safety  
21 benefits.

22 ICCT strongly supports the overall  
23 program stringency. However, we are concerned some  
24 cost-effective reductions may not be achieved due to certain  
25 elements found in the performance rule.

1                   One of ICCT's guiding principles is that  
2 standards should be technology neutral. The proposed  
3 provisions to assign zero carbon emissions to electric-only  
4 operation and for artificial credits for certain pickup  
5 truck technologies distort the compliance system and reduce  
6 the overall benefits of the program. The separate footprint  
7 curve to cars and light trucks also distort the requirements  
8 by making it easier for vehicles classified as light trucks  
9 to comply. A single footprint function would still give  
10 larger trucks a less stringent target to meet while avoiding  
11 vehicle classification games.

12                   Another guiding principle is the  
13 requirement should properly represent in-use emissions. Our  
14 concerns here center on the off-cycle credits and the  
15 failure to include non-CO2 climate forcing agents such as  
16 black carbon. ICCT supports the concept of off-cycle  
17 credits. However, we will provide detailed written  
18 suggestions on how to better implement them so that they are  
19 valid and avoid double counting.

20                   In closing the ultimate goal is to  
21 create a sustainable transportation system. ICCT looks  
22 forward to working with everyone involved including, first  
23 of all, including the federal and state agencies and vehicle  
24 manufacturers to help shape the best policies and programs  
25 to meet our clean air, energy security and climate change

1 objectives.

2 MR. MEDFORD: Thank you very much.

3 Luke Tonachel.

4 MR. TONACHEL: Good afternoon, and thank  
5 you for the opportunity to testify today.

6 My name is Luke Tonachel, and I'm a  
7 senior analyst in the Energy and Transportation Program at  
8 the Natural Resources Defense Council.

9 I am pleased to be here on behalf of  
10 NRDC's 1.3 million members and on-line activists.

11 The proposed standards are a giant step  
12 forward. The standards are good for the environment,  
13 consumers, and the economy. The standards ensure that as a  
14 nation we are investing in our future instead of being  
15 beholden to a status quo of heavy dependence on oil which is  
16 fueling dangerous emissions of carbon pollution and draining  
17 our economic wealth.

18 These standards present the U.S. with a  
19 choice on how to spend a half trillion dollars over the next  
20 20 years. A half trillion dollars is a conservative  
21 estimate of the value of the fuel savings from this program  
22 from 2017 to 2030. Without the standards we will  
23 unnecessarily send \$350 billion overseas to OPEC and other  
24 oil-producing countries. We will also pad the revenues of  
25 the oil industry by another \$150 billion.

1           By raising standards to the equivalent  
2 of 54.5 miles per gallon by 2025, we'll invest that  
3 \$500 billion back into our economy and create almost 500,000  
4 new jobs while cutting carbon pollution.

5           Under the rule, the U.S. would invest  
6 about \$300 billion in new vehicle technologies bringing  
7 cleaner, more fuel-efficient cars and trucks to the  
8 marketplace. Consumers would have an additional \$200  
9 billion in their pockets to spend on the economy, thanks to  
10 the fuel sipping vehicles.

11           Making better vehicles means more U.S.  
12 jobs. A recent report from the investor group Ceres  
13 estimates that the auto industry investments and consumer  
14 savings triggered by the proposed standards would generate  
15 484,000 jobs across the country. This is not surprising.

16           NRC recently partnered with the UAW and  
17 the National Wildlife Federation to quantify the jobs being  
18 spurred by the current 2012 to 2016 standards. In our joint  
19 report, "Supplying Ingenuity," we found that over 150,000  
20 workers are currently employed in 300 automotive supply  
21 companies across 43 states to make parts that enable cars  
22 and trucks to cut pollution and go further on a gallon of  
23 gas.

24           Consumers win under this proposal  
25 because they have more choices of cleaner, fuel-efficient

1 offerings in the showroom. As the agencies' analysis shows,  
2 consumers will have net savings of up to \$4,400 over the  
3 life of their vehicle under the standard. Importantly, for  
4 most consumers that finance their vehicles, the net savings  
5 will be brought home immediately.

6 Under the standards the combination of  
7 fuel expenditures and new car payments will be lower in the  
8 first month. By 2030 the aggregate national savings will  
9 provide the equivalent of an annual tax rebate of \$330 for  
10 every American household.

11 Consumers want cleaner, more  
12 fuel-efficient vehicles, and they are buying them.  
13 According to data from the University of Michigan, the  
14 average fuel economy of new vehicles since data was first  
15 collected in October 2007 has been increasing year over  
16 year.

17 Improved efficiency is being achieved  
18 across the fleet. Gone are the days when the V-8s were  
19 king. 6- and 4-cylinder engines are the norm with thrifty  
20 4-cylinders being the most popular choice. The agencies'  
21 analysis shows the internal combustion engines will continue  
22 to reign through the 2017 to 2025 standards. Over 80  
23 percent of new vehicles in 2025 will be internal combustion  
24 engine cars and vehicles with more advanced and innovative  
25 engines, transmissions and bodies.



1                   Hybrid electric and plug-in electric  
2                   vehicles will continue to grow in the marketplace, but most  
3                   new cars and trucks under the standard will run solely on  
4                   gasoline, just less of it. In addition to using less gas,  
5                   these new vehicles will cut emissions of dangerous global  
6                   warming pollution in half compared to today's average  
7                   vehicles.

8                   NSRC estimates that the 297 million  
9                   metric tons of greenhouse gas reductions in 2030 from the  
10                  standards is equivalent to avoiding the annual emissions  
11                  from 76 coal-fired power plants.

12                  These standards will help protect our  
13                  economy by helping reduce extreme weather events such as  
14                  hurricanes, heat waves and floods.

15                  The national program and this latest set  
16                  of standards are examples of good government. Despite the  
17                  gridlock in Congress, the EPA, NHTSA and the California Air  
18                  Resources Board have demonstrated an effective partnership  
19                  to develop policies that meet the objectives of the Clean  
20                  Air Act and the Energy Policy and Conservation Act.

21                  Each agency has played an important and  
22                  critical role in shaping this proposal. This proposal is  
23                  also a product of discussions with the automotive industry,  
24                  labor, environmental, and consumer stakeholders, and the  
25                  result is a strong set of standards.

1                   In conclusion, the U.S. has an  
2                   opportunity to invest half a trillion dollars over the next  
3                   20 years. Implementing the 2017 to 2025 standards will  
4                   allow us to invest that money in America. It will promote  
5                   vehicle technology leadership, protect the environment, help  
6                   consumers and create U.S. jobs.

7                   Some in Congress seek to disrupt this  
8                   standard-setting process. If they were to succeed,  
9                   Americans would be robbed of more choices of cleaner, more  
10                  efficient vehicles, the automotive industry would struggle  
11                  under the market uncertainties driven by volatile fuel  
12                  prices, and the nation would be faced with greater oil  
13                  dependence and pollution. The agencies should forge ahead,  
14                  keep the model year 2017 to 2025 standards strong and make  
15                  them final this summer.

16                  Thank you for your attention.

17                  MR. MEDFORD: Thank you very much.

18                  Mr. Ross.

19                  MR. ROSS: Distinguished Panel, my name  
20                  is Matt Ross. Thank you for the opportunity to testify.

21                  I was leading soldiers into Iraq the  
22                  first day of the war in 2003. There I was awarded the  
23                  Bronze Star and the Presidential Unit Citation. Today I'm  
24                  here to talk to you from the Truman National Security  
25                  Project in view of some encouragement to bolster our

1 national security.

2                   Several weeks into the invasion in Iraq,  
3 I was setting up a Tactical Operation Center. We were just  
4 north of the Euphrates River. Baghdad had not yet fallen.  
5 A plane zoomed above the treetops too low even for close air  
6 support. The surface-to-air damaged A10 Thunderbolt crashed  
7 a couple hundred yards from our position, and we pulled back  
8 as the uranium-depleted ammunition started to kick off.

9                   A few days later I was sitting in the  
10 pilot ejection seat reflecting on our purpose for being  
11 there, and I was looking out over our JP8 fuel trucks and  
12 they were parked in front of the rusting Iraqi oil  
13 infrastructure, and I realized this country doesn't have  
14 many assets. About the only thing of value here are the  
15 gigantic oil reserves, and as our President George W. Bush  
16 put it, America is addicted to oil.

17                   So lack of a forward-thinking energy  
18 policy has created this unsustainable dependence on foreign  
19 oil by this great country of ours. We have just 3 percent  
20 of proven world reserves, and we use approximately  
21 25 percent of global oil production. The military cost of  
22 sustaining and securing this foreign oil is terrible.

23                   Former CIA director James Woolsey  
24 clearly stated the case: Except for our own Civil War, this  
25 is the only war we have fought where we are paying for both

1 sides. We pay Saudi Arabia \$160 billion for its oil, and 3  
2 or 4 billion of that goes to the Wahabis that teach children  
3 to hate. We are paying for these terrorists with our SUVs -  
4 a clear and present case to be sure. Other hostile  
5 governments like Iran and Venezuela of course use our petrol  
6 dollars against us in other ways.

7           The Pentagon knows well how oil impacts  
8 national security. The DOD is, of course, the largest  
9 single user of petroleum in the nation. So the most  
10 powerful military force on the planet could not function  
11 without it. As a result, the U.S. military is actually  
12 taking major steps towards clean, renewable energy  
13 production. For instance, out at Fort Carson, Colorado, the  
14 Army has partnered with a local energy provider to build a  
15 floatable tank solar array that powers some 540 homes. The  
16 Navy has already commissioned its first electric drive  
17 surface warfare ship in the U.S. Makin Island and  
18 additionally they intend to employ a carbon-neutral carrier  
19 strength force group using bio-fuel and nuclear power by  
20 2016. Clearly our military leaders have identified energy  
21 as a national defense issue.

22           There are enormous negative  
23 externalities for burning fossil fuel that jeopardize our  
24 national security. In February 2010 the Pentagon published  
25 the first quadrennial defense review which specifically

1 addressed climate change. Climate change will contribute to  
2 food and water scarcity, will increase the spread of disease  
3 and may spur or exacerbate mass migration. While climate  
4 change alone does not cause conflict, it may act as an  
5 accelerant of instability of conflict placing a burden to  
6 respond on civilian institutions and militaries around the  
7 world. You've all heard the U.S. military referred to as  
8 the 9-1-1 of the world. That's why I'm here.

9           So, in addition to these extreme weather  
10 events that may lead to increased demands for defense  
11 support to civilian authorities for humanitarian assistance  
12 or disaster response both within U.S. and overseas, in 2008  
13 the National Intelligence Council judged more than 30 U.S.  
14 military installations were already facing elevated volatile  
15 risks from rising sea levels. So to be clear, the Pentagon  
16 is not prone to shall I say "save the polar bears" type  
17 crusades. So clearly if the Pentagon is taking steps in  
18 this direction, this is a clear and present threat to  
19 national security and we need to pay attention.

20           We've known for decades that fossil  
21 fuels cause serious environmental harm and now it's clear  
22 that they're endangering our national security.

23           So we are extremely privileged to live  
24 in this great nation. Like the A10 Thunderbolt the U.S. is  
25 resilient, well built, battle-tested. However, the fossil

1 fuel addiction we have threatens our national security much  
2 as the Iraqi anti-aircraft crews threatened that A10  
3 Thunderbolt.

4 Now, the pilot ejected seconds before  
5 his plane crashed and parachuted to safety. We as a nation  
6 don't have that option. We need to change the course on the  
7 energy policy before it's too late. The new EPA proposal  
8 for 54.5 miles per gallon is a great step in that direction.

9 Thank you.

10 MR. MEDFORD: Thank you. We would like  
11 to thank you for your testimony and we would like thank you  
12 and appreciate your service to our country. Thank you very  
13 much.

14 MR. ROSS: You're welcome.

15 MR. MEDFORD: Mr. Shaw.

16 MR. SHAW: Good afternoon and thank you  
17 for the opportunity to appear before you today to provide  
18 comment on proposed CAFE rules.

19 My name is Jody Shaw. I'm the Director  
20 of Technical Marketing & Product Research for United States  
21 Steel Corporation.

22 My role within U. S. Steel is to assist  
23 the automotive industry to make the best use of our product  
24 vehicle structure in all applications and to ensure U.S.  
25 Steel is producing the products that the automotive industry

1 requires today and in the future.

2 I'm also the Chairman of World  
3 Automotive Steel, the automotive applications organization  
4 for the World Steel Association representing 17 global steel  
5 companies that provide the vast majority of the steel for  
6 the 16 million vehicles globally produced each year.

7 The goal of WorldAutoSteel is to  
8 demonstrate the advantages of steel in vehicle design as  
9 well as establish the technical requirements of steels in  
10 future vehicles.

11 The message I'm providing you today  
12 complements the position taken by the global steel industry  
13 and the other pro-environmental stakeholders who share the  
14 objectives of reducing the carbon footprint of motor  
15 vehicles.

16 U.S. Steel supports the objectives of  
17 the EPA and NHTSA to improve fuel economy and reduce the  
18 greenhouse gas emissions associated with light vehicles. We  
19 also support the Energy Independence and Security Act of  
20 2007 and the President's May 21st, 2010, request that the  
21 EPA and NHTSA work together to develop a national program  
22 that would produce a new generation of clean vehicles in  
23 response to the country's goal of reducing carbon emissions  
24 and reducing oil consumption.

25 CAFE was initiated in 1975 in the wake

1 of the 1973 oil embargo with the objective of reducing  
2 dependence on foreign oil. That program adopted miles per  
3 gallon measured in the equivalent tailpipe grams of CO2 per  
4 mile as the method to achieve reduction in oil consumption.  
5 It was the right approach to achieve this stated objective.

6           However, extending that same measure  
7 towards the new objectives of reducing greenhouse gas  
8 emissions will not achieve the intended outcome, but in  
9 contrast it will result in increased total energy use and  
10 CO2 emissions. In fact, the magnitude of these unintended  
11 consequences will increase as the fuel economy in grams of  
12 CO2 per mile become more stringent between now and 2025.

13           To explain, a vehicle consumes energy  
14 and emits CO2 during all phases of its life which includes  
15 manufacturing, driving and end-of-life disposal.  
16 Considering all phases of a vehicle's life accurately  
17 measures its true carbon footprint.

18           In today's vehicle the driving phase CO2  
19 emissions represents 85 percent of the vehicle's total  
20 carbon footprint which allows the regulators to ignore the  
21 other phases of impact. However, as fuel economy  
22 requirements double from 27.5 miles per gallon today to 54.5  
23 miles per gallon in 2025 the driving phase conditions will  
24 be cut in half, thus increasing the importance of the other  
25 vehicle savings.



1                   Also consider that many of the  
2 technologies and materials necessary to achieve these fuel  
3 economy improvements are energy and CO2 intensive in the  
4 manufacturing phase and will increase the vehicle's  
5 manufacturing phase CO2 emissions altering end-of-life  
6 impact in both relative and absolute measures.

7                   Several recent studies demonstrate that  
8 vehicles aiming to achieve the future fuel economy and  
9 tailpipe emission targets will have a 50/50 split between  
10 CO2 emissions associated with the driving phase and other  
11 phases. Under the proposed regulation 50 percent or more of  
12 the total CO2 emission associated with these future vehicles  
13 will fall outside of the regulation.

14                   So how does this conflict with the  
15 national objective of using CO2 emissions and energy use of  
16 vehicles to address climate change? As I stated, many  
17 technologies are required to achieve the proposed 54.5 miles  
18 per gallon target of high manufacturing emissions. Examples  
19 of this: The materials that compete with steel such as  
20 aluminum, magnesium and carbon fiber, which are 6 to 20  
21 times more energy- and carbon-intensive in the manufacturing  
22 phase on a pound-per-pound basis.

23                   While these materials may improve fuel  
24 economy and tailpipe CO2 emissions in the driving phase,  
25 those improvements are not sufficient to offset the upstream

1 CO2 emissions associated with producing these materials.

2 To address these unintended consequences  
3 and achieve optimal environmental resource allocation,  
4 future regulations should evaluate CO2 emissions associated  
5 with all the vehicle's life. This will ensure that  
6 technologies are not deployed and improve the driving phase  
7 emissions while increasing a vehicle's overall carbon  
8 footprint.

9 In this regard we have been working with  
10 EPA and NHTSA over the past several years to consider the  
11 more appropriate methodology which resulted in Section 3.G.5  
12 of the NPRM requesting additional information on this topic  
13 for which I would like to thank and commend the EPA and  
14 NHTSA for their open-mindedness on this issue.

15 There are many advantages to a vehicle's  
16 CO2 regulatory approaches and corporate lifecycle thinking  
17 over the current tailpipe emissions approach, beyond the  
18 obvious advantage of actually achieving the intended outcome  
19 of reduced energy use and CO2 emissions.

20 First, such an approach will enable  
21 vehicle makers with increased design flexibility in  
22 complying with the regulation which will result in lower  
23 cost vehicles and improved environment performance.

24 Vehicle makers can provide an example  
25 that the lowest lifecycle CO2 technology solution is also

1 the low cost solution. In contrast, the same examples also  
2 demonstrate that the selection of technology to improve fuel  
3 economy and tailpipe emissions alone would have resulted in  
4 increased manufacturing costs while increasing the carbon  
5 footprint of the vehicle. Regulations that drive vehicle  
6 makers towards solutions that increase cost and total carbon  
7 emissions does not make sense. Regulations that incorporate  
8 lifecycle thinking will address such unintended  
9 consequences.

10 A second advantage is that it would  
11 drive the vehicle supply chain to reduce the carbon  
12 intensity of their products because of the commercial  
13 advantage you would provide them; that is, low carbon  
14 suppliers would provide a competitive advantage to their  
15 customer, the vehicle manufacturer, in complying with the  
16 regulations. Regulations properly executed result in a race  
17 to the CO2 bottom as manufacturers compete to be the low  
18 carbon supplier. The studies sponsored by the steel  
19 industry and conducted by the University of California at  
20 Davis proposes a methodology for CAFE regulation that  
21 incorporates lifecycle thinking while maintaining the simple  
22 grams of grams of CO2 per mile metric on current EPA/DOT  
23 vehicle stickers. And that will dovetail into the existing  
24 CAFE regulations. This methodology addresses the unintended  
25 consequences and results in real carbon reductions associated

1 with vehicles using information readily available to the  
2 vehicle makers.

3                   This proposed lifecycle methodology  
4 still needs further development in order to be incorporated  
5 into regulation, but great strides are being made and should  
6 be ready for trial in the coming years. Already several  
7 automakers are utilizing lifecycle tools during vehicle  
8 design. The steel industry is building a consortium of  
9 stakeholders to further develop this lifecycle methodology  
10 and identify the details to ensure its feasibility and  
11 regulations. Properly devised, we believe lifecycle tools  
12 incorporated into the regulation will result in a better  
13 framework that increases flexibility for auto designers and  
14 improves transparency while enhancing the environmental  
15 integrity of the underlying regulation.

16                   The current 2017-2025 light-duty vehicle  
17 emissions proposals call for a mid-term evaluation that will  
18 lead to a final agency action. We believe that a complete  
19 evaluation of the feasibility of incorporating lifecycle  
20 thinking into vehicle emissions regulations is possible  
21 within the mid-term evaluation phase.

22                   We will continue to work closely with  
23 EPA and NHTSA on this issue and urge the agency to actively  
24 solicit advice and input from multidisciplinary experts  
25 prior to the mid-term review.

1                   In the 110-year history of the United  
2 States Steel Corporation, we have conducted ourselves  
3 according to a framework of sustainable business conduct and  
4 corporate citizenship established by one of our founders,  
5 Elbert H. Gary. These principles known as the Gary  
6 principles are established in nine uncomplicated statements.

7                   The first of these statements is I  
8 believe that when a thing is right it will ultimately and  
9 permanently succeed. In light of that principle, lifecycle  
10 thinking applied to climate change regulations is the right  
11 thing, and I believe it will ultimately succeed; however,  
12 ultimately could be a long time with unintended and harmful  
13 consequences occurring before the right thing is finally  
14 employed.

15                   We have an opportunity here to implement  
16 the right solution in the near term and avoid unintended  
17 consequences. Vehicle emission regulations that incorporate  
18 lifecycle thinking is the right approach to achieve positive  
19 environmental economic objectives. Accordingly we urge  
20 regulatory policymakers to begin to investigate the  
21 application of lifecycle analytics and metrics into future  
22 vehicle emission regulations.

23                   Thank you.

24                   MR. MEDFORD: Thank you, Mr. Shaw.

25                   Questions from any of my colleagues?

1 MS. OGE: I have one question for  
2 Mr. Shaw.

3 Thank you for your testimony.

4 So your proposal for the lifecycle  
5 analysis for steel and high strength steel material, is your  
6 proposal also applied for every substantive and every  
7 material that is used in the car anywhere from fabrics to  
8 plastics to graphite? That's one question.

9 The second: Have you talked to the  
10 OEMs, because what you are suggesting is that they would be  
11 responsible to do lifecycle analysis for the material they  
12 are using in addition to the other materials to give us for  
13 the standards.

14 So two questions.

15 Thank you.

16 MR. SHAW: Thank you.

17 Yes. The intent and the examples we  
18 provided in our discussions with the EPA and NHTSA would  
19 include all the materials, but there's a bill of materials  
20 that are associated with the vehicle, and it's a standard  
21 deliverable that every vehicle comes with, and those can be  
22 interpreted with the database as the materials.

23 So I agree that for OEM to chase the  
24 target footprint for the whole supply chain for the  
25 thousands of suppliers that produce the vehicle won't be

1 possible. The approach we are recommending uses the  
2 database which are available such as the national GREET  
3 model that have this data already included in there and it  
4 comes very simplified, and there are examples by the OEM of  
5 the production vehicles today that have done that.

6 And, also, we have shared this with, at  
7 the recommendation, to the Alliance of Automotive  
8 Manufacturers and made the same kind of discussion. Of  
9 course, adding another layer of regulation on top of these  
10 ones were not seen very positively.

