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United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC 20510-6175

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March 17, 2016

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

Dear Administrator McCarthy:

In an effort to continue oversight of areas allowing the Environmental Protection Agency (EPA) to promote the Obama Administration's policy agenda, I would like an update on matters related to your investigation of the Volkswagen diesel emissions issue. In particular, I am interested in the status of the Agency's discussions with Volkswagen regarding a resolution and what pathways are being contemplated for remediating the excess emissions.

There are a few potential avenues in a settlement and how the funds associated with a settlement may be directed toward certain activities, such as Supplemental Environmental Projects (SEPs) and environmental mitigation projects. These projects have been utilized in similar circumstances in the past as part of the settlement process; a common example is fleet conversion, requiring the replacement of gasoline or diesel fleet vehicles with new compressed natural gas (CNG) or alternative fuel vehicles (including electric vehicles, or "EVs"), and the funding of CNG fueling and EV charging stations. Your negotiations with Volkswagen should be no different, and both of these project examples should be part of your discussions.

Volkswagen has until March 24 to provide the court with an explanation as to how it plans to fix the emissions problem with the diesel vehicles that the company has acknowledged violate emission standards set under the Clean Air Act. I understand that EPA has requested Volkswagen produce light duty electric vehicles as part of the settlement: in February, Reuters reported EPA "was asking VW to produce electric vehicles at its plant in Chattanooga, Tennessee, and to help build a network of charging stations for electric vehicles in the United States."¹ While EPA has favored EVs in the past and inevitably will continue to do so, EVs are not the only answer to mitigating the Volkswagen emissions issue. If the purpose of the settlement is to remediate the excess nitrogen oxide and other pollutants emitted by compromised Volkswagen light duty vehicles, requiring light duty EV production will have little overall impact. It is my understanding that new heavy-duty natural gas powered trucks can be equipped with engines that lower nitrogen oxide emissions by 90 percent or more compared to

¹ Reuters, *EPA asks Volkswagen to make electric cars in the U.S* (Feb. 21, 2016), <http://www.reuters.com/article/us-volkswagen-emissions-usa-idUSKCN0VU0JA>.

available diesel engines, and that these heavy-duty vehicles, if deployed, could offset significantly more pollution than electric vehicles, and in a much more cost-effective way.

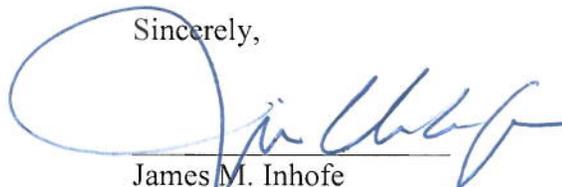
EPA's favoritism likely stems from Obama's failed goal of having 1 million EVs and plug-in hybrids on the road by 2015.² Even though the actual number is around 400,000, the Administration views it as a mandate and will continue to use every opportunity to push for increased EV production. In regards to the Volkswagen case, however, natural gas vehicles should not be dismissed offhand; instead of picking a specific technology winner, EPA would gain more value from including natural gas vehicles – including heavy duty trucks – in the agreement to complement the EV path this administration continues to favor. This could significantly improve air quality in a less expensive, more manageable way than choosing to only support the advancement of electric light duty vehicles.

With these concerns in mind, please provide complete and thorough responses to the following requests by no later than March 31, 2016:

1. Is EPA is considering natural gas vehicles as part of the settlement program?
2. What steps has EPA taken to advise Volkswagen on potential fixes for these vehicles, and, in particular, what paths does EPA find to be viable for remediating the excess nitrogen oxide and other emissions?
3. How does EPA justify allowing Volkswagen to benefit under an agreement from selling EVs it manufactures and, specifically, how would light-duty electric vehicles offset the emissions violation at issue?

Thank you for your attention to this important matter.

Sincerely,



James M. Inhofe
Chairman
Environment and Public Works

²Conservative Review, *Electric Cars: Another Failed Obama Campaign Promise, and that's a Good Thing* (Feb. 7, 2016), <https://www.conservativereview.com/commentary/2016/02/electric-cars-another-failed-obama-campaign-promise>.