



Biden Administration Sets Target of 50% EV Sales Share by 2030 and Announces New Emissions and Fuel Efficiency Regulations

On August 5, 2021, President Biden signed an Executive Order on Strengthening American Leadership in Clean Cars and Trucks¹ (Executive Order). The White House signing event included American automakers Ford, GM, and Stellantis, as well as the United Auto Workers (UAW), demonstrating support for the president's Build Back Better agenda and investment in U.S. leadership in electric vehicles and batteries, manufacturing, and jobs. In conjunction with the signing of this Executive Order, the United States Environmental Protection Agency (USEPA) and United States Department of Transportation (USDOT) announced coordinated notices of proposed rulemaking that are intended to roll back the previous administration's emissions and fuel economy regulations.

Executive Order

The Executive Order sets a new target to make half of all new vehicles sold in 2030 zero-emissions vehicles, including battery electric, plug-in hybrid electric, or fuel cell electric vehicles. The Executive Order also directs USEPA to initiate a rulemaking to establish new vehicle and engine emissions standards, including for greenhouse gas emissions. The Administration instructs the agency to set the following:

- New emissions standards, including for greenhouse gas emissions, for light- and medium-duty vehicles for model years (MY) 2027 through at least MY 2030, by no later than July 2024;
- New nitrogen oxides standards for heavy-duty engines and vehicles beginning with MY 2027 and extending through and including at least MY 2030, by no later than December 2022; and
- New greenhouse gas emissions standards for heavy-duty engines and vehicles to begin as soon as MY 2030, by no later than July 2024.

USEPA must also consider updating the existing greenhouse gas emissions standards for heavy-duty engines and vehicles beginning with MY 2027 and extending through and including at least MY 2029 to account for the role that zero-emission vehicles may have in emissions reductions.

The Administration instructs USDOT to establish new fuel economy standards, as follows:

- For passenger cars and light-duty trucks beginning with MY 2027 and extending through and including at least MY 2030, by no later than July 2024;

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¹ Executive Order on Strengthening American Leadership in Clean Cars and Trucks (Aug. 5, 2021), <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/08/05/executive-order-on-strengthening-american-leadership-in-clean-cars-and-trucks/>.

- For heavy-duty pickup trucks and vans beginning with MY 2028 and extending through and including at least MY 2030, by no later than July 2024; and
- For medium- and heavy-duty engines and vehicles to begin as soon as MY 2030, by no later than July 2024.

The two agencies must coordinate as appropriate in developing these rulemakings. They must also consult with the Departments of Commerce, Labor, and Energy to achieve the zero-emission vehicle target, accelerate innovation and manufacturing, strengthen the domestic supply chain for the automotive sector, and promote job growth. Pursuant to the Executive Order, USEPA must develop these rulemakings in coordination with the State of California, which has the authority to and does establish its own emissions standards pursuant to Section 209 of the Clean Air Act.

Proposed Rulemakings Announced

On August 5, USEPA and USDOT's National Highway Traffic Safety Administration (NHTSA) also announced rulemaking to revise the previous administration's rollbacks of fuel efficiency and emissions standards in accordance with the executive order President Biden signed on his first day in office, Executive Order on Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis.² This January 20, 2021 executive order directed agencies to review the Trump administration's final rule "The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021–2026 Passenger Cars and Light Trucks."³ The 2020 SAFE rule made near-term fuel efficiency and emission standards less stringent than those previously set for the applicable model years.

The agencies are revising the 2020 rule to increase the stringency of fuel economy and emissions standards through MY 2026. NHTSA's proposed rule starts in MY 2024 and would achieve a fleet average almost 9 miles per gallon higher than the SAFE rule by 2026. USEPA's proposed 2023-2026 MY light-duty standards would achieve 10 percent greater emissions improvement than the SAFE rule standards for MY 2023 vehicles and then 5 percent greater emissions improvement each following year.

USEPA also announced a new rule to reduce air pollutants, including GHGs, from heavy-duty trucks. The rule, to be finalized next year, will apply to heavy-duty vehicles starting in MY 2027. It will set new standards for criteria pollutants for the entire sector as well as targeted upgrades to the current GHG emissions standards for MY 2027. A second rule will set GHG emission standards for new heavy-duty vehicles for MY 2030 and beyond.

If you have any questions or would like further information regarding the current or proposed federal regulations, please contact Julie R. Domike at 202-853-3453 or jdomike@babstcalland.com or Gina N. Falaschi at 202-853-3483 or gfasalchi@babstcalland.com.

² Executive Order on Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis (Jan. 20, 2021), <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-protecting-public-health-and-environment-and-restoring-science-to-tackle-climate-crisis/>.

³ "The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021–2026 Passenger Cars and Light Trucks," 85 Fed. Reg. 24174 (April 30, 2020).

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