11 So, when we got through the presentation  
12 of this idea of design increases design flexibility; they  
13 saw an opportunity in that they would have more ability to  
14 comply with the regulations; and, so, they were interested  
15 in more information, and we will continue to work with them.  
16 We think we can have a reasonable solution by the interim  
17 review.

18 Thank you.

19 MS. OGE: Thank you.

20 MR. MEDFORD: I'd like to thank the  
21 panel for your testimony this afternoon and for your  
22 indulgence and your time. So thank you very much.

23 MS. OGE: Before we have our next panel,  
24 there's a request by a group of ladies that have asked to  
25 briefly make some statements for this public hearing, so I

1 will ask them to come forward. If I pronounce your names  
2 right, but Nancy Goedert and Sharon Strus and Carolyn  
3 Dougherty and April Mitchell. If you could please have a  
4 seat. What would you like to do?

5 So for the reporter, you need to say who  
6 you are.

7 MS. GOEDERT: This will only take about  
8 three minutes. We are the Raging Grannies, and we have a  
9 couple of songs, quick songs for you.

10 Nancy Goedert, G-O-E-D-E-R-T.

11 MS. STRUS: Sharon Strus, S-T-R-U-S.

12 MS. DOUGHERTY: Carolyn Dougherty.

13 MS. MITCHELL: April Mitchell.

14 THE RAGING GRANNIES: The people in cars  
15 go round and round, round and round, round and round. The  
16 people in the cars go round and round all through the town.

17 The people in the street go cough,  
18 cough, cough, cough, cough, cough, cough, cough, cough. The  
19 people in the street go cough, cough, cough, all through the  
20 town.

21 We Grannies out here say Clean up it,  
22 Clean it up, Clean it up, we Grannies out here say Clean it  
23 up, we want it now.

24 MS. GOEDERT: And we have one more.

25 THE RAGING GRANNIES: Let's not buy an



1 automobile that pollutes air, water and field. We demand  
2 earth friendly cars, so Earth won't become like mars. We  
3 must care for Mother Earth so she can keep on giving birth  
4 and sustain our lives in a healthful way. Let's resolved to  
5 do it today.

6 MS. DOUGHERTY: I have a question.

7 Just from what I had heard, there's so  
8 much progress with computers and all the materials, the use  
9 of materials and the strengthening of the field and  
10 et cetera, it seems like there should be periodic  
11 improvements, you know, sort of getting it all together and  
12 there must be a way that people are communicating with each  
13 other, I suppose. So that seemed interesting.

14 MS. OGE: I want to thank -- you're  
15 known as the Raging Grandmas. We thank you all for coming.

16 MR. MEDFORD: This is the best  
17 entertainment I've ever had in a hearing.

18 MS. OGE: Let's give them a hand.

19 Now we're going to go our next panel. I  
20 hope the next panel will be as entertaining.

21 So I will ask Jody Shaw, Doug Richman,  
22 Jim Crowfoot, Walter McManus, Jeffrey Breneman and Judy  
23 Lindberg to please come forward.

24 I'm going to apologize for asking the  
25 panel to come forward. We're going to take a 10-minute

1 break because the reporter needs a break. Without her, we  
2 have no record and we need that accurate so she's in charge  
3 for the time -- for this panel. Thank you.

4 (A short recess was taken)

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2 MS. OGE: Hello I think we're ready to start.  
3 Can you please take your seats? So forgive us for the  
4 interruption, but we're ready to start. So we will  
5 start with Mr. Doug Richman. And I'd ask you to please  
6 state your name and do speak slowly, not that slow, but  
7 you know, sufficiently slowly so your remarks can be  
8 recorded.

9 MR. RICHMAN: Okay. Good afternoon. And my  
10 name is Doug Richman. I'm Vice-President of  
11 Engineering at Kaiser Aluminum, and I'm here today  
12 representing the Automotive Transportation Group of the  
13 Aluminum Association. And I want to sincerely thank  
14 the panel for allowing us this opportunity to comment  
15 on this regulation, regards as an extremely important  
16 piece of regulation and one that has a major potential  
17 impact on the automobile transportation future of our  
18 nation.

19 We recognize that developing a comprehensive  
20 national fuel economy regulation is a formidable task  
21 with profound consequences, and we want to sincerely  
22 congratulate the agencies on the outstanding job. We  
23 sincerely see it as an outstanding body of work and the  
24 conclusions are realistic, attainable and will achieve  
25 our national objectives in energy so we think it's an

1 outstanding job and a credit to all of the agencies and  
2 individuals who are involved. It's been a pleasure to  
3 work with the organizations.

4 My comments today will address the issues of  
5 the advanced materials as they are applied and referred  
6 to within the context of the NPRM strictly delegating  
7 our comments to the materials portion only. And as  
8 part of our testimony today, we'd like to enter four  
9 recent documents into the record. I'll briefly  
10 summarize them. These comments and printed copies will  
11 be submitted with our written testimonial in response  
12 to the document.

13 The four studies that we would like to enter  
14 are first the Ducker Worldwide survey of materials used  
15 in the auto industries of 2012 projecting material  
16 usages out to 2025 in response to anticipated changes  
17 in fuel economy regulation be the first one. The  
18 second one we're going to enter into the record is a  
19 recent study conducted by DuPont where they surveyed  
20 automotive OEM and Tier 1 supplier executive engineers  
21 on their perspectives on the role of advanced materials  
22 in meeting future fuel economy and CO2 emissions  
23 requirements. The third document we'll enter is  
24 comments made by Honda Motor Company at a recent  
25 international auto body symposium in Michigan here, and

1 the fourth one, the fourth document is a lifecycle  
2 study recently completed by the European Union as part  
3 of their effort in support of the regulations on CO2  
4 emissions in Europe. All four of those actual  
5 documents will be submitted.

6 I'll just make some brief comments. The  
7 Ducker study, which we just completed late last year,  
8 concluded that to achieve the fuel economy objectives  
9 and CO2 emissions requirements required by 2025, the  
10 average vehicle in North America will have to be  
11 reduced in weight by about 375 pounds. They came to  
12 that conclusion in discussions with OEMs and Tier 1  
13 suppliers. Of that 375 pounds, aluminum will play a  
14 significant role. Aluminum content today in the  
15 average vehicle in North America is 347 pounds of  
16 aluminum or 9% of the curb weight of the vehicle. That  
17 aluminum content is expected to increase to 550 pounds  
18 per vehicle by 2025 to support fuel economy and  
19 efficiency improvements that are required. In that  
20 sense, aluminum will contribute about 60% of the weight  
21 reduction that's anticipated for the overall average  
22 vehicle by 2025.

23 The second study conducted by DuPont recently  
24 was again a survey of automotive industry executives  
25 and engineers, and in that study that group indicated

1 aluminum was identified as the most helpful material in  
2 helping them meet their fuel economy and efficiency  
3 objectives through 2025, confirming much of the same  
4 information that the Ducker study had found.

5 The third document item that we'll enter is  
6 comments made by Honda Engineering, specifically by  
7 their senior vice-president of R&D activities for the  
8 America's, Frank Paluch, and his comment, "Based on our  
9 current understanding, we believe we're approaching the  
10 practical limits in the application of traditional  
11 materials. It will be increasingly difficult or  
12 impossible to meet the future fuel efficiency and  
13 carbon dioxide emission requirements with vehicle  
14 bodies made with traditional materials." And in that  
15 context we view Honda as among the growing number of  
16 OEMs that recognize that future vehicle design  
17 requirements will depend upon lighter, stronger and  
18 more crash-absorbent materials like aluminum in the  
19 future.

20 The fourth item that we'd like to enter into  
21 the record is this recent study by the European Union  
22 on CO2 lifecycle emissions, and in the NOI for this  
23 NPRM, new vehicle lifecycle analysis was discussed and  
24 the European study confirms much of the statements that  
25 are in the NPRM, the environmental impact statements

1 associated with this NPRM. The study supports the  
2 conclusion that weight reduction with aluminum and  
3 high-strength steel achieves significant use-phase CO2  
4 emissions reductions that more than offset and more  
5 than outweigh the additional emissions created during  
6 the vehicle production. Those findings are very  
7 consistent with the EPA drafts and whatnot,  
8 environmental impact statement.

9 Now when we discuss weight reduction, we  
10 always have to keep in mind safety considerations.  
11 There's a constant debate and concern about the  
12 relationship between weight and safety. The aluminum  
13 industry shares and supports the agencies' priority for  
14 continuous improvement in vehicle safety. Weight  
15 reduction has been certainly identified as an important  
16 part of a comprehensive vehicle fuel economy  
17 improvement initiative and that must be implemented in  
18 a manner that preserves or enhances vehicle safety. We  
19 support that.

20 Developing an appropriate assessment of  
21 potential weight reduction strategies requires a very  
22 thorough and complete understanding of the independent  
23 influences of vehicle mass, vehicle size, design  
24 technology and safety features that are implemented in  
25 a vehicle. Unfortunately, limitations and available

1 data, predominantly historical data, and currently  
2 available modeling technologies make it virtually  
3 impossible to separate the independent influence of  
4 those separate technologies. It's even more difficult  
5 to predict the impact of weight reduction as we look  
6 forward in the 2025 timeframe and try to anticipate  
7 improvements in vehicle safety engineering, fundamental  
8 design and also the deployment of new and advanced  
9 safety enhancing technologies.

10 In the face of this difficulty in assessing  
11 the data, we'd like to congratulate the NHTSA for their  
12 thorough, thoughtful and professional approach taken in  
13 analyzing the relationships in trying to separate the  
14 relationships between these virtually inseparable  
15 engineering parameters.

16 Considering the uncertainties involved in the  
17 weight versus safety debate, we believe the agencies'  
18 position on vehicle weight reduction represents an  
19 objective, well reasoned assessment of the available  
20 information and is appropriately conservative. We  
21 believe the future has a lot of improvement in it and  
22 we expect that to be materialized. That will  
23 probably -- we expect that will be the subject of the  
24 midterm assessment of the regulations as we go forward.  
25 They'll be some body of data to support better



1 separation of the weight versus safety issue.

2 Recent studies by the NHTSA and reflected in  
3 the NPRM indicating the down-weighting, not downsizing,  
4 down-weighting of large and midsize vehicles will have  
5 a neutral or positive impact on overall fleet safety  
6 while improving fuel economy. In this vehicle segment,  
7 automakers have been using lightweight materials,  
8 including aluminum, for some time, and from all we can  
9 see, that use of the lightweight materials is  
10 increasing in this market sector.

11 With respect to smaller vehicles, the data is  
12 clearly difficult to separate and those clear  
13 conclusions on safety versus weight have been, have  
14 been extracted from the data. Due to that uncertainty,  
15 the NPRM does not anticipate significant mass reduction  
16 in vehicles below 3000 pounds. Analytical studies  
17 provided by the Aluminum Association, and others,  
18 suggest that vehicle size, not weight, is the largest  
19 determinant of vehicle safety. We believe that in the  
20 near future advancements in small vehicle design and  
21 deployment of lightweight body structures, including  
22 aluminum, will achieve significant weight reduction  
23 while preserving vehicle size and improving safety  
24 performance, and we think again that will be something  
25 we'll review with you all at the midterm review of the

1 progress in the CAFE regulation.

2 Turning to the size-based standard, the  
3 Aluminum Association continues to support the agencies'  
4 use of the size-based footprint approach to regulating  
5 both fuel economy and CO2 emissions. We believe this  
6 approach recognizes and in fact encourages  
7 manufacturer's aggressive development and  
8 implementation of advanced fuel efficiency improvement  
9 technologies throughout the vehicle fleet.

10 Administering a comprehensive size-based  
11 standard is an important and complex task, to be sure.  
12 The NPRM, this NPRM, clearly identifies that the EPA  
13 will use annual assessments of vehicle footprint, fuel  
14 economy and performance and the sales mix to establish  
15 OEM fleet fuel economy targets for each year. The  
16 Aluminum Association believes this approach assures  
17 OEMs receive full credit for design-related  
18 technologies implemented throughout the fleet, while  
19 assuring that we achieve our overall objective for fuel  
20 economy improvement of the total fleet.

21 As we think about light-weighting and  
22 advanced materials, the other question that comes up  
23 after safety is cost. Clearly strong, affordable  
24 carbon reducing materials are being used at an  
25 increasing rate to meet down-weighting objectives now

1 and in the future. Aluminum is widely recognized as a  
2 cost-effective choice for reducing weight in automotive  
3 bodies, individual components, and vehicle structures.  
4 As auto makers turn to greater use of aluminium,  
5 secondary weight reductions are emerging as a major  
6 cost savings enabler. As we get larger and larger  
7 weight reductions, we're able to make larger and larger  
8 reductions in vehicle support systems.

9 Vehicle weight reduction allows reducing  
10 size, weight and cost of powertrain, transmission and  
11 chassis components, the secondary weight reduction  
12 factors in a vehicle. Without sacrificing performance  
13 or safety of the vehicle, cost savings from these  
14 secondary weight reductions can offset and have in fact  
15 proven to offset in a lot of cases the majority of the  
16 cost improvements associated with moving to advanced  
17 materials, whether that be advanced aluminum,  
18 high-strength steel or in some cases composites.

19 So in conclusion, we see that weight  
20 reduction, weight optimized future vehicles and  
21 components will take maximum advantage of available  
22 engineering materials. These materials are continually  
23 being improved to further enhance the ability of auto  
24 designers to design efficient vehicles. Materials  
25 including aluminum, high-strength steel, magnesium and

1 composites will all find use in the vehicles of the  
2 future, they'll work -- live together in more efficient  
3 vehicle structures.

4 Aluminum offers a unique combination of  
5 attributes including low weight, high strength,  
6 excellent energy absorption capability, natural  
7 corrosion resistance at a reasonable cost. For those  
8 reasons, we believe aluminum will play an increasing  
9 role in the optimized vehicle of the future. Thank  
10 you. And if there are any questions, I'll be happy  
11 to --

12 MS. OGE: Thank you. Now I'm going to call on  
13 Mr. Jim Crowfoot.

14 MR. CROWFOOT: I appreciate this opportunity  
15 to testify. My name is James Crowfoot. I testify this  
16 afternoon from two perspectives. One perspective, my  
17 concern for my grandchildren and all the children of  
18 their generation, and I hope the children born after  
19 them, and from the perspective of someone who's spent  
20 his life working on the questions of un-sustainability  
21 and sustainability in a major research university in a  
22 college that has devoted much of its efforts and  
23 attention to this work.

24 I want to strongly support the standards  
25 being proposed and the processes by which these

1 standards have been arrived at. There's no question  
2 that you have paid attention to the science, the  
3 natural sciences and the social sciences as you've  
4 proceeded in coming to these standards and working on  
5 refining them. And the college of which I've been a  
6 part of all of my adult work-life is committed to those  
7 sciences and is pleased that the work that you included  
8 in the standard.

9           Similarly, I'm very impressed by the use of  
10 the multi-stakeholder approach, the policy making and  
11 rule setting that has been manifested in this process.  
12 This is cutting edge, it's not something that has  
13 characterized policy making in many areas of our  
14 national and state policies in the US and major  
15 accomplishments have occurred in this way.

16           Interdisciplinary use of sciences is very  
17 present in the standard and in the multi-stakeholder  
18 process and is very much to be applauded. Obviously,  
19 the standard builds on an acknowledgement of the  
20 realities of global climate change or climate  
21 disruption. Coming to Detroit today in mid January and  
22 the outdoor thermometer in my Prius is registering 52  
23 degrees Fahrenheit was a constant reminder that for all  
24 of my years living in the Midwest I've shoveled the  
25 least snow this winter, and I've yet to really pull out

1 my heavy-duty winter coat, and this data is congruent  
2 with the pattern data as we look back. One of my  
3 favorite bays in Michigan when I was in my thirties and  
4 forties, I'm now in my seventies, would freeze over  
5 nine winters out of ten. In the last 15 years, it's  
6 one year out of ten. So we are experiencing climate  
7 change and disruption. The only thing that is off the  
8 pattern of the science that has so informed me is that  
9 it's happening much more rapidly. What I'm  
10 experiencing this January was what I was reading about  
11 being projected for 2030, 2040 for the locality in  
12 which I live. So from the point of view of what has  
13 been occurring in relation to the CAFE standards,  
14 automobiles, and all the related questions, this  
15 represents a very large and major step.

16 But now back to my reason for being here. My  
17 primary reason, my grandchildren and all the children.  
18 We must acknowledge at this point that the standard  
19 over 50 miles per gallon is a way that we can most  
20 quickly refer to it is all too low, all too low. We  
21 must acknowledge at this point the best that I can say  
22 and my peers who study un-sustainability is that yes,  
23 this will reduce the accelerating emission of  
24 greenhouse gases globally. It will reduce the rate of  
25 increase. It won't stop it, and it obviously won't

1 reverse it.

2 We also have to say, those of us who work in  
3 this field, to our grandchildren. You asked me about  
4 what I understand and what I can expect in my lifetime,  
5 two root issues that I have not heard referred to this  
6 afternoon. In my lifetime, born in 1939 to the date  
7 our economic output globally has radically changed and  
8 it now is growing exponentially higher at a rapidly  
9 increasing rate. And more familiarly to all of you,  
10 the human population has done the same. When I was  
11 born there were about two billion people on the planet,  
12 seven billion plus now, headed for a minimum of nine  
13 billion, probably more likely 12 billion humans on the  
14 planet. This is unsustainable. It represents our  
15 entrance into a crisis for human civilization. It's  
16 already affecting us. I refer to the weather. We can  
17 look at our economy and the global economy. As I look  
18 to the lives of my grandchildren and their peers, I am  
19 deeply worried. And I have to admit that my best  
20 estimate and those of my peers is that there probably  
21 is a slightly higher probability that their lives will  
22 at best be severely disrupted if not checked by the  
23 pattern that we are in and we are headed to.

24 So from their perspective, I hope they would  
25 applaud us today if they paid attention to the historic

1 context in which so many of us have struggled and  
2 continue to struggle to make the positive progress  
3 manifested in the room today. I hope they'd at least  
4 acknowledge that we have made some baby steps. But as  
5 we do it, and we applaud each other and all of our  
6 peers who aren't here who are responsible for this  
7 progress, I hope that we will keep all of the children  
8 and their futures in mind, and all of the data that  
9 indicates yes, this is a meaningful step. But the  
10 biggest part of the value of this step, in my judgment,  
11 is its educational value.

12 Sitting here today was wonderful for an hour  
13 and a half waiting. It was one of the few times I  
14 haven't minded waiting to hear from all of the people  
15 who spoke before me. I was so moved by people arguing  
16 about lifestyle assessment, by the grandmothers who  
17 were here, and most of all by people in our Armed  
18 Forces from Iraq bringing back their wide-awake opening  
19 consciousness developing experiences from being the  
20 implementers of our current policy which attends with  
21 it great military costs and the risk of life and loss  
22 of life. So it's a pleasure to be here. It's a  
23 pleasure to be educated and to hear from the people  
24 who've been testifying. I would only ask that the  
25 record show the perspective of the grandchildren and



1 the generations I hope will follow them who really are  
2 in a bind because the way of which we're proceeding is  
3 fundamentally not sustainable. Thank you.

4 MS. OGE: Thank you. Now I'm going to call  
5 Mr. Walter McManus. Good afternoon.

6 MR. McMANUS: Thank you for allowing me to  
7 participate today and to comment on the proposed rules  
8 to extend the National Program beyond the average fuel  
9 economy standards and greenhouse gas standards that  
10 have been set for 2012 through 2016.

11 My name is Walter McManus. I'm a Research  
12 Professor of Decision and Information Sciences at  
13 Oakland University in Rochester, Michigan. I -- prior  
14 to this -- I was at University of Michigan for five,  
15 six years and I worked at JD Power before that for five  
16 years, and before that I was at General Motors for  
17 about a decade in forecasting market analysis and  
18 strategy and also new product development. I want to  
19 emphasize that my comments today are my own  
20 professional opinion and don't reflect the --  
21 necessarily reflect the opinions or the views of my  
22 employer or anybody else.

23 I've been looking at these issues for a long  
24 time, and one of my first studies of the impact of fuel  
25 economy and miles per gallon and fuel prices on profits

1 was in 2005, and at the time I predicted that if fuel  
2 prices spiked about 50% above where they were, that  
3 there would be billions of dollars lost by the Big  
4 Three, Detroit Three, because of their dependence on  
5 SUV's and large pickups, which at the time I would not  
6 call gas guzzling, but I think I changed my view on  
7 that.

8 As it turned out, in 2006 and '7 and '8, I  
9 grossly underestimated the extent of the devastation  
10 that was to come. And I believe that the National  
11 Program is supposed to establish aggressive and  
12 coordinated greenhouse gas and fuel economy standards  
13 for passenger cars, light trucks and medium duty  
14 passenger vehicles to alleviate some of the risk that  
15 we saw firsthand here in Michigan and are just now come  
16 out of. But for the National Program to be successful,  
17 NHTSA and EPA had to work cooperatively with lots of  
18 stakeholders, and I think they and the automakers and  
19 all of the stakeholders are to be commended for  
20 establishing and sticking to this joint rulemaking  
21 process.

22 I've written about lots of things over the  
23 past decade or so and I, you know, my top-level  
24 conclusion is that with, with higher fuel economy  
25 standards, there's no doubt in my mind that the

1 domestic industry can drive innovation, generate jobs  
2 in Michigan and around the country, capture investment  
3 in a leading edge in the American multi-billion dollar  
4 global market for clean technology.

