

Overview of the SAFE Final Rule

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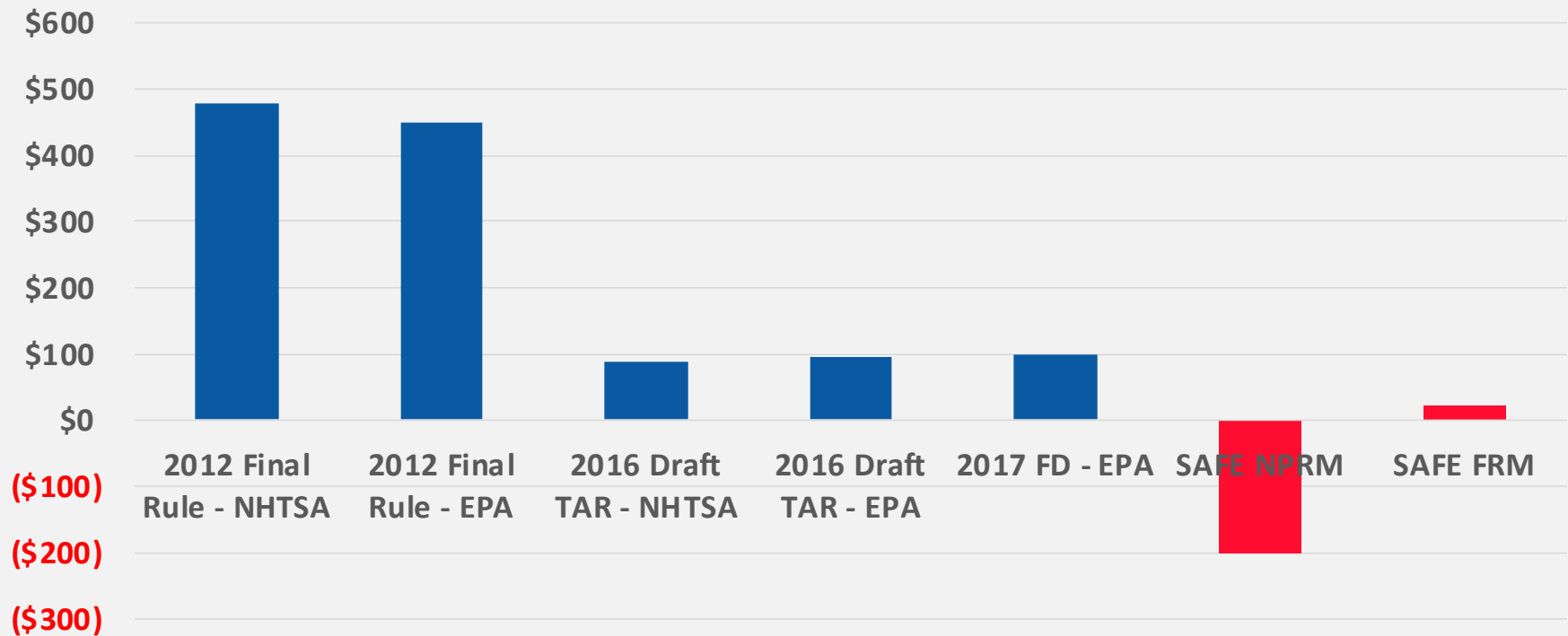
The Safer Affordable Fuel-Efficient (SAFE) Rule

- Proposal was issued on August 24, 2018
- Proposed to rollback the existing MY2021-2026 GHG standards to current MY2020 levels
- Proposed to withdraw the previously approved CAA waiver provided to CA for the State's GHG and ZEV programs
- Proposed that NHTSA's CAFE statutory authority preempts CA and other states from setting their own GHG standards
- On September 27, 2019, EPA announced withdrawal of CA's waiver and NHTSA finalized rules that preempt state from adopting their own GHG rules
- EPA and NHTSA finalized the SAFE rule on March 31, 2020 – rolls back the GHG standards from 5% to 1.5% year-over-year

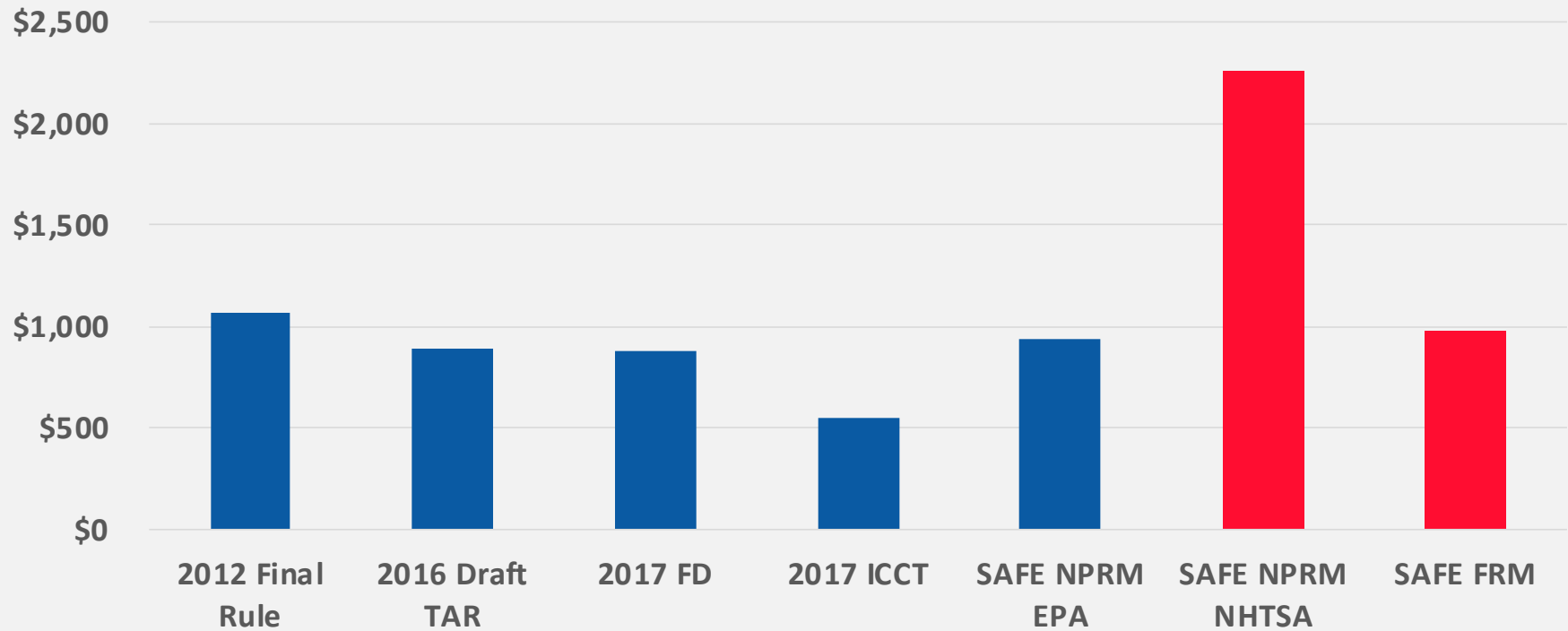
SAFE Overestimates Costs and Understates Benefits