5 I want to talk about a couple of studies in  
6 particular, and there are others that are listed in my  
7 comments. The most recent study I've done, I sort of  
8 sat back a little and tried to understand how auto  
9 companies and other investors make decisions about  
10 investments in new technologies that are risky, and the  
11 report is called "Investor Behavior in Advanced Vehicle  
12 Technology and Development Employment." My goal was to  
13 help analysts and forecasters better understand how  
14 investors behave, including automakers, in the  
15 automotive industry. And it is well known, in the  
16 financial communities at least, that the conventional  
17 financial valuation approach to investments undervalues  
18 investment projects in new technologies. My analysis  
19 suggests that by taking account of flexibility and  
20 properly valuing it, the market for alternative  
21 powertrains -- sorry the proposed fuel economy standard  
22 is 54 and a half miles per gallon by 2025 will give  
23 automakers and their customers greater flexibility in  
24 adjusting to unpredictable, but inevitable, oil price  
25 volatility and spikes in the future.

1                   Correctly recognizing the investment and the  
2 flexibility in the investment decisions, this value  
3 will encourage automakers to increase the pace of  
4 investment in new powertrain technologies and, in turn,  
5 the investments encouraged, thus encouraged will be  
6 reflected in higher profits, more employment and  
7 greater prosperity in Michigan and the country. The  
8 future market for alternative powertrains is highly  
9 uncertain, but as time passes, automakers and consumers  
10 will learn more about alternative powertrains and some  
11 of the uncertainty will be resolved.

12                   Automakers today face a choice. A, wait to  
13 decide whether to invest until the uncertainty has been  
14 resolved or B, make an initial investment now that  
15 keeps their auto -- the powertrain options for the  
16 automaker open. If the market takes off, then waiting  
17 could, in retrospect, be a disaster as the automakers  
18 face huge investment share of the market. If the  
19 market takes off, the waiting could be a disaster in  
20 retrospect. A foothold investment or a toehold  
21 investment, B, the B strategy avoids this disaster by  
22 giving the automaker flexibility. The flexibility has  
23 a very high value in such an uncertain market. The  
24 conventional approach forces financial analysts to  
25 treat a complex investment project that goes on for

1 several years as a single decision. The critically  
2 important value of flexibility in that decision-making  
3 process is ignored. The conventional approach thereby  
4 discourages investments in new technologies in an  
5 uncertain market. Using the conventional approach,  
6 investment in alternative powertrains doesn't make much  
7 sense. If automakers currently are incurring losses,  
8 why should they invest in more?

9           Some automakers have begun to use some  
10 financial valuation approaches that recognize or allow  
11 them to put a dollar value on flexibility. These  
12 approaches include decision and risk analysis and real  
13 options analysis. Advantages of these new tools is  
14 that they incorporate market and regulatory  
15 uncertainty, provide a financial value for flexibility  
16 that can justify additional investment, give a more  
17 accurate understanding of the project's value.

18           In the future, alternative powertrains may be  
19 very profitable. Investment today in alternative  
20 powertrains preserve the option to take advantage of  
21 that outcome. By adopting these kinds of tools,  
22 automakers have the potential to realize great  
23 improvement in profit. In an uncertain world, these  
24 approaches encourage investment projects that are  
25 robust across a range of possible outcomes.

1 Flexibility is rarely incorporated in conventional  
2 investment valuation, but it's critical in surviving in  
3 this uncertain market. And I'll end there, since I  
4 went over my time. Thank you.

5 MS. OGE: Thank you. Mr. Breneman, good  
6 afternoon.

7 MR. BRENEMAN: Hello, everyone. I'm Jeff  
8 Breneman, the Executive Director of the US Coalition  
9 for Advanced Diesel Cars. The members of the Coalition  
10 are a group of leading automotive suppliers employing  
11 tens of thousands of Americans and we appreciate the  
12 opportunity to submit the following testimony here in  
13 Detroit, the global epicenter of manufacturing and  
14 innovations.

15 Our Coalition members are on the forefront of  
16 innovation in every technology that will be used to  
17 improve fuel efficiency during this rulemaking period.  
18 We are not here today to ask for any incentives for  
19 diesel technology in the CAFE rulemaking. Our members  
20 strongly believe that automotive policies should be  
21 technology neutral and rely strictly on  
22 performance-based standards.

23 The Coalition strongly supports the  
24 Administration's twin goals of increasing fuel economy  
25 and reducing greenhouse gas emissions. We appreciate

1 the tremendous efforts that has been required to create  
2 the regulatory framework with the California industry  
3 and other stakeholders in order to meet these important  
4 national policy goals. The Coalition knows that the  
5 ingenuity and resourcefulness of the world's best  
6 engineers, not only here in Detroit, but all over the  
7 globe, are up to the task of achieving both the  
8 goals through -- both goals through advanced  
9 technology.

10 In just the last decade we have witnessed the  
11 commercialization of many advanced technologies. In  
12 model year 2012, consumers can choose from advanced  
13 turbo charged 4-cylinder gasoline engines providing  
14 over 40 miles per gallon with a comparable power of a  
15 traditional 6-cylinder gasoline engine from only a few  
16 years ago. One of the top-selling pickups now offers a  
17 popular turbo charged 6-cylinder in addition to the  
18 traditional V-8 that provides comparable performance  
19 and significantly improved fuel economy. More  
20 importantly, consumers are choosing the more  
21 fuel-efficient options when buying that popular light  
22 truck model.

23 Americans can now choose the fourth  
24 generation of a popular hybrid that has sold over one  
25 million vehicles in the last decade. They can choose a

1 plug-in hybrid. They can choose a full electric  
2 powertrain. They can even choose a natural gas  
3 vehicle. They have technology options such as  
4 start/stop, cylinder deactivation, and yes, they have  
5 many models of clean diesel to choose from. Today's  
6 hearing is an important part of the process so that  
7 will provide long-term stability for the automotive  
8 industry.

9           Additionally, in large part thanks to these  
10 aggressive goals, we can witness one of the most  
11 transformational decades of innovation in the history  
12 of the automobile. This is an exciting time, and the  
13 regulatory agencies here today can be a true partner in  
14 this historic time.

15           To ensure that we spur not only innovation  
16 but broad innovation that will include multiple  
17 technology paths, public policies, regulations and  
18 incentive plans must be technology neutral. Government  
19 should set the goals, even aggressive goals, that  
20 inspire the freedom to innovate, and then get out of  
21 the way. State, federal and public officials and  
22 regulators must resist the temptation to pick winners  
23 and losers; to let politics and fads enter the debate  
24 or to engage in centralized planning in a highly  
25 complex industry.



1                   Market acceptance is also critical to define  
2                   the best technology or portfolio of technologies  
3                   necessary to reach the targets set by governments. The  
4                   Coalition believes that today's advanced vehicle  
5                   technologies will offer Americans real opportunities to  
6                   immediately and significantly reduce our dependence on  
7                   petroleum, reduce greenhouse gas emissions and provide  
8                   consumers significant savings on fuel.

9                   Too often when government attempts to spur  
10                  the adoption of better fuel economy and environmental  
11                  policies for the light-duty market, they allow the  
12                  perfect to be the enemy of the very good. By looking  
13                  to end all petroleum use in the future, current  
14                  policies are unwittingly preventing consumers from the  
15                  opportunity to realize significant fuel savings and  
16                  significant improvements in greenhouse gas emissions  
17                  today. By rewarding technologies that the federal  
18                  government believes will be the best solution in the  
19                  undetermined future, the federal government is actually  
20                  creating disincentives for automobile manufacturers  
21                  from bringing new innovations and technologies to  
22                  market that, in fact, are more suitable for the driving  
23                  habits of Americans today.

24                  In 2006, the EPA released data showing that  
25                  Americans are now driving more miles at highway speeds

1 than in 1975 and federal test procedures were designed  
2 to implement. Despite the fact that the majority of  
3 miles traveled are at highway speeds, policymakers have  
4 focused on urban driving technologies that are not well  
5 suited for highway speeds and do little, sometimes even  
6 providing a negative benefit for fuel economy and CO2,  
7 when driven outside of the urban cycle. Yet consumers  
8 are savvy and demonstrated the dedication to research  
9 advanced vehicle technology and choose the platform  
10 that best meets their needs. When given the choice,  
11 over 30% are choosing the diesel option, and less than  
12 10% are choosing the hybrid option, clearly reflecting  
13 their understanding the majority of their miles are  
14 accumulated at highway speeds.

15 Federal government's favoritism of  
16 hybridization and electrification continues in EPA and  
17 NHTSA's joint NPRM with two areas of particular concern  
18 to the Coalition. First, the NPRM presents a process  
19 of incentivizing specific technologies by establishing  
20 and awarding credits for "game changing technologies,"  
21 such as a hybrid trucks and electric vehicles.  
22 Additionally, the NPRM continues to ignore the EPA and  
23 NHTSA's own data that shows the majority of miles  
24 traveled by the average American are on highway  
25 conditions instead choosing to favor and reward a

1           technology that is best suited to city driving and  
2           start/stop conditions. The Coalition continues to  
3           advocate for policies that incentivize game-changing  
4           fuel savings by rewarding outcomes, not implementation  
5           of a specific technology.

6                         In the NPRM, EPA and NHTSA outline proposals  
7           that offer manufacturers incentives to incorporate  
8           game-changing technologies into the full-sized pickup  
9           truck market. These incentives in the form of credits  
10          come in two forms. One will provide credits to  
11          manufacturers to produce hybrid electric pickup trucks,  
12          another will award credits to manufacturers that  
13          produce pickup trucks that meet a similar  
14          performance-based standard.

15                        EPA and NHTSA argue the HEV technology in  
16          pickup trucks is an emerging technology that faces  
17          substantial challenges in gaining initial market  
18          penetration. The Coalition finds this argument tenuous  
19          on a number of levels. First, the Coalition believes  
20          the HEV technology, which has been on the market for  
21          over a decade, is not an emerging technology today, and  
22          certainly will not be an emerging technology in 2017  
23          when these credits are set to go into effect. To the  
24          contrary, light-duty HEV's have been a viable option  
25          for a number of consumers, particularly those who drive

1 in urban conditions. It might be considered an  
2 emerging application of an existing technology, but it  
3 certainly cannot be described as an emerging technology  
4 almost 20 years of being on the market, which will be  
5 the case when this rule goes into effect. In fact, the  
6 GMC Sierra and Chevy Silverado hybrid applications in  
7 the truck segment have been on the market for nearly a  
8 decade.

9 Second, EPA and NHTSA state that because of  
10 the substantial cost required to produce full-sized HEV  
11 pickup trucks, automakers have difficulty justifying  
12 the investments necessary to produce these vehicles  
13 without a government incentive. The Coalition believes  
14 that government incentives to create a market for  
15 specific technologies are the wrong path to achieve  
16 fuel efficiency gains and emissions reductions.  
17 Examining consumer acceptance of alternative vehicle  
18 technologies in light-duty vehicles where hybrid  
19 technology is already well established foreshadows the  
20 pratfalls of choosing a single technology winner for  
21 the full-sized pickup truck segment on a technology  
22 neutral approach that promotes all advanced  
23 technologies will achieve real results.

24 Current take rates for passenger HEV's  
25 clearly demonstrate consumer hesitance to invest in a

1 vehicle that, while it's fuel efficient on the test  
2 cycle, does not fulfill their driving needs. When we  
3 refer to take rates, we're referring to the percentage  
4 of consumers who purchase an advanced technology  
5 powertrain over a standard gasoline powertrain when the  
6 option exists on the same vehicle.

7 From June 2010 to June 2011, the average take  
8 rate for HEV's was 5%. That means consumers chose a  
9 standard gasoline engine over the HEV version of the  
10 same vehicle 95% of the time. Comparing that to the  
11 take rate of the clean diesel technology over the same  
12 period, consumers chose the diesel option over the  
13 standard gasoline version 39% of the time. While both  
14 technologies offer comparable fuel savings over a  
15 standard gasoline vehicle, diesel technologies lower  
16 purchase price, and greater functionality proved more  
17 attractive to consumers than the HEV. The Coalition  
18 recognizes there are some popular vehicles such as the  
19 Toyota Prius that only offer the HEV option, therefore,  
20 do not factor into that average take rate referenced  
21 above. However, when provided the option, the vast  
22 majority of consumers are still choosing the standard  
23 gasoline vehicles over HEV.

24 EPA and NHTSA do not show any market data to  
25 suggest consumers will treat full-sized HEV pickup

1 trucks any differently. In fact, consumers have  
2 already displayed significant reluctance to make an  
3 investment in a full-sized hybrid truck. In model year  
4 2010, consumers showed the GMC Sierra and Chevy  
5 Silverado hybrid .23% of the time preferring the  
6 gasoline option in more than 99% of the cases. This  
7 amounts to 1165 hybrid models out of nearly 500,000  
8 Sierra and Silverados sold in 2010, yet the incentive  
9 assumes consumers will flock to this option.

10 Despite inquiries to the agencies and with  
11 suppliers, we are unaware of any data that demonstrates  
12 that most full-sized pickup truck owners accumulate the  
13 majority of miles under urban conditions and duty  
14 cycles. Conversely, these light trucks will be  
15 burdened with carrying the significant weight of the  
16 battery technology at highway speeds while using a  
17 gasoline or a diesel-powered engine.

18 By driving conditions that do not utilize the  
19 benefits of hybridization, it is unclear that the fuel  
20 economy gains and emissions reductions have predicted  
21 to result from this game-changing technology are  
22 actually attainable. The Coalition strongly believes  
23 that skewing the market through incentives and credits  
24 in favor of one technology that consumers may not want  
25 will leave innovations to current technology that will

1 produce real fuel economy gains and emissions reduction  
2 on the table. Instead, the Coalition urges the EPA and  
3 NHTSA to pursue only the performance-based standard  
4 credit outlined in the NPRM and apply such standards  
5 across all vehicle classes.

6 By focusing on outcomes, not specific  
7 technologies, EPA and NHTSA will unleash American  
8 innovation and ingenuity to identify and develop the  
9 suite of technology solutions that we need to meet  
10 consumers' disparate driving needs. This would  
11 naturally include all forms of advanced technology  
12 vehicles in every class, but only those for which  
13 there's a market. Set the bar, and American innovation  
14 will meet the goal.

15 The Coalition sees no benefit in maintaining  
16 a performance-based credit and a separate credit for  
17 full-sized HEV pickup trucks when the latter can, and  
18 should, qualify under a strictly performance-based  
19 structure. Instead of sending a strong signal to both  
20 manufacturers and consumers that hybrid trucks  
21 represent the best technology option, EPA and NHTSA  
22 should make the case for any technology that meets the  
23 aggressive guidelines set forth by the NPRM.

24 The Coalition believes that following an  
25 evolutionary path that capitalizes on the innovative

1 technologies that are available and cost effective in  
2 the near and medium term, EPA, and NHTSA, and the  
3 consumer will all achieve the desired results of  
4 greater fuel efficiency and reduced emissions.  
5 Unfortunately, the NPRM seems to outline more of a  
6 revolutionary path without guaranteeing the real  
7 results.

8           During the comment period for the model year  
9 2012-2016 joint rulemaking on CAFE, the Coalition  
10 argued that regulation does not accurately account for  
11 real-world driving conditions. EPA's own data from its  
12 '06 study confirms that the average Americans  
13 accumulate the majority of their miles at highway  
14 conditions. In spite of this, calculations that  
15 indicate drivers accumulate the majority of their miles  
16 in urban conditions were utilized for the model year  
17 2012-2016 rule, and again are used in the model year  
18 2017-2025 proposed rule.

19           Interestingly, EPA is not using its own data  
20 and public information to calculate the accurate fuel  
21 economy for CAFE despite the fact that it already  
22 utilizes the '06 data to calculate the societal  
23 benefits resulting from the implementation of advanced  
24 vehicle technology. Because the calculations used for  
25 this rule inaccurately reflect --



1 MS. OGE: Excuse me. We have a lot of people  
2 waiting. We're running a little bit late. Thank you.

3 MR. BRENEMAN: Sure. The regulatory agencies  
4 certainly understand the gap between lab certification  
5 and real-world fuel consumption keeps growing each and  
6 every model year. The NPRM states that EPA and NHTSA  
7 are considering significant changes to the test  
8 procedures. The agencies have also stated they lack  
9 the statutory authority to change some of these  
10 calculations. If EPA and NHTSA have determined that  
11 they lack the authority to update the calculations to  
12 reflect the real-world driving habits of the current  
13 American drivers, the agencies should educate Congress  
14 on the impacts of this flawed statute and formally ask  
15 for the statutory authority from Congress to update  
16 these calculations. Instead, we're moving forward in  
17 yet another rulemaking process using 1975 calculations  
18 that will lock in these inaccuracies for the next  
19 decade and beyond.

20 The Coalition recognizes no single technology  
21 will benefit the needs of every driver by rewarding  
22 outcomes. We are confident that our efforts to reduce  
23 petroleum use will be successful in the near and  
24 long-term. Performance-based target incentives will  
25 unleash a new era of innovation in Detroit and across

1 the globe on an entire portfolio of technologies that  
2 is needed in the driving habits. This is how we will  
3 truly realize game-changing improvements in fuel  
4 efficiency and reductions in greenhouse gases. Thank  
5 you.

6 MR. MEDFORD: Thank you very much.

7 MS. LINDBERG: My name is Judy Lindberg.

8 MR. MEDFORD: We don't want to cut you too  
9 short, but we're really running very late.

10 MS. LINDBERG: My name is Judith Lindberg. I  
11 am a retired registered nurse. I was born and raised  
12 in Detroit and I'm now living in Marysville, Michigan,  
13 which is a community about 55 miles northeast of here.  
14 I came here today to urge the adoption of the proposed  
15 standards of 54.5 miles per hour for passenger cars and  
16 trucks by 2025.

17 The science of global warming is irrefutable  
18 and the growth of greenhouse gases must be stopped.  
19 According to EPA, these proposed standards will cut  
20 greenhouse gas emissions by 2 billion metric tons per  
21 year. Health experts tell us that declining air  
22 quality has been a major cause of the increased  
23 incidents and severity of asthma as well as many other  
24 respiratory problems. As a nurse, I have seen this.

25 And we are not the only nation recognizing

1 the threat of greenhouse gases and the resulting global  
2 warming and health issues. Worldwide there is support  
3 to do something about it, and I believe that American  
4 ingenuity should be leading the way. For years after  
5 the oil squeeze of the mid 1970's I have been waiting,  
6 hoping, urging our federal government to take the  
7 initiative to encourage fuel-efficient cars as part of  
8 a national energy policy, but it was not my government,  
9 but the Japanese, who led in this direction with the  
10 introduction of the Prius. It could have been us.

11 Finally, in 2010, the EPA and the DOT put us  
12 on the right trajectory with the finalization of fuel  
13 efficiency standards for new cars 2012 to 2016. I  
14 applaud the leadership of the Obama Administration and  
15 I urge the administration to continue through, even  
16 though there is a political pushback about rampant  
17 government regulations. Please be mindful that  
18 electric cars require energy to recharge, and in  
19 forming new regulations that this energy is accounted  
20 for in the final miles per gallon figures.

21 I am not a nurse -- I am a nurse. I am a  
22 nurse. I'm a little bit nervous with all these suits  
23 around here, intimidating. But I'm a nurse and not an  
24 engineer. I'm cognizant, though, that it will be  
25 difficult. It doesn't sound as difficult as I thought

1           it might have once been after listening to the  
2           testimony today. But my story is that in 2008, I had  
3           to replace my car and I wanted to buy American. I'm a  
4           Detroiter. By then, global warming, gas prices and  
5           health concerns could not be ignored, and I wanted to  
6           be a good citizen of the earth so I looked for an  
7           economical, fuel-efficient car. There were very few  
8           American options. Again, it was the Japanese who  
9           filled the bill. I bought a Honda Fit.

10                    I'm encouraged by the American manufacturers'  
11           recent progress and with the adoption of these proposed  
12           standards I think they'll have a concrete goal and can  
13           stop whining and show the world American ingenuity.

14                    Thank you for allowing me to testify today.

15                    MR. MEDFORD: Thank you very much. Anybody  
16           have any questions? Thank you panelists for your  
17           testimony.

18                    I'd like to call the next panel, please.

19           Good afternoon. So as you guys all appreciate, we're  
20           running very late and if I could ask you to really try  
21           and stick to five minutes so that everyone that's  
22           really come today will have an opportunity to testify  
23           before midnight, it would be really appreciated. Let's  
24           see. Is Kerry Ebersole here? Kerry, you can go.

25                    MR. EBERSOLE: Thank you and good afternoon.

1 I'm Kerry Ebersole, a Michigan representative with Pew  
2 Environment Group's Clean Energy Program here in  
3 Michigan leading advocacy effort. We're here today to  
4 support the rule as proposed, a fleet-wide average 54.5  
5 miles per gallon fuel economy for model 2025 year  
6 vehicles and encourage the agencies not to allow the  
7 final standards to be weakened during the midterm  
8 review period.

9 It's entirely fitting that we're here in  
10 Detroit, the Motor City, birthplace of American auto  
11 industry and now the engine of its rebirth. It's a  
12 town that's faced extraordinary adversity in recent  
13 years, but now we're shifting gears, thanks to the  
14 recovery of the auto industry and in the spirit of  
15 Detroit, the spirit of reinvention.

16 We need to look no further than spirit of  
17 reinvention and action in electric vehicles like the  
18 Chevy Volt, Ford Focus electric and up and coming  
19 Chrysler models. It's electric vehicles like these  
20 that will, in part, help automakers reach these fuel  
21 economy standards powered by the growing advanced  
22 battery manufacturing industry here in Michigan at  
23 places like Dow Chemical, Johnson Controls, LG Chem and  
24 Al23 Systems.

25 Over 38,000 auto workers work in 97

1 facilities across our state manufacturing the clean and  
2 efficient technology that goes into our automobiles.  
3 The fuel economy standard proposed by the Department of  
4 Transportation and Environmental Protection Agency will  
5 slash 2 billion metric tons of greenhouse gas  
6 emissions. Raising fuel economy standards 54.5 miles  
7 per gallon will reduce our consumption by 4 billion  
8 barrels. That's good news for our environment, but  
9 better news for consumers.

10 The average American household spends \$2000  
11 per year on gasoline, consumers will save up to \$6600  
12 in fuel costs over the life of a model year 2025  
13 vehicle and pass that savings on in the form of lower  
14 fuel prices for reduced consumption.

15 As you know, the public strongly supports  
16 reducing US oil dependence through higher fuel economy.  
17 Our bipartisan poll commissioned in July 2011 found  
18 that 91% of Americans identify US dependence on foreign  
19 oil as a threat to our national security, and  
20 significant bipartisan majorities in every region of  
21 the country believe that adopting stronger fuel economy  
22 standards is the best way to lessen that dependence.

23 This rule as proposed is a significant mile  
24 per gallon standard increase from 2007 and will save  
25 consumers money at the pump, blunt the economic and

1 national security threat presented by oil dependence  
2 and price volatility and help American manufacturers  
3 develop new technologies that spur investment and  
4 research development and production of advanced  
5 vehicles.

6 We need, we need further innovation to drive  
7 both our economic prosperity and benefits to our  
8 economy -- I'm sorry, benefits to our environment. And  
9 I think you'll find greater fuel economy is where the  
10 rubber meets the road. Thank you.

11 MR. MEDFORD: Thank you very much. Mr.  
12 McKinley.

13 MR. MCKINLEY: Steve McKinley. Thank you  
14 and good afternoon. My name is Steve McKinley, and I'm  
15 the vice president of Engineering for the America's for  
16 Honeywell and Turbo Technologies, a business unit of  
17 Honeywell.

18 As a Fortune 100 company, Honeywell products  
19 span global industries, including aerospace, automated  
20 controls, performance materials, transportation.  
21 Within these disciplines, Honeywell has more than  
22 130,000 employees, including nearly 20,000 engineers  
23 and scientists, invents and manufactures technologies  
24 to address challenges linked to global macro trends  
25 such as safety, security and energy efficiency.

1                   On behalf of Honeywell and Honeywell Turbo  
2 Technologies, I appreciate the opportunity to speak for  
3 a few moments on the issue of light-duty vehicle  
4 greenhouse gas emissions and corporate average fuel  
5 economy standards. In short, Honeywell supports the  
6 National Program of increasing fuel economy and  
7 reducing greenhouse gas emissions. A harmonized  
8 regulatory structure allows OEMs to define product  
9 pathways forward toward compliance. This, in turn,  
10 allows suppliers to focus research and development in  
11 order to provide the most substantial short and  
12 long-term benefits.

13                   As a leading provider of turbo-charger  
14 technologies for more than 50 years, Honeywell is  
15 already working with nearly every global automaker to  
16 reduce -- to enable reductions in greenhouse gas  
17 emissions and fuel consumption. Turbo technologies  
18 enable greenhouse gas reductions by facilitating engine  
19 downsizing, replacing large engines with smaller, more  
20 efficient engines with improved emissions and fuel  
21 economy without sacrificing performance consumers want  
22 and depend upon. Downsized turbo-charged engines can  
23 increase fuel economy from 20 to 40% in gas and diesel  
24 applications, respectively, relative to larger  
25 nationally aspirated engines they are replacing.



1 Research and development into yet more advanced turbo  
2 technologies is already underway. We believe and  
3 continue to demonstrate that the internal combustion  
4 engine has a lot of potential still remaining.

5 Particularly during the later years covered  
6 by this rulemaking, more advanced technologies are even  
7 more likely to enable compliance with the standards.  
8 The movement towards new powertrain technologies on the  
9 other hand is laudable but limited. The vast majority  
10 of the new vehicle fleet during the next decade, at  
11 least, will likely remain internal combustion engines.  
12 These are the vehicles which will contribute to the  
13 vast majority of greenhouse gas emissions reductions  
14 achieved under these requirements. As such, it is our  
15 position that regulatory rules should not favor new  
16 powertrains or specific technologies at the expense of  
17 technologies capable of achieving substantial gains in  
18 the near and midterm. The program should instead  
19 remain technology neutral and recognize all significant  
20 performance improvements.

21 The singular focus on new powertrain  
22 technologies overlooks the improvements becoming  
23 available as new downsized boosted engines and new  
24 turbo technologies are developed. And I would point  
25 out that we already are applying turbo technologies not

1           only to clean diesel and downsized gasoline engines,  
2           but to hybrid vehicles and even compressed natural gas  
3           powered vehicles.

4                         Incentives focused on new powertrains only  
5           for model years 2017 through 2021 may inadvertently  
6           divert investment and resources. As the agencies  
7           recognize, turbo technologies will contribute  
8           significantly during the model years covered by this  
9           rulemaking, the agencies should commit during the  
10          mid-term review to evaluate the availability of more  
11          advanced turbo technologies and to ensure an equal  
12          production incentive as any ongoing incentive provided  
13          to battery technology.

14                        While turbo charging reflects the majority of  
15          car sales in other parts of the world like Europe,  
16          currently at more than 60% penetration, we're just  
17          starting to see the widespread adoption of this  
18          technology in the United States. Turbo penetration has  
19          gone from 4% to more than 10% in only the past few  
20          years. At Honeywell, we expect that number to increase  
21          to more than 23% in the next five years, and by 2025  
22          there are industry estimates suggesting turbo  
23          penetration approaching 80% of sales. Conversely,  
24          artificially pushing investment toward battery-powered  
25          vehicles places more reliance on an uncertain

1           technology and its ability to meet the policy  
2           objectives of substantial movement in greenhouse gas  
3           emissions and fuel consumption reductions.

4                         Within the current rules, I would  
5           respectfully point to incentives favoring hybrids and  
6           electrification and non-urban cycles as being  
7           misplaced. Also by the time these rules go into  
8           effect, the idea that hybrid electric technology should  
9           be incentivized as emerging belies their availability  
10          for more than a decade, although new applications may  
11          be tried. Government incentives to create a market are  
12          not a guarantee for success, and internal combustion  
13          engine technology should be considered on an equal  
14          footing as battery technologies because they offer more  
15          certain, well-defined benefits, and are proving  
16          successful in the marketplace. There are examples of  
17          turbo 4-cylinder gasoline engines providing more than  
18          40 miles per gallon with the comparable power of a  
19          traditional 6-cylinder gasoline engine from only a few  
20          years ago.

21                        Like many of our technology partners and  
22          competitors, Honeywell would ask the Administration to  
23          broadly spur innovation with technology-neutral public  
24          policies, regulations and incentive plans. We are not  
25          opposed to new goals, even those considered very

1 aggressive goals. Like many who have spoken on this  
2 issue, Honeywell believes the best interest of the  
3 company can be achieved by rewarding outcomes as  
4 opposed to specific technology.

5 Thank you very much.

6 MR. MEDFORD: Thank you. Miss Surma.

7 MS. SURMA: Hello. My name is Jessica Surma  
8 and I'm the Federal Field Associate with Environment  
9 Michigan, a statewide citizens-based environmental  
10 advocacy group. I thank the EPA and the Department of  
11 Transportation for providing a venue and for the time  
12 allotted me to share my comments.

13 Strong clean car standards are the single  
14 biggest thing we can do to get America off oil and cut  
15 global warming pollution all while saving consumers  
16 money at the pump. To fully realize the standards'  
17 benefit, the Obama Administration should push ahead  
18 with the strongest possible clean car standards  
19 equivalent to at least 54.5 miles per gallon by 2025  
20 and keep them free of loopholes that could undermine  
21 their environmental benefits.

22 These environmental benefits are significant  
23 right here in Michigan. According to a report released  
24 by the Union of Concerned Scientists and the Natural  
25 Resource Defense Council, these standards would reduce

1 carbon emissions by 7.3 million metric tons per year in  
2 Michigan. By the year 2030, the proposed standards  
3 would cut annual global warming pollution by roughly  
4 280 million metric tons nationwide, which would be  
5 roughly equivalent to shutting down 70 coal-fired power  
6 plants for one year. This is essential to the health  
7 and stability of our state and country.

8 In the past few years we have seen more and  
9 more extreme weather fueled by global warming. These  
10 events reinforce that we must act now to tackle this  
11 problem. The Obama Administration should be applauded  
12 for introducing these standards to help address this  
13 problem. These standards will also generate  
14 significant savings for Michiganders. According to the  
15 same report, here in Michigan the proposed standards  
16 will reduce gasoline consumption by 622 million  
17 gallons. This would mean 976 million dollars of net  
18 savings. This brings down to \$240 of savings per  
19 household per year. Michigan families will surely  
20 benefit from such savings.

21 While the standards are beneficial and  
22 feasible on paper, public opinion can be a significant  
23 factor as well. As a field organizer, it's my job to  
24 talk to people on the street, our organization's  
25 members, student groups, local elected officials and

1 community leaders. I've personally talked to hundreds  
2 of people who support the EPA's work, and our staff has  
3 gathered thousands of comments in favor of the new  
4 clean car standards, which we will submit in writing at  
5 a later date.

6 My experience with Environment Michigan is  
7 echoed by national numbers. A recent poll by Consumer  
8 Reports show that 77% of respondents agree that  
9 automakers should produce more fuel-efficient vehicles  
10 and that the government should increase standards and  
11 enforce them.

12 The proposed standards are an economic and  
13 environmental win for Michigan and the U.S. Combined  
14 with the widespread support that exists on this issue,  
15 it's clear that these standards should be a priority.  
16 On behalf of Environment Michigan, I strongly urge the  
17 EPA and the Obama Administration to promptly finalize  
18 these standard that will accelerate the United States  
19 away from oil.

20 Thank you for the opportunity to testify  
21 today.

22 MR. MEDFORD: Thank you. Miss Schmidt.

23 MS. SCHMIDT: Good afternoon. I'm Karyn  
24 Schmidt. I represent the American Chemistry Council.  
25 The American Chemistry Council itself represents the

1 leading companies engaged in the business of chemistry  
2 and ACC members apply the science of chemistry to make  
3 innovative materials that make people's life better,  
4 healthier and safer.

5 A key family of such materials is very  
6 exciting for all of us here today, very exciting, very  
7 exciting. And that's applause, thank you, thank you.  
8 I've been trying to get a little energy in the room.

9 Plastics. Our member company manufactures  
10 plastic and plastic composites, and these are materials  
11 that will be extremely important as we move forward in  
12 implementing the new CAFE standards. Our plastics  
13 division at ACC represents America's plastic makers and  
14 addresses the use of plastics in automotive  
15 applications.

16 Now what are plastics? This is where it gets  
17 really exciting. Plastics encompass a wide range of  
18 polymeric materials. It's not just a handful of  
19 things. Plastics make up thousands of different kinds  
20 of substances. A car might have, for example,  
21 polymeric in padding in seating, polycarbonate  
22 headlamps and polypropylene bumpers, so there's three  
23 different kinds of plastic right there. Plastics are  
24 also used to make plastic composites and the composite  
25 material is generally defined as any combination of

1 polymer matrix with a fibrous reinforcement. These are  
2 very high-tech, modern, innovative exciting compounds.  
3 A composite is a plastic in which fiber like carbon or  
4 glass or Kevlar has been added for strength or  
5 stiffness.

6 Now why do we care? Well the plastics  
7 industry cares deeply, of course, and wants everyone  
8 else to share in our excitement about these materials,  
9 and the auto industry is excited too. The use of  
10 plastic composites in automobile manufacture has risen  
11 significantly in the recent years and, in fact,  
12 documents a substantial change in vehicle composition  
13 for model year 1995 to 2007 with a 25% increase in the  
14 use of plastics and plastics composites from that  
15 period. So we're very excited to move forward.

16 Now here today we're going to comment very  
17 very briefly on a few high points. We're going to  
18 leave the majority of our detailed comments for the  
19 written submission, but we do want to state on the  
20 record that we support the CAFE standards moving  
21 forward. We think that they are aggressive but  
22 achievable, and in particular, we support the credit  
23 approach taken by the agencies and the specific fuel  
24 efficiency goals and time limits proposed in the  
25 standard. We are not going to comment on the levels



1 proposed themselves except to reaffirm that the levels  
2 proposed by the agencies, in our view, are  
3 technologically feasible and economically practical as  
4 a matter of statute.

5 The American Chemistry Council's plastics  
6 division would like commend both EPA and NHTSA on its  
7 approach and on this proposal. We believe the proposal  
8 takes a huge step forward in increasing fuel efficiency  
9 requirements in automobiles.

10 The plastics divisions has long been a  
11 supporter of research to understand how plastics can be  
12 used in automobiles to decrease vehicle weight and  
13 otherwise impart performances and safety benefits. We  
14 support research to understand the feasibility of  
15 plastic composite intensive vehicles, or PCIV's. While  
16 today's average U.S. light vehicle contains about 330  
17 pounds of plastic composites or about 80% of total  
18 vehicle weight, a plastic composite intensive vehicle  
19 contains a minimum of 30% by weight of lightweight  
20 plastics and composites in one or more subsystems  
21 beyond interior trim.

22 Why is this important? The proposed rule  
23 makes clear the relationship between fuel savings and  
24 lightweight of the vehicle. The proposal acknowledges  
25 that mass reductions of vehicle can be achieved in many

1 ways, including material substitution, design  
2 optimization and part consolidation. We agree. PCIV  
3 research amply documents the technological feasibility  
4 of designing and building vehicles with 30% or more  
5 plastic and plastic composites, and in our view, the  
6 agencies' application of mass reduction of up to 20%  
7 relative to model year 2008 levels is appropriate and  
8 achievable.

9 But there's more. Plastics are about more  
10 than just light-weighting of vehicles, plastics and  
11 polymer composites have enabled some of the most  
12 significant vehicle safety innovations in the past  
13 several decades including seat belts, airbags, child  
14 safety seats, and the same sources of these innovations  
15 still hold significant untapped potential to further  
16 enhance vehicle safety.

17 We agree with the agencies that it is  
18 important that the CAFE standards be set in a way that  
19 does not encourage manufacturers to respond by selling  
20 vehicles that are in any way less safe. In particular,  
21 we agree with and support the standard applied in  
22 assessing compliance strategies, and this is  
23 articulated as no adverse effect on overall fleet  
24 safety.

25 In the last five years the plastics industry

1 has worked aggressively to better understand how  
2 plastics can be used to enhance safety in automobiles  
3 and we will continue to do so. Congress recognized the  
4 importance of enhanced automobile safety by investing  
5 nearly \$2 million over a four-year period and to  
6 building an ongoing partnership between the plastics  
7 industry and NHTSA, and through this partnership, NHTSA  
8 has initiated and is currently implementing a safety  
9 roadmap for future plastics and plastic composites  
10 intensive for vehicles.

11 This project is already yielding fruit, as  
12 ongoing research is helping to improve the performance  
13 of plastic and composite material components. We  
14 support NHTSA'S sustained work to implement the safety  
15 roadmap.

16 My last comment. Aren't you excited? The  
17 proposed rule contains an option for off-cycle  
18 technology credit but, unfortunately, the off-cycle  
19 credit in the proposed rule does not recognize the  
20 thermal control benefits of polycarbonate in automotive  
21 glazing. The formula does recognize the benefits of  
22 certain types of glass in controlling solar radiation  
23 in parked vehicles, but in contrast, while  
24 polycarbonate glazing provides some solar control in  
25 relation to engaging this proposed baseline, the

1 benefits accrue in a broader range of scenarios in  
2 which the effect of solar radiation is absent or less  
3 pronounced. These include nighttime and overcast days  
4 as well as those times when the vehicle is in motion.  
5 More detailed comments will be presented by other  
6 colleagues later today, but we do urge that this will  
7 make and consider a parallel credit that fully  
8 recognizes thermal control benefits of polycarbonate in  
9 glazing applications.

10 Thank you very much for your attention. I  
11 hope that you all now understand how exciting plastics  
12 are. ACC very much appreciates the opportunity to  
13 participate.

14 MR. MEDFORD: Thank you for your testimony.

15 Ms. Maxey.

16 MS. MAXEY: Good evening. My name is Ahmina  
17 Maxey. I'm with an organization called East Michigan  
18 Environment Action Council. We do work in southeast  
19 Michigan around environmental protection, environmental  
20 justice, and we've been located in Michigan, been here  
21 around for 40 years, and so I'm here to thank EPA and  
22 thank NHTSA for these really strong standards, and I  
23 really just want to voice my support for them.

24 Also Detroit is a city that is burdened with  
25 a lot of air quality issues and a lot of environmental

1 air quality issues, and so improvements in fuel economy  
2 will really improve conditions here in the city as far  
3 as, like I said, air quality. We have four major  
4 freeways that cut right through the heart of the city.  
5 We also have some of the highest -- we have the highest  
6 asthma rates in the state with three times the -- three  
7 times the average asthma rate of the rest of the state,  
8 and so I'm really excited about this. Also as a  
9 consumer I'm also really excited for my next car to  
10 have such high fuel economy standards.

11 In addition, I guess I wear multiple hats.  
12 I'm a young professional here in southeast Michigan. I  
13 want to stay in Michigan but I don't want to have to  
14 rely only a car that will really be a gas guzzler, and  
15 so this is something that is really exciting.

16 And then also I have a family that works  
17 within the automotive industry, and so in light of  
18 what's recently happened, this is something that's  
19 really a great development to see that I know that  
20 there'll be opportunities in the future for innovation  
21 and things like that.

22 I'm not going take up a lot of time. I just  
23 wanted to comment, show my support, and then also just  
24 say that this is something that's really exciting so  
25 I'm hoping. I'm really excited to see what's going to

1           come.

2                       MR. MEDFORD: Thank you for your testimony.

3           Mr. Benda.

4                       MR. BENDA: Thank you very much. My name is  
5           Bruce Benda and I'm head of the Automotive  
6           Transportation Business for Bayer MaterialScience, LLC.  
7           I'd like to thank the EPA and NHTSA for giving me the  
8           opportunity to comment on these CAFE standard  
9           proposals.

10                      For those that don't know, Bayer  
11           MaterialScience is a part of the Global Bayer Group and  
12           one of the leading suppliers of high technology  
13           innovative materials such as polycarbonate, which was  
14           referred to by the ACC earlier. Polycarbonate is a  
15           clear, durable organic polymer with a low density,  
16           which makes it light weight. It is processed at a  
17           relatively low temperature and is very appropriate as a  
18           glass alternative for automotive glazing, and the  
19           temperature is very important there. We support the  
20           agencies' decision to consider only net weight  
21           reduction of vehicles that will not compromise overall  
22           vehicle safety.

23                      Bayer MaterialScience has a rich history for  
24           contributing to automotive safety standards and is  
25           dedicated to developing innovative, high-performance

1 materials giving automakers a choice of materials when  
2 it comes to meeting the CAFE requirements. We believe  
3 that the off-cycle credit that is being proposed fails  
4 to capture or incentivize the thermal control benefits  
5 of the technologies such as polycarbonate glazing.  
6 Therefore, in the final rule, the agencies should  
7 expand the off-cycle credit or add a corresponding  
8 credit to account for these thermal control benefits of  
9 innovative technology such as polycarbonate glazing.  
10 Polycarbonate would help automakers to meet these CAFE  
11 requirements and reduce greenhouse gases by providing  
12 increased insulation benefits, contributing to net  
13 weight reduction of the vehicle, offering more  
14 aerodynamic styling options to the manufacturer and  
15 lower CO2 emissions over the lifecycle of  
16 polycarbonate.

17 We support the comments that you will hear I  
18 believe in the next session from our industry  
19 colleagues from Sabic relating to thermal conductivity  
20 and the off-cycle credit. Using polycarbonate as a  
21 glazing material contributes to lower thermal  
22 conductivity. This benefit of polycarbonate will  
23 contribute to better energy efficiency in all types of  
24 vehicles. Thus, we reiterate our support for an  
25 expansion of the off-cycle credit to account for this

1 benefit or the addition of a new corresponding credit.

2 For years, automotive manufacturers have used  
3 polycarbonates and polycarbonate composites in the  
4 manufacture of their vehicles. Polycarbonate glazing  
5 allows for integration of parts that was previously not  
6 possible. This can contribute to vehicles being  
7 lighter in weight without compromising structural  
8 integrity of the vehicle. Polycarbonate can be used  
9 for better insulation benefits which can reduce demand  
10 on the vehicle's battery and HVAC units, thereby  
11 reducing greenhouse gases.

12 Polycarbonate has an extensive history of  
13 serial applications in the automotive glazing industry.  
14 These applications now include rear side windows,  
15 sunroof systems, panoramic roof systems and transparent  
16 rear body parts. Polycarbonate is also recognized by  
17 authorities around the world, including the United  
18 Nations Economic Commission for Europe. This material  
19 is less than half the density of glass, enabling weight  
20 reductions of up to 50%. This weight reduction  
21 contributes to CO2 emissions being cut by up to 728  
22 pounds per vehicle over a vehicle service life of  
23 95,000 miles, compared to cases where glass is used.  
24 The weight reduction due to polycarbonate use also  
25 would take place above the belt line in the vehicle



1 achieving not only better fuel efficiency, but also  
2 greater stability by lowering a vehicle's center of  
3 gravity.

4 Bayer MaterialScience has developed also  
5 transparent tinted colors of polycarbonate specifically  
6 for glazing that filter out the large portion of sun's  
7 infrared rays which minimizes the amount of energy  
8 entering into the vehicle. The glazing made of  
9 polycarbonate also offers benefits in terms of thermal  
10 insulation mentioned earlier, thanks to the plastic's  
11 thermal conductivity, which is roughly five times lower  
12 than that of glass. In cold weather conditions, this  
13 increases the temperature of the internal surface of  
14 the polycarbonate glazing inside the vehicle  
15 significantly, which in turn, cuts the energy needed to  
16 heat the vehicle and also improves comfort. Both  
17 features can improve vehicle energy management reducing  
18 fuel consumption and subsequent CO2 generation.