- NHTSA fundamentally changed its modeling approach in the SAFE NPRM; nearly all changes increased costs, reduced fuel savings, and understated GHG and emission benefits
- Wide spectrum of stakeholders have thoroughly documented errors, flaws, and biases in their comments - SAFE NPRM estimates were unusable because of these widespread technical flaws and deficiencies
- NHTSA's new modeling supporting the FRM is a major departure from its NPRM
- Many of the final rule's key metrics are closer to the EPA/NHTSA TAR and EPA FD - there is not a compelling case for the 1.5% rollback
- Analysis still retains many major errors from the NPRM and introduces new ones
- EPA career staff completely excluded from participating in the development of both NPRM and FRM - its own modeling and data were ignored

Comparison of Net Benefit Projections Over Time (\$ Billions)



Comparison of MY 2025 Vehicle Technology Cost Projections Over Time



Comparison of NHTSA and EPA Tech Costs Using Common Baseline (\$2018 per vehicle)

(Used FY2017 baseline fleet, corrected to 2018 dollars, excluded A/C costs and eliminated NHTSA FR over-compliance)

	EPA Final Determination	EPA NPRM	NHTSA FRM
FRM over Flat MY2020 Standards	\$388	\$295	\$425
Obama over FRM Standards	\$853	\$938	\$1032

Key Metrics in Final Rule

(For CO2 standards at 3% discount rate)

Issue/Output	EPA 2017 FD	NHTSA 2018 NPRM	NHTSA Draft Final Rule	
			Final Standard	Alternative
Annual Stringency	5% for 2022-2025 ~36 mpg real world	0% for 2021-2026 ~28 mpg real world	1.5% for 2021-2026 ~31 mpg real world	0% for 2021-2026 ~28 mpg real world
Net Societal Benefits	+\$98 billion	+\$201 billion	-\$22 billion	-\$31 billion
Vehicle Tech Cost	+\$875	-\$2,260	-\$977	-\$1,219
Vehicle Fuel Cost	+\$2,800	-\$1,830	-\$1,461	-\$1,934
Baseline Assumption	Flat	Tech w/30-month payback	Tech w/30-month payback	Tech w/30-month payback
GHG Emissions	-540 MMT	+872 MMT	+867 MMT	+1,074 MMT
Oil Consumption	-50 billion gallons	+79 billion gallons	+78 billion gallons	+97 billion gallons
Non-rebound VMT	No change	-894 billion miles	No change	No change
Rebound Effect	10%	20%	20%	20%
Non-rebound Fatalities	0	-8,340	-685	-829
Rebound Fatalities	Did not address	-7,340	-2,584	-3,191
Accident Fatalities	No adverse impact	-15,700	-3,269	-4,020
Extra Oil Production	Did not address	95% imports	95% imports	95% imports
Extra Gasoline Refining	Did not address	50% imports	50% imports	50% imports
Air Pollution Fatalities	Did not address	Did not address	+444 to +1,000	+468 to +1,049
Annual Vehicle Sales	No change	~+100,000	~+280,000	~+320,000
Congestion Cost	Small	-\$63 billion	-\$60 billion	-\$75 billion

Note: EPA 2017 FD column relative to MY 2020 standards, all other columns relative to Obama MY 2021 standards

Summary

- **NHTSA's new modeling is a massive departure from its NPRM analysis**
 - Rollback is \$223 billion more costly than projected in NPRM
 - “Phantom” VMT of 849 billion mile is eliminated
 - Vehicle technology cost is 58% lower than projected in NPRM
 - Total accident fatalities are 79% lower and non-rebound accident fatalities are 92% lower
- **NHTSA's own modeling shows no rationale for the rollback**
 - NHTSA projects net societal benefits of -\$22 billion for MY analysis or -\$62 billion for CY analysis
 - NHTSA projects that rollback will cause 444 to 1000 air pollution-related deaths
 - NHTSA projects that direct employment for automakers and suppliers will decrease by 20,000 jobs
- **Final rule contains many errors, flaws, and biases which overstate the costs and understate the benefits**
- **For example, recent modeling using EPA's own modeling tools shows that the rollback emission increases will cause 18,500 pre-mature deaths and \$190 billion in health damages from 2021 through 2050 – compared to NHTSA's estimate of \$19 billion**