19 An independent study indicates that when  
20 studying polycarbonate versus glass over the life of a  
21 product, which will be made from initial production to  
22 the usage of the product to the waste phase,  
23 polycarbonate can help substantially reduce CO2  
24 emissions. To give you an example, one kilogram of  
25 polycarbonate saves 14 to 22 kilograms of CO2 emissions

1 over the lifecycle of the material. If all of the  
2 car's windows, with the exception of the windshield,  
3 were made of polycarbonate, that would be approximately  
4 a total of 33 pounds of plastic on average. The lower  
5 fuel consumption would cut CO2 emission by up 730  
6 pounds per vehicle over the vehicle service life. You  
7 don't need to start smashing windows to know that  
8 polycarbonate also has a significant impact strength  
9 advantage over glass. With polycarbonate's superior  
10 impact resistance, it can contribute to safety by  
11 improving passenger retention in the event of a crash.

12 And last but not least, is the wide choice of  
13 styling options with polycarbonate. This design  
14 flexibility of windows can contribute to better  
15 aerodynamics for vehicle manufacturers, which, of  
16 course, leads to lighter-weight vehicles and better  
17 fuel economy.

18 In closing, we'd like to express our support  
19 and thank you again for the opportunity to speak.

20 MR. MEDFORD: Thank you very much. Ms.  
21 Crawford.

22 MS. CRAWFORD: Mine is two minutes or less.  
23 Good evening, and thank you for allowing my testimony  
24 at this joint EPA and NHTSA hearing on Vehicle Fuel  
25 Economy and Greenhouse Gas Standards. My name Diane

1 Crawford and I am an active and a lifelong native  
2 Detroiter from the Great Lakes State of Michigan. I'm  
3 a Spartan too. I am an active citizen up supporting  
4 and working with the Sierra Club learning to plan and  
5 to do constructive, positive activities in the  
6 community to improve our environment. I do believe  
7 that we can all help.

8           Increasing new vehicle efficiency standards  
9 to 54.5 miles per gallon is doable by 2025 because it  
10 will allow citizens to get better mileage and can  
11 reduce the cost at the pump hopefully as well as  
12 significantly decreasing greenhouse gas emissions.

13           Foreign oil dependency must definitely  
14 continue to decline. I urge you to remain diligent and  
15 vigilant about your emissions. Stay the course and  
16 continue to protect us because we are depending on you.  
17 As a former educator, the No Child Left Behind Act for  
18 public schools was supposed to improve schools,  
19 students and staff, but it failed. Detroiters deserve  
20 to breathe cleaner air. Our asthma rates are too high  
21 and it is a killer in Detroit.

22           My two great grandnieces, ages five and  
23 seven, love to pretend they are driving my car like I  
24 did as a child, and many of you too. By 2025 I look  
25 forward to my great grandnieces driving me in a cleaner

1 air, more fuel efficient car that has significantly  
2 reduced greenhouse gas.

3 Finally, continue to reduce our dependency on  
4 foreign oil. Thank you again for coming to Detroit the  
5 Motor City and working collaboratively. We appreciate  
6 your efforts. My hope is that the best is yet to come.  
7 Thank you.

8 MR. MEDFORD: Thank you for your testimony.  
9 Mr. Morgenstein.

10 MR. MORGENSTEIN: Good afternoon. Thank you  
11 for having he here. My name is Jonathan Morgenstein  
12 and I've served over 20 years in the Marine Corps  
13 Reserves both enlisted and as an officer. And today  
14 I'm not speaking on behalf of the Department of Defense  
15 or the Marine Corps. And although I'm here with the  
16 Truman National Security Project, Operation Free, these  
17 words are my very own; however, I want to draw on that  
18 National Security Military Service including two tours  
19 in Iraq to communicate with you today because I believe  
20 strengthening fuel efficiency standards is essential  
21 for the future of America.

22 If I may, let me ask you to look actually  
23 backwards briefly, and I want to show you an  
24 alternative path we could have walked if we had done  
25 this decades ago, a world with 54.5 miles per gallon

1 requirements starting in 1970. Think of a world where  
2 Saddam Hussein languished as a ruler of a poor country,  
3 resources insufficient to build a huge army and  
4 threaten anyone outside of his own borders; a world  
5 where bin Laden didn't have Gulf oil money to develop  
6 global reach; a world where Iran didn't have the  
7 petrocash to develop a nuclear weapon; however, instead  
8 we've walked this path.

9           Because we've retained these low CAFE  
10 standards, our oil addiction has poured hundreds of  
11 billions of petrodollars into the pockets of  
12 authoritarian regimes and extremists around the world.  
13 As a result, we the United States, have fought three  
14 major wars in the last 20 years. Right now we are  
15 staring down the prospects of a fourth war with the  
16 regime in Tehran. Every one of these conflicts are a  
17 direct result of our addiction to oil. However, this  
18 isn't just an abstract idea of national security on a  
19 grand level, this is personal to me and to every man  
20 and woman who's worn our uniforms in the Middle East  
21 and Central Asia. CAFE standards are personal to tens  
22 of thousands of men, women and children who've lost  
23 loved ones in Iraq or Afghanistan or come home wounded.  
24 Friends of mine such as Second Lieutenant John  
25 Wroblewski and Sergeant Bill Cahir gave their last full

1           measure of devotion to their country in these wars.  
2           Lieutenant Wroblewski ambushed and killed in 2004 while  
3           leading patrol in Ramadi, Iraq. Robo, as his friends  
4           called him, he was one of the best Marine Officers of  
5           our generation. I'm not here to reargue the merits of  
6           the Iraq War, but supporters and detractors alike  
7           almost acknowledge this truth: without America leading  
8           global addiction to Saddam's oil, Saddam Hussein would  
9           never have been either powerful enough or threat enough  
10          to us or our allies for us to care enough to engage in  
11          militarily. Ultimately, it was oil that dragged Robo  
12          into that valley where insurgents stole from him the  
13          greatness for which he was destined, stole from his  
14          wife, her newlywed husband, and stole for me a peer, a  
15          friend and a role model.

16                         Sergeant Bill Cahir wanted nothing more than  
17          to make his country and world a better place. We  
18          served together in Ramadi in 2004. Bill came home and  
19          returned to his noble journalistic career, and in  
20          pursuit of continued greater service, he ran  
21          unsuccessfully for congress in northern Pennsylvania.  
22          I remember talking with Bill by phone shortly after his  
23          electoral loss. He wanted to continue serving so he  
24          said he'd like to do one more tour in Afghanistan. He  
25          returned from that tour in a coffin. When a sniper in

1 the Helmand River Valley took his life, he also took a  
2 husband and a father of twins who had not yet been  
3 born. They stole from all of us a man who would be  
4 doing great things for America and this world.

5 We all know why Bill was in Helmand that day,  
6 it was because Osama bin Laden in his warped extremist  
7 vision fueled by petrodollars for decades allowed him  
8 to build al-Qaeda into a global threat. Oil did not  
9 fund the Taliban sniper who murdered Bill, but Uncle  
10 Sam's oil addiction definitively dragged Bill and his  
11 Marine Corps brothers and sisters into those mountains  
12 and valleys. Strengthening CAFE standards will bring  
13 neither Robo nor Bill back to us, but it will reduce  
14 our addiction and restrict the flow of cash to  
15 insidious men around the globe.

16 When we talk about economic benefits of  
17 raising CAFE standards, and they are great, when we  
18 talk about the environmental benefits, which are  
19 enormous, we can talk about a thousand ways it will  
20 improve national security of the United States of  
21 America, let me leave you with this: If we implemented  
22 these CAFE standards or higher 40 or 50 years ago, the  
23 flow of oil money would have slowed considerably. We  
24 would have undermined these radical and authoritarian  
25 regimes that threatened our world. It would have

1 deprived these violent men of the money they need to do  
2 violence, and as a result, John Wroblewski and Bill  
3 Cahir would likely still be with their wives, would be  
4 with their children and still be my friend. And so I  
5 ask you, I implore you to continue to increase these  
6 standards. Do so now so that ten years from now we  
7 won't be having the exact same conversations asking why  
8 more of America's greatest men and women have  
9 sacrificed everything because of our addiction to oil.

10 MR. MEDFORD: Thank you. And for others that  
11 have joined you today, we really appreciate the service  
12 that you've provided the country. It's really a great  
13 thing for us to celebrate. Thank you for coming today.

14 Last now turn to Ms. Turner-Handy.

15 MS. TURNER-HANDY: My is name Sandra  
16 Turner-Handy, and I work for the Michigan Environmental  
17 Council, and I am here in support of the new proposed  
18 emissions standards and I want to thank you guys in  
19 advance for allowing me to speak this afternoon.

20 Improving fuel economy is an economic, social  
21 as well as an environmental justice issue. The rising  
22 cost of oil has depleted much of society's spending  
23 dollars resulting in many changing plans on simple  
24 things like going out to dinner, a movie and on how to  
25 travel or if they will travel. This has lessened the



1 amount of dollars circulating in our economy. Socially  
2 it creates a class of haves and have-nots. Many of the  
3 more the have-nots spend on fuel, lessens the amount  
4 one has to improve their economic status.

5 Finally, fuel emission has become an  
6 environmental issue on many levels. One, it is a clear  
7 contributor to greenhouse gases resulting in climate  
8 change. On summer days in the City of Detroit it  
9 results in ground-level smog. Two, the emissions from  
10 gas and diesel-powered engines contributes to  
11 particulate matter to our air forcing a quality of air  
12 that becomes a clear and present danger to the health  
13 of the humans in this society. This leads to number  
14 three, which is the environmental impact which impedes  
15 one's health. The rate of asthma in Detroit, as  
16 mentioned earlier, is three times that of the rest of  
17 the State of Michigan. Heart disease and other  
18 respiratory illnesses are on the rise. Take a look at  
19 where freeways are developed. Freeways cut through  
20 neighborhoods of low income people of color. Take a  
21 look as you ride through my city and see no barriers as  
22 freeways bump directly upon residential areas. Take a  
23 look at freeways in the suburbs. Freeways run along  
24 commercial districts, meaning the highest level of fuel  
25 emission contaminants is participated among the low

1 income communities of color. If you have yet to  
2 understand how the current fuel standards directly  
3 impact health, then I ask you to pay attention to the  
4 steady rise in that health care cost.

5 New and proposed fuel and carbon pollution  
6 standards will create new jobs in manufacturing and  
7 related areas, which will help to improve our economy.  
8 It will also lessen the cost to import oil. The  
9 standards will improve one's social life with more  
10 dollars to save and spend with less in the gas tank.  
11 The standards will reduce greenhouse gases that  
12 contribute to climate change and improve air quality.

13 Finally, the proposed standards will assist  
14 in mitigating the health impact experienced by  
15 residents. Thank you.

16 MR. MEDFORD: Thank you very much. I'd like  
17 to thank everyone on the panel for your patience today  
18 and for your testimony, and we're ready to call the  
19 next panel. Thank you.

20 You can go ahead and begin, if you'd like.

21 MR. ADAMS: Thank you very much. Good  
22 afternoon. My name is Greg Adams. I'm Vice President  
23 of Automotive of SABIC Basic Industries Corporation,  
24 which is a global supplier of lightweight plastic  
25 materials to the automotive industry.

1                   SABIC's Innovative Plastics business,  
2                   formerly known as General Electric Plastics, pioneered  
3                   the use of lightweight engineering thermoplastics and  
4                   composites in the automotive industry, and we continue  
5                   those efforts today with new and exciting solutions.  
6                   I'm here today to talk about one of those solutions,  
7                   advanced polycarbonate glazing, which provides  
8                   substantial off-cycle reduction in air conditioning  
9                   load.

10                   In recent years, our subsidiary, Exatac,  
11                   developed a polycarbonate automotive glazing technology  
12                   capable of meeting regulatory and long-term durability  
13                   requirements. Exatec's plasma-coated polycarbonate  
14                   glazing resists deterioration and allows the glazing to  
15                   withstand weathering conditions. Already prevalent in  
16                   rooflites, Exatec's polycarbonate glazing technology is  
17                   beginning to be used in backlites and fixed windows  
18                   behind the A pillar.

19                   Polycarbonate glazing technology provides  
20                   three independent greenhouse gas reduction and fuel  
21                   economy benefits. First, polycarbonate is lightweight,  
22                   up to 40% lighter than glass. In one of our fleet test  
23                   vehicles, we eliminated 26 pounds by replacing the  
24                   glass sunroof panels and fixed glazing behind the A  
25                   pillar with polycarbonate glazing.

1                   That weight savings doesn't come at the  
2                   expense of performance. Polycarbonate glazing with  
3                   market-ready coatings technology provides durable high  
4                   optical clarity. Our fleet vehicles employing  
5                   polycarbonate glazing, along with rear wipers and  
6                   defrosters, have been on the road and testing for over  
7                   four years.

8                   A second benefit of polycarbonate glazing is  
9                   that because it is injection molded, the glazing can be  
10                  suitably shaped and combined with other features. For  
11                  example, a backlite, frame and liftgate can be  
12                  consolidated, saving piece and assembly costs and  
13                  providing opportunities to design a more aerodynamic  
14                  vehicle.

15                  The third benefit of polycarbonate glazing is  
16                  a substantial off-cycle reduction in air conditioning  
17                  load as a result of polycarbonate's very low thermal  
18                  conductivity as compared with glass. Basically,  
19                  polycarbonate glazing insulates the passenger cabin,  
20                  helping to maintain a comfortable cabin temperature,  
21                  thereby reducing the load of the air conditioning  
22                  system.

23                  The agencies have proposed an off-cycle  
24                  credit for glazing that reduces air conditioning load  
25                  by reducing solar radiation transmission into the cabin

1 interior. That credit focuses on the reduced air  
2 conditioning load needed to cool down a vehicle cabin  
3 that was heated by the sun, and will primarily benefit  
4 certain reflective glass technologies. We applaud the  
5 agencies for proposing this solar controlled credit;  
6 however, it only captures one phenomenon by which  
7 glazing can reduce air conditioning load and the  
8 associated tailpipe emissions.

9           Glazing can also inhibit heat transfer from  
10 warmer outside air into the cooler conditioned air of  
11 the cabin. The polycarbonate glazing performs  
12 especially well in this respect. Polycarbonate glazing  
13 reduces the air conditioning load needed to maintain a  
14 comfortable temperature, once that temperature is  
15 reached. As a result, this benefit is realized not  
16 only when a standing vehicle is exposed to sunlight,  
17 but also when the vehicle is moving, and at times when  
18 solar radiation is absent or reduced, such as on cloudy  
19 days or at night. This insulation benefit is  
20 independent of and in addition to the benefits of solar  
21 control and should be recognized as such. The two  
22 credits could certainly co-exist. They would  
23 acknowledge real-world effects and would provide OEMs  
24 with greater flexibility in meeting the proposed  
25 emission targets.

1           Our written comments will detail a method for  
2           quantifying the off-cycle benefits from polycarbonate  
3           glazing, which is supported by two peer-reviewed  
4           papers. We urge the agencies to carefully consider  
5           modifying the proposal to capture the insulation  
6           benefits provided by polycarbonate glazing.

7           In addition to polycarbonate glazing  
8           technology, SABIC Innovative Plastics offers a number  
9           of other lightweight products that can advance the  
10          goals of this rulemaking. In fact, our various plastic  
11          products can comprise the entire front six inches and  
12          most of the rear six inches of a vehicle, including  
13          lights, grills, fasciae, bumpers, energy absorbers,  
14          structural reinforcements, liftgates and more. In  
15          addition to these familiar mature parts of the car, we  
16          have developed products such as the plastic steering  
17          wheel which will provide future weight benefits as  
18          they're incorporated into vehicle designs. We are also  
19          developing composite materials that can reduce vehicle  
20          mass and enhance design.

21          We believe that the technology of lightweight  
22          materials will advance substantially in the years  
23          covered by this regulation, as will our understanding  
24          of the benefits these materials can provide. We look  
25          forward to working with our OEM and our Tier customers

1 to determine the most cost-effective and safest ways to  
2 incorporate advanced lightweight components and  
3 structural elements into the vehicles and components  
4 they manufacture.

5 Thank you for the opportunity to testify  
6 today and for your kind attention.

7 MR. MEDFORD: Thank you very much Mr. Adams.  
8 Mr. Blain.

9 MR. BLAIN: I'm Jim Blain, president of PEP  
10 Stations, Livonia, Michigan. We are a premier premium  
11 American manufactured electric vehicle charging station  
12 and service provider. I'm here today to comment on the  
13 agreement reached between the Obama Administration and  
14 the automobile manufacturers on the proposed 54.5 miles  
15 per gallon fuel economy standards. But most  
16 importantly, I want to talk to you today as a  
17 registered architect with over 30 years of  
18 architectural experience regarding the charging  
19 infrastructure that will be needed to reach these fuel  
20 economy standards.

21 Imagine for a moment that you will not need  
22 to drive to a street corner gas station to get any of  
23 your energy needs, and I say this because I know this  
24 may strike you as unusual, but all the infrastructure  
25 for our energy, for our transportation needs in the

1 future exist in all the commercial buildings we have,  
2 this building and all the other buildings, it's all  
3 there. The days of going to the street corner, like I  
4 said, to get your transportation energy are going to be  
5 coming to an end. All the buildings today around the  
6 country are charging batteries all day long. They're  
7 charging laptop batteries, cell phone batteries, and  
8 power tool batteries. Everything is there, and all  
9 we're going to do is we're going to charge a battery in  
10 the parking lot.

11 The charging station, which we manufacturer  
12 and sell, will become nothing more than an amenity to  
13 the building. It will be like restrooms, handicapped  
14 parking, wall duplexes. It will be in everybody's  
15 building, and you will no sooner go into a building and  
16 ask may I use the restroom and somebody say well we  
17 don't have any. Every building has restrooms. Every  
18 building is going to have a charging station, just like  
19 every building has an outlet. And building owners will  
20 need these for their customers, their tenants and their  
21 clients. This day is upon us and it's not in the  
22 future.

23 I live in this world. I drive a Volt. I get  
24 the equivalent of 150 miles per gallon. It costs me  
25 about 50 cents an hour to charge my Volt. I have an



1 app on my phone, it tells me when it's charged. In the  
2 last 1200 miles I saved \$200 and 55 gallons of  
3 gasoline. I drive about 17,000 miles a year, which is  
4 probably pretty typical, and that amounts to about  
5 \$3000 and 800 gallons in savings. If you consider that  
6 over the lifecycle of a car, you can see that there's  
7 tremendous savings opportunities. In fact, the  
8 proposed fuel economy standards in corresponding miles  
9 per gallon metric may be an obsolete measurable in the  
10 next ten years. It's not the future, it's not science  
11 fiction, it's happening right now, it's happening right  
12 here in Detroit. Greater fuel economy will build a  
13 better future for years to come. Thank you.

14 MR. MEDFORD: Thank you. Reverend Morris.

15 REV. MORRIS: Thank you very much. I want to  
16 thank you for the opportunity to address the members of  
17 the Assessment and Standards Division of the U.S. EPA.  
18 Again, my name is Charles Morris. I'm a Catholic  
19 priest of the Archdiocese of Detroit and administer of  
20 St. Christopher Parish in the City of Detroit. I'm  
21 also the founder and the current public policy director  
22 of Michigan Interfaith Power & Light, non-profit  
23 representative of 150 houses of worship and faith-based  
24 institutions of higher education across the State of  
25 Michigan. Nationally, the Interfaith Power & Light

1 movement has chapters in 38 states that serve 14,000  
2 congregations.

3 I want to commend the EPA and the Obama  
4 Administration for the proposed CAFE standards as well  
5 as other rule changes that they are implementing. This  
6 will result in several positive outcomes. First of  
7 all, it will help Americans wean off foreign oil and  
8 make our nation less vulnerable to foreign manipulation  
9 of markets, and as we just heard in the last panel, the  
10 poignancy of the necessity of that. It will save  
11 Americans money, we just heard, at the gas pump.

12 Secondly, in a peak oil world, not only will  
13 oil be more expensive to extract, but will require much  
14 more energy-intensive extractive measures with greater  
15 deleterious effects in terms of environmental health  
16 and create global warming emissions in the extractor  
17 process and the impact on local indigenous populations.  
18 One needs look no farther than the skyrocketing  
19 environmental justice and health costs to the  
20 aboriginal people of Alberta with three times  
21 greenhouse gas emissions over traditional forms of  
22 extraction and the resource allocation of water to see  
23 that alternative extraction of methods of oil such as  
24 the tar sands are not sustainable for the long haul.  
25 On other hand, the new fuel economy standards will save

1 an estimated 2 and 1/2 million barrels of oil per day,  
2 more than double the amount of that the proposed  
3 Keystone Pipeline can produce.

4 Three. Climate change will, according to the  
5 consensus of climatologists, and one noted just down at  
6 the end of the table here, have horrific impacts on our  
7 future in terms of droughts and flooding, disease  
8 vectors, species extinctions, and more intense storms.  
9 This portends all kinds of potentially horrific  
10 scenarios, with trillions of dollars of costs and  
11 untold human misery, from environmental refugees to  
12 pandemics, from crop failures to political instability.  
13 The proposed CAFE standards will help, although not  
14 enough, but it will help to mitigate the sharp rise of  
15 greenhouse gases behind climate chaos.

16 Fourth. As we just heard in the panel  
17 before, in our cities such as in the southwest Detroit  
18 area, in particular, where traffic is most intense, the  
19 exhaust from cars and trucks have a horrific impact on  
20 the health and development of those who are most  
21 disadvantaged, the children of minorities and seniors  
22 who live in these low-income communities. High rates  
23 of childhood asthma, heart trauma, cancer, and the list  
24 goes on, are too often characteristic of life in these  
25 distressed communities.

1 Catholic social teaching addresses the answer  
2 to the question that the lawyer asked Jesus in Luke  
3 chapter 10:29, "Who is my neighbor?" Does my neighbor  
4 include those whose voices haven't been heard at the  
5 table? The poor? Non-human life? Future generations?  
6 The answer, according to the three tenets of Catholic  
7 social teaching, is an unequivocal "yes." For Catholic  
8 social teaching in this case are underlined by three  
9 pertinent principles. Prudence. The virtue of  
10 prudence compels to act like the precautionary  
11 principle, which is derived from prudence, to address a  
12 problem now before it becomes worse, especially if that  
13 worse scenario is supported, as it is in this case,  
14 overwhelmingly by scientific evidence.

15 Second, the Common Good. We are in  
16 solidarity with one another. Contrary to certain  
17 current threads in the polity, we are called to act in  
18 the interest of the commons. We are all in this  
19 together, including non-human life and our children and  
20 our children's children to the 7th generation. And it  
21 is the charge, your charge, you know, the agencies such  
22 as the Environmental Protection Agency carry forth the  
23 cudgel of protecting the commons for all us and for the  
24 future.

25 And Priority For the Poor, the real wealth of

1           our society is found in how we treat the "least among  
2           us." As Matthew says, we have a moral obligation to  
3           our least advantaged brothers and sisters to ask what  
4           kind of world and quality of life do we bequeath to  
5           them?

6                         In taking the morally right action, we create  
7           a better world for all. 26 billion dollars left  
8           Michigan last year to pay for fossil fuel. What a  
9           difference it would make for jobs and for the quality  
10          of life if most of those dollars could remain in our  
11          state and serve as a catalyst for economic development.  
12          Dollars that stay in the community carry a multiplier  
13          effect. What if our motto --

14                        MR. MEDFORD: I'm not used to interrupting  
15          priests, but in the interest of time I ask that you  
16          complete your --

17                        REV. MORRIS: I've got two sentences left.

18                        MR. MEDFORD: Good. That's great.

19                        REV. MORRIS: As a pleasant peninsula would  
20          be as true for the next generation. As we face our  
21          carbon constrained future, the fuel efficient and  
22          electrified vehicles on display at the North American  
23          Auto Show portend the can-do attitude of Detroit and  
24          America. We are poised, once again, to be a world  
25          leader in a future that is cleaner, sustainable and

1 more just for all God's children.

2 MR. MEDFORD: Thank you very much.

3 Mr. Sommer.

4 MR. SOMMER: Thank you. Good afternoon,  
5 everyone. I appreciate you all sticking it out. I  
6 know it's been a long day. My name is Marc Sommer and  
7 I represent not only the sportsmen and women of the  
8 State of Ohio, but I also did most of my work while  
9 working with the National Wildlife Federation.

10 Having worked for the Department of Natural  
11 Resources for 18 years and educating sportsmen and  
12 women on how to do it, how to get out there and hunt  
13 and fish, this task that I took on with the National  
14 Wildlife Federation was a no-brainer, because what it  
15 gave me an opportunity to do is actually go out there  
16 and talk to them about how they can further their  
17 conservation efforts in the state. We talk about  
18 species extinction, we talk about extirpation, we talk  
19 about the buckeye tree finally ending up in the State  
20 of Michigan, which some might think was funny,  
21 depending on which football team you're rooting for,  
22 but it gave me an opportunity to get out there and talk  
23 to some of these sportsmen and women. And the common  
24 thing that I noticed when I was out there was these  
25 same people that out there hunting and fishing are the

1 ones that are working in these plants. They're the  
2 ones building these engines. They're the ones talking  
3 about all this technology. We don't do these things  
4 systematically, we do them systemically. The people  
5 building the Dynamax engine down in the DMAX plant in  
6 Dayton, which by the way was 20% fuel efficient  
7 improvement over last year's model. If I went in that  
8 plant and asked those people who wants to leave for the  
9 day and go hunting and fishing, I'm pretty sure a lot  
10 of them would have left with me that day.

11           These are the people who were our nation's  
12 original stewards. When we look back at Teddy  
13 Roosevelt, we can back long before Teddy Roosevelt and  
14 we see the people that were hunting and fishing,  
15 running trap lines were our original environmentalists.  
16 They were the ones that cared about it. They were the  
17 ones that wanted to make sure that those species were  
18 always there; that the turkeys, wild turkeys gone from  
19 the State of Ohio, will eventually be reintroduced and  
20 found in every single county.

21           These standards that we're talking about are  
22 not just about getting better gas mileage, we are  
23 talking about emissions and we've heard all about those  
24 today. We've heard about what the harm can come from  
25 those emissions. The people that we educate, it's not

1 just about giving them a car that gets better fuel  
2 efficiency, it's about helping them understand what is  
3 my role now. So the sportsmen and women that I talked  
4 to, it was an awareness campaign for the National  
5 Wildlife Federation, it wasn't to go out there and say  
6 you drive a truck and you only get 12 miles per gallon.  
7 The purpose behind the initiative was to make them  
8 aware of the technologies that are available; to show  
9 them that things are being done right here in this  
10 country so that in ten years from now when they go to  
11 get a different truck, they go to get a different SUV,  
12 they are educated on what's best to look at when they  
13 go to get something new.

14 Kind of in closing, I was in D.C. working  
15 with, of all people, politicians. For some reason,  
16 that's where they hang out, and one of the staff  
17 members said something that I kind of cringed at when I  
18 heard it. He said to me that the person that he was  
19 working for didn't necessarily want to jump full  
20 throttle into all of this. He said, what about the  
21 other countries? Why don't we wait and see what  
22 they'll do? Probably not the best attitude. If we  
23 think back in time, I'm pretty sure that Henry Ford  
24 didn't say well, you know, these horses are not too  
25 bad. Maybe I'll just put this little car idea on hold.



1 The same thing can be said when the Cuyahoga River  
2 caught on fire around Cleveland, people didn't sit back  
3 and say, eventually it will float down river and the  
4 fire will be put out. No. What they did was they  
5 rallied around an environmental catastrophe and what  
6 has now become as a result of that what we all refer to  
7 as Earth Day.

8 We are a country that is based on innovation.  
9 We innovate and we evolve based on improving our  
10 qualities of life, and that's exactly what these  
11 standards are helping us do. They're helping us save  
12 money at the pump, which is the only place we can  
13 affect the bottom line of what we do with fuel. We are  
14 cleaning up the air, we are cleaning up the  
15 environment, and as many people earlier today have  
16 talked about, we're ensuring that future generations  
17 have the choice as to whether or not they hunt and fish  
18 in a clean environment.

19 The last thing I want to say, and I'll be  
20 finished, we do live in a country where we innovate and  
21 we have done so in the past because we want to evolve  
22 and make things good, great and better. These  
23 standards are set up to do that. And I don't only look  
24 back the standards that we have put forth today over  
25 the last several years, but I also put forth the

1 ability for the EPA to regulate these things for the  
2 purpose that they were founded for. That is why they  
3 are here, that is why they were put into place, and  
4 that is why we should trust their judgment going into  
5 these negotiations. Thank you.

6 MR. MEDFORD: Thank you very much.

7 Mr. Pollack.

8 MR. POLLACK: Good afternoon. My name is  
9 Henry Pollack, and I'm a Professor of Geophysics and a  
10 Climate Scientist at the University of Michigan in the  
11 Department of Earth and Environmental Sciences.

12 As a contributing author to the 2007  
13 Intergovernmental Panel on Climate Change Fourth  
14 Assessment Report and currently expert reviewer of the  
15 forthcoming Fifth Assessment Report now in draft form,  
16 I'm pleased to see real steps being taken to curb  
17 greenhouse gas emissions that are changing earth's  
18 climate. These proposed fuel efficiency standards will  
19 by 2025 reduce carbon dioxide emissions by an amount  
20 that is equivalent to one year of the total emissions  
21 of carbon dioxide by the United States. In other  
22 words, in the 14 years that these standards will be in  
23 effect, the USA will produce from all sources,  
24 including the light-duty vehicles to which these  
25 standards will apply, the equivalent of only 13 years

1 of carbon dioxide. Let me put that one year, one  
2 avoided year into a global perspective. The rate of  
3 increase of carbon dioxide in the atmosphere is  
4 currently about two parts per million each year, and at  
5 this current rate of annual increase, the atmospheric  
6 concentration of carbon dioxide will grow by 28 parts  
7 per million by the end of 2025 and will reach even more  
8 dangerous levels by mid century.

9           Currently, the USA produces about one-sixth  
10 of the global carbon dioxide emissions, and therefore,  
11 the USA is responsible for about one-sixth of the  
12 increase in atmospheric CO<sub>2</sub>. An avoidance of 12 months  
13 of US carbon dioxide emissions between now and 2025 is  
14 equivalent to a two-month avoidance in the global  
15 growth of atmospheric greenhouse gases. Stated another  
16 way, adding 28 parts per million of carbon dioxide to  
17 the atmosphere will take 168 months under a business as  
18 usual scenario, about 170 months if these new fuel  
19 efficiency standards are implemented. Please be  
20 assured that I am not denigrating this modest avoidance  
21 resulting from the proposed emission standards. To the  
22 contrary, I applaud the standards as an ambitious step  
23 in the right direction. The purpose of presenting  
24 these numbers is simply to show the enormity of the  
25 problem we face if we are to arrest climate change in

1           this century. We will need to take a great many more  
2           steps such as this if we are to avoid the more  
3           disruptive consequences of anthropogenic climate  
4           change.

5                       I urge the EPA, as well as the Departments of  
6           Energy, Commerce, Agriculture, Transportation, indeed,  
7           the entire federal government to step out boldly and  
8           quickly in partnership with the private sector wherever  
9           possible to engage in essentially energy reform  
10          measures. The journey of a thousand miles begins with  
11          a single step and we need to run, not walk, forward  
12          with a host of other energy efficiency standards and  
13          alternative energy sources before we will begin to make  
14          a substantial difference in arresting climate change.

15                      Thank you very much for taking this first  
16          step. Thank you.

17                      MR. MEDFORD: Thank you for your testimony.  
18          Thanks to all of the panelists for their testimony and  
19          again, thank you for staying late and staying with us  
20          to testify.

21                      We're ready for the next panel, please. Mr.  
22          Bailey, you can go ahead.

23                      MR. BAILEY: Thank you. I'm Robert Bailey,  
24          and I'm a Michigan resident, former Research Engineer  
25          at Fords Motor Company now retired.

1 MR. MEDFORD: Congratulations.

2 MR. BAILEY: And among other things I'd like  
3 to do today is to second the expressions of Mr. Blain  
4 and Mr. Morgenstein. They fill in nicely with my train  
5 of thought presentation here.

6 The Ford family has long pursued green  
7 products, electric powered vehicles and plug-in hybrids  
8 driven by lithium batteries, and the -- although Ford  
9 is not the first to produce these sorts of vehicles,  
10 one that is much like what Ford may well produce  
11 relatively soon is the Toyota plug-in Prius that is due  
12 to show up in March. It runs 13 miles in electric-only  
13 mode with fully charged batteries. They claim on their  
14 relatively simplified Toyota cycle that this vehicle  
15 produces the equivalent of 87 miles per gallon. I  
16 could comment later on what that might imply for the  
17 federal city/highway cycle.

18 Now the media have declared that the Ford  
19 C-Max car, which is likely to appear sometime this  
20 year, runs 30 miles per gallon on full charge. So you  
21 can imagine with that advantage over the Toyota vehicle  
22 that both those vehicles might do rather well on the  
23 city/highway federal cycle.

24 Now an example of Ford's pursuit of green  
25 vehicles has been the Ford EcoBoost Engine, which a

1 version of could be used on the hybrid eventually, and  
2 that engine has the advantage that using the  
3 displacement of fuel economy, the emissions of a  
4 6-cylinder engine you can do the work of 8-cylinder  
5 engine, a rather significant engineering step forward,  
6 and it shows the environment in which the hybrid has  
7 been growing up and the sort of challenge that's been  
8 presented to it to live up to the Ford tradition.

9           Now once we have this picture of a vehicle  
10 that can go 30 miles without recharging, without using  
11 the energy in the gas tank, this gets people in  
12 metropolitan areas to work. And if one lives in a  
13 world that Mr. Blain was explaining, you now plug in  
14 your C-Max hybrid to your employer's electrical grid  
15 and while you're working eight hours, it gets all  
16 charged up and is now ready to go 30 miles back to your  
17 house without using any gas. That's rather impressive.  
18 I don't want to swear that the media is right on that  
19 exact number, we'll see when it actually comes out.  
20 There are very good engineers at Ford working on this.  
21 I've known some of them. I'm confident that they will  
22 do very well in pursuing that sort of a goal.

23           The next --

24           MR. MEDFORD: Just about out of time Mr.  
25 Bailey.

1           MR. BAILEY: The main point I wanted to make  
2 is there's a whole lot of techniques that are usable to  
3 reduce the weight of the vehicles. A 30% reduction in  
4 that weight raises that mileage up to 45 or 50 miles  
5 without using gasoline, and that is a game changer.

6           MR. MEDFORD: Thank you very much.

7           Mr. Bryce.

8           MR. BRYCE: Good afternoon. My name is  
9 William Bryce. I am the organizer for Southeast  
10 Michigan Jobs with Justice. We are a coalition  
11 organization and bring together labor, community and  
12 religious organizations to campaign for justice in the  
13 workplace and communities where working people work and  
14 live. We are part of a network of coalitions in over  
15 40 cities locally. We have over 20 member  
16 organizations ranging from small peace groups and  
17 environmental groups and environmental groups to labor  
18 unions with thousands of members, for example Southeast  
19 Michigan -- I'm sorry. For example, the Service  
20 Employees International Union Healthcare Michigan is a  
21 part of our organization, they have over 18,000  
22 members. The Sierra Club is also an affiliate.

23           Our organization is indeed growing and I  
24 believe that we can safely say that we represent  
25 thousands of people in the Detroit area. As the

1           organizer of Southeast Michigan Jobs with Justice I  
2           have responsibility for overall coordination of our  
3           efforts and mobilizing affiliates to turn out members  
4           for various political actions.

5                       My colleague, Frank Hammer, has been working  
6           on the Green Jobs issue with our jobs committee for  
7           several years. He has a specific understanding of this  
8           matter necessary for thoughtful comment on CAFE and has  
9           the added advantage of a lifetime in the auto industry  
10          where I think we all know that CAFE has been discussed  
11          with great passion for many years. So I turn over to  
12          Frank.

13                      MR. MEDFORD: Okay.

14                      MR. HAMMER: Good evening. I'm a 32-year  
15          veteran of the auto industry. I worked in production  
16          and skilled trade in the GM auto plant outside of  
17          Detroit in Warren, Michigan. I served ten years in the  
18          International Union and I'm now happily retired. I can  
19          tell you that while I was an officer of my local union  
20          I can still remember letters and, in fact, I brought  
21          one with me just in case you want to see one. 1991  
22          where there were letters going to Senator Riegle  
23          warning about the increase in the CAFE standards, and  
24          this has been an ongoing chorus between the company's  
25          and my union for years, and so I'm happy to say that I



1 see that we're maybe now have tilted onto the other  
2 page and we're now both advocates for higher fuel  
3 efficiency standards, and I welcome this opportunity to  
4 support what you're doing.

5 I have had experience in CAFE standards over  
6 the years, first of all, fighting the higher standard  
7 while I was on staff. I can still remember the UAW  
8 corralling staff members to have a rally in support of  
9 save our trucks, save our jobs and things of that order  
10 all against the CAFE standards. But what I did learn  
11 when I was a future product sourcing rep in Pontiac,  
12 Michigan at the Powertrain facility was that every  
13 engine and every transmission designed started with  
14 what is the government's CAFE standard. That's how  
15 powerful the standard is. It established everything  
16 for every new generation of engine and transmission.

17 Now I've heard various arguments in favor of  
18 the standards. I'm not convinced about the one that  
19 says it's a job creator, and you have to understand  
20 that I'm a little bit gun shy on the question of job  
21 creation because in my 32 years experience I've seen  
22 the whole industry go down to about 100,000 whereas  
23 when I hired at GM, we were at 450,000 so in all those  
24 years we always heard about job creation, job creation.  
25 So I think the verdict on that is out. I think it

1           might create jobs, and it also might eliminate jobs. I  
2           don't know.

3                       I am here as a member of the Jobs With  
4           Justice which represents an integrated body of unions,  
5           and I think that when the name was first coined, Jobs  
6           With Justice, there was probably no thought given to  
7           climate justice, and I want to sort of piggyback on  
8           what Mr. Pollack said in a previous panel that today  
9           that climate change is real. I'm very happy to see the  
10          website of the EPA carry information about climate  
11          change. I wish it was more linked to the question and  
12          the discussion of fuel efficiency standards. It seems  
13          to be in separate worlds and it should be combined  
14          together that the reason we have to increase fuel  
15          efficiency and to other measures is because we have a  
16          very serious danger coming down the pike and that's the  
17          consequences of global warming and climate change.

18                      So I think that in terms of EPA's  
19          considerations that the standard should be, does what  
20          we do help to effectuate a slowing down of global  
21          warming, and that that is the highest standard that we  
22          should be measuring all of what we do in this industry  
23          and other industries as well.

24                      Raising the standards will help reduce the  
25          consumption of fossil fuels, and for that reason alone,

1 I support your efforts. However, there is a problem,  
2 and I think that there's been some discussion on the  
3 web, for example, that higher standards might just let  
4 people drive cars some more, and that we have to take a  
5 complete measure of where the fuel, the higher fuel  
6 efficiency standards in terms of overall carbon  
7 emissions, we have to get a whole measurable picture.

8 The weaning of us off oil addiction will  
9 require more than efficient cars. It seems to me that  
10 the EPA with the Department of Transportation should  
11 accelerate giving choices to Americans in regards to,  
12 for example, public transportation. And if you've been  
13 tuned in to our metropolitan area, there's been a lot  
14 of debate going on whether we're going to have a light  
15 transit line up and down Woodward, which, by the way,  
16 we used to have many years ago, we used to have  
17 trolleys. Yeah, we'd like to get them back. It's a  
18 different age and if we rely on public transit, we can  
19 also begin to reduce carbon emissions. The same goes  
20 for a high speed rail line that was discussed between  
21 Chicago and Detroit.

22 The higher standards are achieved through the  
23 hybrid and electric cars is all well and good, but if  
24 the electric cars are plugged into coal-fired plants,  
25 all we're doing is removing the problem one step

1 removal out of sight of out of mind, and it seems to me  
2 a holistic approach says not only do we have to improve  
3 the efficiency standards, but we have to link that to  
4 the use of renewable energies and not, not coal.

5 MR. MEDFORD: Thank you. Thank you Mr.  
6 Hammer. I think we'll move on to Mr. Egged.

7 MR. EGGED: Well before I like really  
8 introduce myself, I want to thank you five because just  
9 sitting here for the three panels that I have, I'm  
10 surprised you guys aren't downing aspirin like candy.  
11 I mean you're inundated with a bunch of good  
12 information, but it's all coming at you all at once.  
13 Anyway.

14 MR. MEDFORD: Thank you.

15 MR. EGGED: My name is Jim Egged and  
16 52-years-old but I'll be 53 in March, and I've been an  
17 environmental activist all my adult life and most of my  
18 adolescence. And I have not yet been blessed with  
19 grandchildren, but, you know, I'm sure they'll be  
20 forthcoming soon. And eventually those grandchildren  
21 will have grandchildren and want to leave a legacy of  
22 environmental activism for the future inhabitants of  
23 the planet and just like my parents left to me. All  
24 right.

25 And so in adopting these standards the 54 and

1 1/2 miles per gallon by 2025, I know that the EPA in  
2 its goal, you know, using the Clean Air Act to set the  
3 greenhouse gas standards for motor vehicle fleet of  
4 163 grams of, you know, that's all a bunch of technical  
5 stuff like Dr. Pollack who, I read his book too, I love  
6 that, A World Without Ice.

7           Anyway. In addition to the ecological impact  
8 this will have, I think it's also the biggest single  
9 step that the US has ever taken to reduce its  
10 dependence on foreign oil, which the military guy down  
11 there at the end, you know, has a lot to say about  
12 that, you know, from the first couple panels ago.

13           Anyway. The money saved also will allow consumers to  
14 spend money elsewhere, you know, because if they're not  
15 spending money at the gas pump, they'll do what I call  
16 super stimulating the economy, you know, that's an old  
17 economic term that I just made up. Anyway. You know  
18 they can take the money, you know, that was stimulus  
19 for the economy, spending it frugally and saving it,  
20 and then again, re-stimulating it into the economy,  
21 thus, super stimulating it. So there's lot involved  
22 here.

23           Now in any case, it's not like the technology  
24 isn't there. Automakers will be able to comply with  
25 the new proposed standards because I'm sure that you've

1 already gotten because you've talked to Bob King,  
2 you've talked to the Ford guy and the to the GM lady or  
3 the other way around.

4 MR. MEDFORD: Ford lady, GM guy.

5 MR. EGGED: And Chrysler guy. So you know,  
6 that it's all there. 13 major automakers signed  
7 preliminary agreement and worked out with the White  
8 House and most automakers agree that the existing  
9 technologies can be used to achieve the plan's goals.  
10 These are technologies such as turbo charging, direct  
11 fuel injection, 8 to 10 speed automatic transmissions,  
12 electric drive and other fuel saving emissions, and  
13 that comes from Edmunds.com. Anyway, these  
14 technologies are on display as I speak right down the  
15 street the Cobo Hall and so guys like, you know, Dan  
16 Akerson, Alan Mulally, Sergio Marchionne and Jim Lentz,  
17 they all support this.

18 The only, you know, like one concern I have  
19 is to raise is like the mid-term review. As a retired  
20 firefighter, because that's what I did for a living, by  
21 the way, and background in science. I have two  
22 undergraduates, two baccalaureate degrees in science, I  
23 realize the importance of the review process. I just  
24 don't want this review to be an opportunity for the  
25 industry to slow or procrastinate these standards to

1 the point of non-implementation. The automakers did  
2 say that they could achieve these goals, that doesn't  
3 mean that they'll be in a hurry to do so, and I'm sure  
4 you understand that. I would like to urge both  
5 agencies to keep both the standards in place for all  
6 nine years, thus, letting the mid-term review -- not  
7 allowing the mid-term review to slow the process down.  
8 The review should be opportunity to make this program  
9 stronger.

10 And one last thing. The electric vehicles  
11 are treated as 0 emissions which kind of allows for  
12 the, you know, like a little cheating, I guess, on  
13 other end. So perhaps the cap of the special treatment  
14 of electric vehicles could be strong enough to not  
15 reduce the oil saving benefits, which is part of the  
16 purpose of the standards. And thank you guys for  
17 sitting here for so long listening to all this.

18 MR. MEDFORD: Sounds like you've been here  
19 all day too since early this morning, and thank you for  
20 coming.

21 Mr. van Guilder.

22 MR. VAN GUILDER: Good evening. My name is  
23 Brad van Guilder. I'm the staff person in Michigan  
24 with the Sierra Club, and again, I'd like also thank  
25 you for staying here and having this hearing all day

1 here in Detroit. I would like to address a policy  
2 point or two and also relate the experience of myself  
3 and my father as consumers attempting to make  
4 responsible vehicle choices that actually reflect how  
5 some of those policies are actually seen by consumers  
6 who are, you know, ultimately the people who are going  
7 to end up being affected by this. It's extremely  
8 important that EPA is part of setting national  
9 standards the combined objectives for both vehicle  
10 efficiencies and establishing a greenhouse gas emission  
11 standards. Mobile source pollution from cars and  
12 trucks and the transportation sector are a large  
13 contributor to air pollution generally, and climate  
14 change in particular. These emissions have  
15 historically been more difficult to address than point  
16 source pollution. These standards lay out steady  
17 improvement in fuel efficiency, an historic step in  
18 significantly addressing climate change. By setting  
19 the standards to model year 2025, manufacturers will  
20 have a timeline necessary for a far more stable  
21 industry. More importantly, these standards will drive  
22 technology developments, material science, energy  
23 storage, alternative fuels, and moving beyond the  
24 internal combustion engine.

25 With all of these technology innovations, I'm



1 concerned about how the greenhouse gas emission  
2 equivalentents will be calculated. This is especially  
3 important to ensure the integrity of a policy intended  
4 to substantively address climate change. The full  
5 lifecycle of any fuel with a propulsion system must be  
6 accounted for whether electricity derived from coal and  
7 the mining thereof, or bio-fuels derived from fossil  
8 fuel-intensive agriculture.

9 One of the criticisms I have heard is concern  
10 that the upfront cost of these vehicles may be higher  
11 as these new technologies are applied in large  
12 quantities of scale will help curb higher costs of the  
13 vehicles. However, the cost over the life of the  
14 vehicle has clearly been shown to be lower to  
15 consumers, and we all get the larger benefit of public  
16 health improvements and the associated costs of those  
17 public health improvements.

18 The financial industry should modify its  
19 lending practices to address the new economics of clean  
20 energy efficient technology. For example, energy  
21 efficiency mortgages allow a prospective home buyer to  
22 lower the cost for their mortgage because they have  
23 lower utility bills that are factored into their  
24 ability to pay their mortgages. A similar  
25 reconsideration of the economics of a fuel efficient

1 vehicle should be applied with proper oversight of the  
2 financial industry.

3 Finally, I'd like to speak as a consumer. In  
4 2009 both my father and I were considering purchasing  
5 new vehicles. Up to that time, most innovations in the  
6 auto industry were being applied to allow for  
7 production of larger vehicles instead of dramatically  
8 reducing fuel consumption. These new standards change  
9 the calculus and address pent up demand for vehicle  
10 that use far less fuel. I was looking for a small  
11 vehicle with good gas mileage that met my needs for  
12 hauling small items. I was very interested in the  
13 Honda Fit. It was frustrating with Honda going back  
14 and forth over whether they would produce a hybrid  
15 version of the Fit, and I'm sure many other  
16 manufacturers have dealt with similar kinds of  
17 questions, and it's not just Honda. I could not delay  
18 my purchase any longer when Honda announced that it  
19 would produce a hybrid version of the vehicle, but they  
20 would not sell it in the United States because of the  
21 apparent perception that the vehicle would not satisfy  
22 the performance expectations of consumers in the United  
23 States. I hope these new standards that will address  
24 the desires of all consumers and not just those that  
25 have been shaped by decades of advertising.

1                   I think the consumers in the US are more than  
2 willing to embrace a new energy economy that is driven  
3 by more than the price of gasoline exceeding more  
4 dollars for the gallon. My father's vehicle purchase  
5 was a good example. My father is a decorated World War  
6 II veteran, a retired airline mechanic and diehard  
7 buy-American union guy. He'd only driven a large van  
8 or pickup for over 25 years. He was looking for an  
9 alternative to his 12-passenger V-10 van that got 8 to  
10 12 miles per gallon that he was using as his regular  
11 vehicle to drive to the grocery store. He shocked  
12 everyone when he bought a third-generation Toyota  
13 Prius. I'd like to take credit for that, but I knew  
14 nothing about it. He went out and bought that vehicle  
15 on his own. But he was absolutely fascinated with all  
16 the innovations that came with that vehicle, all the  
17 various tools on that vehicle that told him how he  
18 could be more fuel efficient driving that vehicle. And  
19 he even jokes that he's afraid that the gas might go  
20 stale in the tank because he doesn't use the gasoline  
21 fast enough in the tank. Now no disrespect to my  
22 father or anyone else of his generation, but if a salty  
23 old dog like my dad can embrace a new energy, a fuel  
24 efficient economy, then this country is finally ready  
25 to do it.

1 MR. MEDFORD: Thank you very much.

2 Miss Woods -- Walker, I'm sorry. Ms. Walker.  
3 For the reporter, that's Donna Walker.

4 MS. WALKER: Yes. Thank you. My name is  
5 Donna Walker, resident of Detroit and a member of  
6 Sierra Club. I think I'll go over like a little bit of  
7 my work and my riding history. But today you're  
8 sitting in here and it was 52 degrees today in Detroit  
9 Michigan.

10 MR. MEDFORD: Thank you.

11 MS. WALKER: Lovely. Would you believe I  
12 used to work, my job in the '90s was to make sure to  
13 monitor those out in the street repairing water mains,  
14 and in 1994 in this week, this period of time, it was  
15 17 degrees below zero. Also my son lives in northern  
16 Michigan. He's a letter carrier so I always watch the  
17 weather. There's no snow up there, no snowmobiling, no  
18 skiing, and he can't go ice fishing. There are  
19 impacts. Michigan, even in northern Michigan, there's  
20 big changes taking place in the weather.

21 Okay. I used to own a Chevy Metro. At one  
22 time I owned three of them. I gave them to  
23 grandchildren. 42 miles to the gallon highway, and GM  
24 stopped making it. It had a cast iron engine, it was  
25 wonderful, but they stopped making it. Not enough

1 profit? In '78 I owned a 2-cylinder Honda car. Oh I  
2 loved that car, 54 miles to the gallon, and I drove to  
3 Toronto and Wisconsin and gas at that time was 50 cents  
4 a gallon. That's no longer allowed, and I wish it  
5 could be brought back so on Jefferson and Woodward I  
6 could just drive it.

7 The Smart Car, I'd go out and buy a Smart  
8 Car. They tell me in Europe the Smart Car gets 67 MPG;  
9 here 40, and I'm not buying that car. I used to have a  
10 Metro, did the same thing.

11 Now you talk about loss of jobs, when gas  
12 goes to \$7 a gallon in this economy, we're not going to  
13 be able to buy cars or fill them up with gas, and there  
14 will be great job loss because who's going to be able  
15 to afford to buy them?

16 Okay. And the last thing is, if we fail to  
17 implement such standards, many of us in this room in  
18 2025, we're going to look back with great anguish and  
19 regret and say to ourselves, why didn't we do it then  
20 because things are changing. Thank you.

21 MR. MEDFORD: Thank you. Mr. Hasspacher.

22 MR. HASSPACHER: My name is Gerald  
23 Hasspacher. I'm a retired teacher, and I'm a  
24 practicing registered nurse. I'm one of two citizens  
25 on the City of Warren Environmental Committee, I'm a

1 co-chair of the Green Cruise, which is a celebration of  
2 non-fossil fuel transportation, a week before the Dream  
3 Cruise, just the opposite. We'll have our seventh one  
4 this year, bigger and better than ever. I'm also the  
5 chairperson of Southeast Sierra Club Green Schools  
6 Promotion Committee, and over the past three years I've  
7 given 28 presentations to schools to help them become  
8 official Michigan Green Schools because Michigan has a  
9 2006 law whereby if a school qualifies, they are  
10 designated an official Michigan Green School.

11 In my presentation I touch on sustainability,  
12 energy, ocean water, fresh water, Michigan native  
13 plants and animals, trees and transportation. And when  
14 I get to transportation, this is the prop that I use,  
15 and I bring somebody up and lift it up, and it's 20  
16 pounds, and 20 pounds is what -- how much CO2 comes  
17 from each gallon of gas that we burn, and kids are  
18 surprised by that. And so we discuss it and I tell  
19 them that the CO2 that's going in the air is not going  
20 to come out for the next hundred years, and all the  
21 problems that we've been discussing couldn't possibly  
22 change for the next hundred years, and tomorrow when  
23 everyone turns on their cars it's only going to get  
24 worse. And so I ask them questions about that. I say,  
25 you think, that when you're driving down the expressway

1 and you're passing all those cars that they're thinking  
2 oh my goodness, I'm putting so much CO2 in the air, and  
3 they go no. And I say if it was orange coming out of  
4 our tailpipe, do you think we'd be concerned, and they  
5 go yes.

6 And so we go back and we talk about how that  
7 CO2 effects everything. We talk about how the Arctic  
8 will be gone by 2030, and I ask them where will you  
9 find a polar bear, no, not in the water, no, not on the  
10 land. Somebody usually, it's in the zoo, yes. And is  
11 anyone giving money for the polar bears to help them,  
12 and I assume well I don't know why because be  
13 interesting to find out what the money's going to. We  
14 talk about Antarctica as being the size of the United  
15 States plus six Californias and an average mile high in  
16 ice, and what would happen to the cities in the United  
17 States and worldwide if even part of that melts, and I  
18 tell them if you're standing on the shore in Florida  
19 and the water goes up this much, how far do you have to  
20 move back. And they take their guesses and I tell them  
21 well you have to go over a mile back. And so that CO2  
22 heats up, the thermal expansion and the melting water  
23 is going to put a lot of cities at risk. We talk about  
24 less fresh water. We talk about the danger to Michigan  
25 plants and animals. We talk about loss of Michigan's

1 tree canopy and in fact this is happening worldwide.  
2 And things that I stress to them are take ownership of  
3 the earth that they're inheriting, and I try to empower  
4 them to be better stewards of the earth through tips  
5 but what I can't tell them is how dire things seem to  
6 be because science tells us that if we don't turn this  
7 around soon, it's going to be catastrophic and there's  
8 nothing that they're going to do.

9           So last week I was giving a presentation and  
10 a sixth-grader put up his hand he said, you know, I  
11 don't believe in global warming, and I said well, you  
12 know, there's an election coming up and two parties and  
13 one of them pretty much agrees with you and you're  
14 entitled to your opinion, but what I would ask you to  
15 do is talk to your teacher about the science of it, not  
16 the politics, not the blog, not the talk show hosts,  
17 look at the science and that's what I'm asking you to  
18 do today for those kids that sit on that floor and look  
19 up with those bright eyes and just soak this stuff up  
20 and are crazy about environment to do for them. Thank  
21 you very much.

22           MR. MEDFORD: Thank you very much, and thanks  
23 to all the panelists for your staying so late,  
24 appreciate your testimony, appreciate your interest in  
25 the issue.



1                   I think we're ready for everyone else that's  
2 listed to testify. I think we can fit you at the table  
3 now. So if you come forward and put your names on a  
4 name tag, we'd appreciate it very much. Is Mr.  
5 McMaster among the group here?

6                   MR. McMASTER: Yes.

7                   MR. MEDFORD: You're first when you're ready.

8                   MR. McMASTER: Thank you for the opportunity  
9 to speak. I am Bill McMaster and I'm state chairman of  
10 Taxpayers United Michigan Foundation. We are a  
11 statewide organization concerned about tax hikes and  
12 defense of our state constitution relative to tax hikes  
13 as well as the environment. We are quite surprised and  
14 disappointed that EPA has taken this course of  
15 mandating a 54.5 increase in gas mileage at this time.  
16 The reason being is is that no sooner do you accomplish  
17 the 32 milestone but here we have another one that is  
18 on top of that.

19                   The Michigan climate being what it is is a  
20 state that uses larger cars; avoids smaller cars. It  
21 is basic rule of driving that a smaller car doesn't  
22 have that much clearance when you've got five or six  
23 inches of snow falling. When you have further families  
24 of three and four children or grandchildren, to  
25 transport them in a small car compact or subcompact or

1 electric car is impossible. The state has grown with  
2 good highways over the years as the auto industry has  
3 grown and native Michigianians very much appreciate  
4 being able to use the independence of our cars as we  
5 see fit.

6 The pollution of gasoline by increasing the  
7 10% of ethenol has been a major disservice to motorists  
8 in Michigan because ethenol doesn't get as good of gas  
9 mileage as gasoline, and secondly, it fosters a  
10 pollution and a fire hazard at the pump and in  
11 operation. You may have noticed that only newer cars  
12 are able to use ethenol and that they do so with a  
13 warning at the pump that it explodes when you have any  
14 kind of a spark, including when you slide off your  
15 seat.

16 This idea that the auto companies endorse  
17 this concept is measured by the fact that the reason  
18 they approved it, they will tell you candidly, and  
19 endorse your 55 benchmark is because they're worried  
20 about individual states like California making a higher  
21 standard than other states and requiring the  
22 manufacture of certain vehicles to different standards  
23 in different states.

24 This idea that the Obama Administration can  
25 come into this state and declare to me and my family

1 and our statewide membership that we're going to have  
2 to get along with smaller cars is not acceptable and we  
3 will resist that. It is our hope, frankly, that these  
4 kinds of unreasonable standards based on, in some  
5 cases, as far as global warming and other factors, a  
6 kind of science that may better be administrated or  
7 administered through different administration and we  
8 will work for the election of a different  
9 administration next year. Thank you.

10 MR. MEDFORD: Thank you. Let's go -- we'll  
11 come back to the end to answer any questions or ask of  
12 them that you have, but the two brothers that are here,  
13 it looks it's Dele and Ayodeji. I'll have you say your  
14 last name. Maybe you can help us with that. You  
15 can -- are you going to break up the five minutes and  
16 share your testimony or --

17 MR. AKINPELU. Yes.

18 MR. MEDFORD: Whoever would like to go  
19 first, go ahead. Just state your name and your  
20 affiliation.

21 MR. AKINPELU: Hi, everyone. My name is Dele  
22 Akinpelu, that's how you pronounce it. That's a typo,  
23 but that's fine.

24 Yes. Good evening everyone. I am an  
25 environmental science student at Wayne State University

1 and also a current organizer with Sierra Club and I  
2 think the push that Obama, President Obama has for the  
3 54.5 miles per gallon call for each -- for the new  
4 vehicles is a good step forward, a step in the right  
5 direction. I think that it's something that's been  
6 long needed for this economy and for our future and for  
7 current citizens of United States of America, and I  
8 think it's a great idea because well we all know  
9 that -- well some of us don't agree that carbon dioxide  
10 is contributing to climate change where science proves  
11 it has been for the last, you know, couple of decades,  
12 and if you can, you know, look at current graphs,  
13 Keeling curves and things of that sort that point to  
14 that such a thing is existing; that global climate  
15 change is existing, it has been continuing, and we can  
16 even feel the effects here in Michigan and different  
17 places globally.

18 So I feel that's a great push forward, you  
19 know. Me coming from a scientific background I know  
20 how the importance of achieving this step and milestone  
21 forward, you know, because the United States should be  
22 on the frontline as far as having a greater  
23 sustainability tract, if you will, when it comes to the  
24 automotive industry as well as producing manufacturing  
25 vehicles, and so we compete also on an international

1 level with our Asian and Chinese counterparts that are  
2 producing also in vehicles as well who have currently  
3 been exceeding and doing better as well as there gas  
4 per mileage compared to United States. I currently  
5 driver a Ford Taurus and it's a flex-fuel vehicle which  
6 I purchased with my father about three years ago, and  
7 it has been running well compared to my brother, who  
8 has a Chevy Lumina? Yes, some sort of race addition or  
9 something. But as far as gas mileage, I like the bang  
10 for the buck, and I understand it does use ethanol as  
11 well, which is cheaper, but at the same rate it runs  
12 out quicker which isn't almost a great thing but.

13 MR. MEDFORD: Maybe we should hear from your  
14 brother now.

15 MR. AKINPELU: Hi there. My name is Ayodeji  
16 Akinpelu, also a Wayne State student studying  
17 environmental science and biology, also geology. I  
18 believe this is a positive push to get, to get  
19 everyone, specifically the United States, to increase  
20 their gas per mileage. Even though California does  
21 have a higher standard compared to the rest if the  
22 United States, I believe that it's no excuse for,  
23 especially for Michigan, Detroit, you know, us being  
24 the Motor City where once was called Motor City now  
25 it's maybe called the agricultural capital of the

1 world.

2           Throughout the past couple of years I mean  
3 the different corporations, GM, Ford, they have been  
4 manufacturing some pretty good car, but -- pretty good  
5 vehicles, not cars, but they always still lack when it  
6 comes to MPG's. They can never actually, you know,  
7 compare to the European counterparts. I mean Ford  
8 finally has it right. Don't get me wrong, I'm not  
9 trying advertise for Ford or anything like that, but  
10 they actually have taken I guess a paradigm shift to  
11 the point where they're not only looking at it from a  
12 cost-effective standpoint, but also looking at it from  
13 an economical standpoint and some more of an intuitive  
14 aspect as well. Apart from that, apart from that,  
15 they -- it's just a push in the right direction, you  
16 know. It actually makes the automotive manufacturers  
17 strive to hit that pinnacle because other European  
18 markets such as Lexus, you know, such as BMW, such as  
19 Mercedes Benz, they've already been hitting these  
20 points, getting their cars that hit these miles per  
21 gallons about decades ago, 20 or 30 years ago, and  
22 that's with like Generation 2 or, or, the Generation 3  
23 Mercedes M5. They've already been doing these  
24 technologies. Why are we so slow? Why are we so slow  
25 to catch on?

1                   So I think Obama's actually in the right  
2                   direction, it may be a push, but I think it's a push in  
3                   the right direction.

4                   MR. MEDFORD: Thank you very much.

5                   Mr. Abdalla.

6                   MR. ABDALLA: Good evening. I'm Ade Abdalla.  
7                   I'm the co-founder, president, CEO of Energy/Efficiency  
8                   Environmental Health Services and Walking on Water  
9                   Environmental Stewardship of Recreational Services.  
10                  Our mission is to establish a worldwide foundation and  
11                  universal philosophy to mobilize humanity to recreate  
12                  optimal ecological conditions for the enjoyment and  
13                  preservation for Mother Earth. With that being said,  
14                  naturally, I applaud your efforts. I'm in favor of  
15                  President Obama's new proposed standards for the auto  
16                  industry. I think this is a step in the right  
17                  direction.

18                  If you had an opportunity to go over to Hart  
19                  Plaza, at the foot of Hart Plaza is a statute and it  
20                  says Gateway to Freedom. And I think it's appropriate  
21                  that you chose Detroit to start these hearings because  
22                  imposing these standards on the auto industry is a step  
23                  to help us free ourselves from the effects of importing  
24                  so much oil and being dependent on oil while  
25                  simultaneously doing stuff about carbon emissions.

1                   I like to tell people that our organization's  
2 vision and mission statement is based on the theology  
3 of ecology that you will find in the first seven days  
4 of creation in the Book of Genesis. If you take time  
5 time to review it, you'll see during the first five  
6 days God created the environment, and on the sixth day  
7 he created man. So I tell people if we do not protect  
8 the environment, if we do not maintain the environment,  
9 then we cannot exist. So it's not a matter of going  
10 green, it's a matter of common sense.

11                   Now thank you for giving me a chance to  
12 testify today and go on record in favor of these  
13 improvements.

14                   MR. MEDFORD: Thank you very much.

15                   Mr. Johnson.

16                   MR. JOHNSON: How are you doing?

17                   MR. MEDFORD: Good. How are you?

18                   MR. JOHNSON: Pretty good. Thank you for  
19 inviting me. I know you guys have been here all day  
20 but I'm really excited about you guys being here.  
21 Because I wanted to let everybody in this room the  
22 technology is here. I'm an entrepreneur, I've seen it,  
23 I've driven it. I'd like to invite you all back in  
24 June when we have our prototype running.

25                   Right now in America did anyone know that we



1 had electric vehicles here 100 years ago, but it phased  
2 out because there were no standards to support it?  
3 Industry and commercialization pushed it by the  
4 wayside. As a matter of fact, over 100 years ago  
5 diesels ran on peanut oil. The very first diesel  
6 engine made by Rudolph Diesel was ran by peanut oil,  
7 but those things were pushed to the side because there  
8 were no standards. There really wasn't any  
9 understanding of what those emissions are doing to the  
10 environment, but now there is understanding. Now there  
11 are a lot of exciting opportunities.

12 As a startup, I'm working with other startups  
13 and it's just so much energy and the technology is here  
14 form a large vehicles too to run on -- get up to 100  
15 miles per gallon right at the Auto Show, if you get a  
16 chance to go over there. As a matter of fact, they  
17 started with the Hummer. I was in the military when  
18 they were working with it, 100 miles per gallon. The  
19 technology is there. And we have one car 150 miles per  
20 gallon, that's the Volt, and then the new Ford Fusion  
21 in at 100 miles per gallon. So the technology is  
22 there. So if the standards are pushing it, the  
23 standards are supporting it, then the companies will  
24 keep up. As a matter of fact, I like what one of the  
25 brothers said where we're lacking behind because we

1 have not kept up, there hasn't enough notice.

2 Right now China has been replacing the US as  
3 the number one manufacturing, manufacturing production.  
4 Right now there they're up 18 million and we're just  
5 reaching 12 million because of the crisis we had here.  
6 And Japan is number two. We're number 3. So we have a  
7 lot of catching up to do, but these standards and other  
8 incentives in place are forcing us to compete, forcing  
9 us to catch up, forcing us to look at the new  
10 technology. And what it's doing with the big OEMs like  
11 Ford and GM, they're working with the smaller  
12 companies. I get a lot of calls from Ford and GM  
13 engineers as we look at new technology. Ford and GM,  
14 they don't have the budget, the research and  
15 development budget to look at every new technology out  
16 there, but us smaller companies, we have the time, we  
17 have the energy to develop these technologies. After  
18 we prove the commercial ability of them, then Ford and  
19 GM comes in and purchases or purchases them from us.  
20 So a really exiting environment and I thank you  
21 gentlemen for coming here.

22 MR. MEDFORD: Thank you very much.

23 Mr. Lombardo.

24 MR. LOMBARDO: Hello, my name is Dan Lombardo  
25 and I'm a peace activist for creative nonviolence in

1 the Catholic Worker Tradition, and I'd like to make two  
2 points. My other, my other full-time occupation is  
3 being a laid off electrician. I'm a laid off  
4 construction electrician right now, and my first point  
5 is about the government mandates work in innovations  
6 need a push, for instance, light bulbs. I'm happy to  
7 report that I went to Home Depot the other day and they  
8 have LED light bulbs, and I think they work real well.  
9 I tried them out, they worked great. EPA has the  
10 Energy Star program that's helped us pick light bulbs  
11 and I appreciate your work on that. So I have  
12 governments around the world are also banning  
13 incandescent light bulbs, so that's why government  
14 mandates do work.

15 My second point is little different than  
16 you've heard. It's on our addiction to reducing our  
17 independence on oil to reduce the likelihood of future  
18 wars. And what I have here is an article from the New  
19 York Times, February 1st, 2006, and it's the day after  
20 the State of the Union Speech, and I'll read first line  
21 of the second paragraph. The most striking  
22 declarations Mr. Bush said America is addicted to oil.  
23 So I think what he meant by addicted, is by addiction  
24 he means we hurt ourselves and others. We hurt  
25 ourselves by contributing to climate change. I'm sure

1           you probably heard about global warming and all that so  
2           I thought I'd take a different approach to it. I'd  
3           like to focus on how it hurts other people.

4                       The control of oil is a major factor in the  
5           decision to go to war. And so I got another article  
6           here, it's from the Washington Post September 15th,  
7           2002, and that's when the Bush Administration was  
8           trying to sell the war to us in September. The first  
9           paragraph goes, a US-led ouster of Iraqi President  
10          Saddam Hussein could open up a bonanza for American oil  
11          companies long banished from Iraq. Scuttling oil deals  
12          between Baghdad, Russia, France and other countries and  
13          reshuffling the world petroleum markets. That's  
14          according to officials. So that goes without saying I  
15          thing that oil companies are addicted to profits. And  
16          a little-known fact is that eight civilians are killed  
17          for every soldier killed. Our addictions to oil are  
18          killing civilians, and I have some pictures here. This  
19          is war creates refugees, pictures of refugees here, and  
20          war creates destruction and psychological trauma.  
21          There's a picture of a little girl being traumatized.  
22          War creates physical trauma. Here's a picture of a  
23          little girl who's been burned and she's in her pajamas.  
24          Figure that out. War causes more psychological trauma.  
25          The soldier in this picture has blood on his foot, on

1 his boot, and there's a newly orphaned child with her  
2 parent's blood splattered on her. That's a pretty  
3 tough one. This one's tough too. War causes death.  
4 Here are dead children in a homemade casket, a grieving  
5 father with more caskets in the background. This one I  
6 like a little bit better. The picture I like is a  
7 picture of children that are apparently safe, although  
8 I think it's Iraqi children. Little kid has a funny  
9 look on his face.

10 So anyway, I'm concerned that you'll allow  
11 too many loopholes in these pretty good standards Obama  
12 has come up. My question is how many loopholes you'll  
13 allow in these in light of what it could be possibly do  
14 to children. Thank you.

15 MR. MEDFORD: Thank you very much. Okay.

16 Mr. Altman.

17 MR. ALTMAN: Thank you. I'm from Royal Oak,  
18 Michigan, and thank you for the opportunity to speak in  
19 favor of the proposed standards. I'm also a peace  
20 activist, and as you might imagine a proposal that  
21 would lead to more peaceful world, I'm for it.

22 In 2007, former Reserve -- Federal Reserve  
23 Chairman Alan Greenspan, a Republican, wrote in his  
24 book the Age of Turbulence: Adventures in a New World,  
25 I'm saddened that it is politically inconvenient to

1 acknowledge what everyone knows. The Iraq war is  
2 largely about oil. But he wasn't alone in this belief.  
3 A UPI poll taken in the same year found that 32% of  
4 people thought the oil in Iraq was a major factor for  
5 going to war. Another 41% felt it was a factor, and  
6 only 24% felt it wasn't a factor at all. This is a  
7 stunning admission or statistic. It means that most  
8 Americans believe that we should go to war to feed our  
9 demand for oil, a demand that exceeds our capacity to  
10 produce the oil within our borders.

11 Today we know the cost of that decision to go  
12 to war. Nearly 4500 American soldiers dead, 32,000  
13 wounded, tens, if not hundreds of thousands, with  
14 traumatic brain injury and posttraumatic stress  
15 disorder. According to the National Priorities Project  
16 website cost of the Iraq war is 800 billion dollars,  
17 but that's just the allocated funds.

18 Joseph Stiglitz, a Nobel Prize-winning  
19 economist, and Linda Bilmes, a Harvard professor, wrote  
20 book called The Three Trillion Dollar War: The True  
21 Cost of the Iraq Conflict. Three trillion dollars for  
22 a war. But those are just the costs to the United  
23 States. What about the cost to our coalition partners?  
24 What about costs to Iraq? A hundred thousand, over a  
25 hundred thousand Iraqis dead and over four million

1           Iraqis displaced. All told, the war has had a huge  
2           cost to the world, to the United States and the world.

3                         But I have other questions. Is it moral to  
4           fight a war for oil? And what kind of nation would  
5           fail to take the steps within its power to reduce its  
6           consumption to better match it's productive capacity  
7           for oil such that it could avoid a future war for oil?  
8           We've just finished fighting what most would agree in  
9           part, or in large part, was a war for oil. You'd think  
10          that we would do everything in our power to avoid the  
11          "need to fight" such a war in the future.

12                        I believe that these new standards in that  
13          they would potentially reduce the consumption of oil  
14          could lead to a more peaceful world, and I urge their  
15          adoption with one caveat, that is that the standards  
16          don't lead to the consumption of other scarce  
17          resources.

18                        Thank you for the opportunity to testify  
19          today.

20                        MR. MEDFORD: Thank you, Mr. Altman, and  
21          thank all the panelists.

22                        I just have one small thing, and that's, Mr.  
23          McMaster, the one thing that is a misperception by many  
24          people about the standards that we're proposing is that  
25          it will force people to drive certain kinds of

1 vehicles, and these standards are really written for  
2 every size vehicle. They're separated by light trucks  
3 as one set of standards with standards or targets of  
4 fuel economy is a change depending on the footprint or  
5 size of the vehicle, and the same set of standards --  
6 separate set of standards for passenger cars, and the  
7 derivation of the 54.5 comes from the best estimate  
8 that we have now on the combination of cars and trucks  
9 that people buy in the different size categories, but  
10 the actual standard that will be yielded at that time  
11 will depend on what people do decide to buy and,  
12 therefore, the compliance obligations for the  
13 manufacturers will be based on whatever people buy. So  
14 that trucks and cars in exactly the same variety that  
15 exists today, as long as consumers want to buy them,  
16 manufacturers will sell them and will be available.

17 We've heard in other news stories that these  
18 standards will make people buy small cars, and I just  
19 wanted to make sure that you're aware that these  
20 standards set targets for fuel economy for every size  
21 vehicle and really is intended to preserve both  
22 consumer choice in the kind of vehicle that people  
23 choose to buy, improving fuel economy for each size,  
24 but I just wanted to make sure.

25 MR. McMASTER; can I have 30 seconds to



1           respond?

2                       MR. MEDFORD:   Yes.

3                       MR. McMASTER:   Consumer preference for  
4           whatever size car and whatever gas mileage is pretty  
5           well demonstrated in the marketplace.   When the Ford  
6           150 was again this past 2011 the most popular American  
7           made car in the United States, that is a pickup truck,  
8           and it does have the EcoBoost and what have you in it  
9           now.

10                      Secondly, Michigan is a natural resources  
11           rich state.   We have considerable oil and gas deposits,  
12           and the Obama Administration has prohibited our  
13           drilling for known reserves, particularly under the  
14           Great Lakes from drilling from the shore.

15                      Now the last thing is the president of -- or  
16           chairman of General Motors Atkinson is on record, I  
17           think foolishly, of saying that he is a proponent for  
18           increasing the price of gasoline to at least \$5 a  
19           gallon so that he can force people into smaller cars.  
20           That's a despicable thing for a government-run auto  
21           industry to propose to the people who disagree with him  
22           substantially.   Thank you.

23                      MR. MEDFORD:   Thank you.   Thanks to everyone.  
24           Thank you for coming and thank you for your testimony.

25                      I think we have in the audience now four more

1 people so if the rest of the folks waiting would come  
2 up and put your name on your tag.

3 MR. MEDFORD: Miss Millan, you can you go.  
4 Are you ready?

5 MS. MILLAN: Hello. My name is Italia Millan  
6 and I live in Auburn Hills, Michigan. I've worked for  
7 the auto industry for over a decade. My husband still  
8 works there. We know transportation plays a very  
9 important role in our economy. Also our and many other  
10 families depend on this industry to make a living. I  
11 was always proud of the work I did as an auto industry  
12 employee, but I must confess that I also felt guilty  
13 due to the fact that we didn't offer the consumers a  
14 vast array of fuel-efficient vehicles which had a  
15 smaller impact on our environment. After all, a  
16 healthy environment is a synonym of healthy  
17 communities.

18 Let's remember that in 2009 greenhouse  
19 emissions, including CO2, were finally recognized at  
20 pollutants dangerous to human health. Interestingly as  
21 was published by the EPA that in that same year mobile  
22 sources generated at least one third of all greenhouse  
23 emissions in the US, and this is a growing trend.

24 I limit my driving and I carpool when  
25 possible, but I cannot control what other people do. I

1 believe that besides people, businesses and the  
2 industry must also have a moral obligation and strive  
3 to offer the best products in every sense of the word  
4 that they can, and that the government must make sure  
5 social and environmental justice happens. I'm happy to  
6 see them on board with a stronger fuel-efficiency  
7 program.

8           When I decide to replace my car, I want my  
9 family and all the American public to have more options  
10 of fuel-efficient vehicles; therefore, I applaud and  
11 support President Obama's goal for a strong federal  
12 greenhouse gas and fuel economy program. I expect all  
13 vehicles, small, luxury, SUV's, pickups and even  
14 electric and hybrid which are called clean, but use  
15 coal-fired plant energy sources, to be held to these  
16 same strong standards. I believe this program will  
17 create more jobs, drive innovation and competitiveness  
18 up, help people save money on gas, especially during  
19 tough times, reduce our dependence to foreign oil and,  
20 most important, help curb down pollution.

21           Thank you for the opportunity to testify  
22 today and for taking my comments into consideration.

23           MR. MEDFORD: Thank you for your comments.

24           Mr. Hughes.

25           MR. HUGHES: Good evening. My name is Don

1           Hughes. I'm a resident of Auburn Hills, Michigan.  
2           I've worked in the automotive industry for 14 years now  
3           and I applaud the Obama Administration for proposing  
4           this historic fuel economy/greenhouse standards that  
5           will reduce our dependence on oil and cut carbon  
6           pollution. I feel this is necessary for us to become  
7           competitive in a world market. Although strides are  
8           being made within the automotive industry, legislation  
9           such as this can help drive the industry to invest  
10          money and resources into this type of technology. And  
11          we all know that everybody is trying to save money, and  
12          the things that get prioritized are those that are  
13          regulated, and as much as we don't want to be  
14          regulated, sometimes it's necessary to fuel that  
15          innovation and invest that money.

16                 In turn, I think this will create jobs,  
17          create new innovation, it will drive us to be leaders  
18          in the industry. If we don't improve these standards,  
19          we'll be driven out of the market by foreign  
20          competition. By setting these standards, we hold the  
21          industry accountable, make these changes happen, and  
22          ensure job security for the thousands of workers for  
23          years to come. Not only this, but this will also save  
24          money for consumers, reduce emissions making the world  
25          a cleaner place and reduce our dependence on foreign

1 oils.

2 I want to thank you for taking my comments in  
3 consideration and allowing me the opportunity to speak.

4 MR. MEDFORD: Thank you for your comments.  
5 Mr. Richardson.

6 MR. RICHARDSON: Hi. My name is Jim  
7 Richardson. I'm from Royal Oak, Michigan. First of  
8 all, I'd like to welcome you guys to our fair city.

9 MR. MEDFORD: Thank you.

10 MR. RICHARDSON: I've worked in the  
11 automotive industry for a long time. All of us have  
12 seen the shocks that sudden spikes in oil will cause.  
13 Back in the '70s if you remember the gas lines, a few  
14 years ago oil prices went up, crashed our economy.  
15 Right now there's many people out of work because of  
16 that. A couple ways that you can go through to take  
17 care of, reduce the reliance on oil thereby taking our  
18 economy and insulating it from those price shocks is  
19 one of two things: Reduce the demand for oil or find  
20 oil. There's only a certain amount of oil left on this  
21 planet. There's no way that you can flip a switch and  
22 automatically get more oil. That leaves us with  
23 reducing our consumption. Reducing the demand will be  
24 there and help insulate our economy from spikes in oil  
25 prices.

1           I really praise the Administration on coming  
2 up with these historic fuel standards and emission  
3 standards. They're long overdue. They should have  
4 been upgraded years and years ago. Maybe then we  
5 wouldn't be in the situation we're in right now.

6           The new standards will reduce emissions from  
7 automobiles, which is one of the leading emitters of  
8 greenhouse gases by about two billion metric tons per  
9 year. That's equivalent to 474 coal-fired plants. What  
10 it will also do, it's also thought that these standards  
11 will go through and reduce oil consumption by 1.5  
12 million barrels a day by the year 2030. In my opinion,  
13 that's fantastic. Number one, no one wants to have  
14 dirty air and I already mentioned about how oil affects  
15 our economy. To achieve these new standards, companies  
16 are going to have to come up with new innovations, and  
17 and new innovations are going to drive investment in  
18 companies. They're going to go through -- they're  
19 going to hire people. I had seen something where, and  
20 quite honestly I can't remember where I saw it, but  
21 over 450,000 are thought will be created based upon  
22 these new standards. That's a whole heck of a lot more  
23 than the Keystone XL Pipeline. I feel that the  
24 Administration should go through and set these  
25 standards and make them effective in July.

1           The one thing that I do question is I feel  
2           there should be a cap on the amount of when they're  
3           looking at emissions, electric vehicles, though they  
4           emit nothing, the electricity still a lot of it comes  
5           from coal-fired power plants. There should be a  
6           mechanism in place when judging the amount of emissions  
7           coming out of the vehicles that take in account the  
8           electricity that's being generated from the coal-fired  
9           power plants thereby reducing the amount of greenhouse  
10          gases emitted into the atmosphere.

11           That's all I have to say. Thank you very  
12          much for letting me testify.

13           MR. MEDFORD: You're very welcome.

14           Mr. Linderman.

15           MR. LINDERMAN: I'm Leon Linderman. I don't  
16          represent any particular interest group, I just come as  
17          a citizen. I too want to welcome you and appreciate  
18          the opportunity to testify.

19           As we speak, we're facing a meltdown of polar  
20          icecaps and other weather-related changes. The threat  
21          to human and animal life as well as vegetation around  
22          the world. The new standards will help but for me they  
23          raise critical additional questions, which I now want  
24          to share with you as a way to perhaps change your  
25          perception of the problem or encourage you to consider

1           it anew as bigger and more dangerous to the planet.

2                       Do the standards go far enough to counter the  
3           threats? Do they raise the MPG standard high enough  
4           and do so quickly enough? Do we need a national, a  
5           strong national program to organize and fund  
6           development of alternative energy sources like wind and  
7           solar? Are the standards comprehensive enough? Thus,  
8           it's not only important to increase MPG, but to reduce  
9           all greenhouse gas emissions from any and all sources.  
10          And in the handout that I -- that you had for us that I  
11          read today, I don't know if it addressed the danger of  
12          other greenhouse gases, or at least not very carefully,  
13          but I thought it only addressed the danger of CO2, or  
14          primarily addressed the danger of CO2 while ignoring  
15          the very real danger of other, of other greenhouse gas  
16          emissions.

17                       Also, why wait until 2017 when threatening  
18          environmental degradation is already upon us? To  
19          require that the preponderance of the spike is  
20          achieved, what if a new administration 2012 or 2016  
21          isn't attuned to the problem? I believe that America  
22          has the scientific and engineering ability to move  
23          ahead even more rapidly than this program seems to  
24          offer and that Americans want us to lead, lead in the  
25          world.



1           It seems to me that the great crisis of this  
2 new century is upon us; that we must bring much more of  
3 our natural and native resource fullness and  
4 inventiveness to the problem than we seem to be doing.  
5 Studies of the triple bottom line, people, profit and  
6 the planet, show that they're mutually reinforcing. So  
7 increasing our response toward a protectiveness --  
8 response toward a protectiveness toward the environment  
9 will enhance our prosperity. Thank you.

10           MR. MEDFORD: Thank you. Mr. Linderman, I  
11 just want to make sure that you understand there are  
12 standards that since the president came into office  
13 there are three sets of standards that have been  
14 published, the first one is for 2011 alone for fuel  
15 economy, and then jointly with EPA on greenhouse gases  
16 and fuel economy for '12 through '16, so those  
17 standards are just kicking in this year for '12 and go  
18 through '16, and '17 will pick up and continue those  
19 on. So there have been pretty aggressive fuel  
20 standards, fuel economy and greenhouse standards since  
21 2011 right on now through these proposals for 2025. So  
22 I just wanted to make sure you're aware of that, and  
23 that these standards are really only about greenhouse  
24 gases and fuel economy for automobiles, specifically  
25 light passenger vehicles, which include trucks, light

1 trucks and passenger cars. But they're also -- we just  
2 finished this past year in 2011 all set of fuel economy  
3 and greenhouse gas regulations for heavy-duty trucks as  
4 well. So it's not all greenhouse gas, it's not all  
5 sources, but it is all sources for those that involve  
6 the EPA side, light vehicles.

7 MR. SILVERMAN: If I could add. It does  
8 regulate all the greenhouse gases emitted by these  
9 vehicles, for example, air condition or refrigerants  
10 are addressed by this proposal as well as CO2.

11 MR. LINDERMAN: But it's limited to vehicles.

12 MR. SILVERMAN: It's limited to vehicles.

13 MR. LINDERMAN: My contention is it's  
14 aggressive, but not aggressive enough, given the  
15 proportions of the problem.

16 MR. SILVERMAN: There is some permitting  
17 being done now for individual stationary sources.

18 MR. MEDFORD: Finally Miss Hill.

19 MS. HILL: My name is Kimberly Hill and I'm a  
20 policy manager for Detroiters Working for Environmental  
21 Justice, and I would like to thank the EPA and all of  
22 the other federal agencies that are represented here  
23 today and for allowing us to be able to speak about  
24 this very important issue.

25 Detroiters Working for Environmental Justice

1 appreciate certainly the EPA and the other agencies  
2 that are involved in this effort, and President Obama's  
3 commitment to clean energy in helping communities.

4 This decision has far-reaching implications. Not only  
5 will it create more green jobs, but more importantly,  
6 it will significantly curb carbon pollution, which is  
7 the leading cause of global warming. This decision is  
8 particularly beneficial to many urban communities  
9 because of extreme and constant exposure to carbon  
10 pollution and high unemployment rates. Obama's  
11 proposed clean car standards would stimulate the  
12 creation of thousands of new clean energy jobs in  
13 Detroit and throughout Michigan, and in order to  
14 maximize this opportunity, we need to ensure that these  
15 standards are implemented as written without any  
16 loopholes.

17 Detroit has seen, as I'm certain that you've  
18 heard firsthand, what the collapse of an auto industry  
19 can do to a city. The urban revival in this city has  
20 received international coverage. We can and we will  
21 come back as a thriving and sustainable center of the  
22 Midwest, but we're going to need a healthier  
23 environment and new clean energy jobs, and for that,  
24 we're going to need for these clean car standards to be  
25 implemented.

1                   And one of the things that I very briefly  
2                   wanted to state is the importance of the Environmental  
3                   Justice perspective heard earlier in these discussions,  
4                   and so it was good you had a diversity of panelists,  
5                   but it would be -- I think that there has to be more of  
6                   a concerted effort to make sure that Environmental  
7                   Justice organizations are also included in those  
8                   earlier discussions. So we're glad that many of you  
9                   are here, but as you can tell in the audience, there's  
10                  not too many people left. The reason that's important  
11                  is because of the far-reaching implications that  
12                  marginalize low income communities are the one that are  
13                  most impacted by these decisions. And so although we  
14                  appreciate the auto industry having some  
15                  representation, it is very important, and this is  
16                  certainly another issue that we perhaps can take up  
17                  with the automobile industry, but to make sure that  
18                  these particular cars are affordable. And so the  
19                  Environmental Justice community throughout the country  
20                  and I'm sure as you'll travel to other cities will  
21                  express this sentiment. Thank you.

22                  MR. FRANCE: Thank you. We appreciate your  
23                  testimony, we appreciate you spending the evening with  
24                  us. Thank you.

25                  (The proceeding was concluded at 7:33 p.m.)