

DAVID VITTER, LOUISIANA
JOHN BARRASSO, WYOMING
SHELLEY MOORE CAPITO, WEST VIRGINIA
MIKE CRAPO, IDAHO
JOHN BOOZMAN, ARKANSAS
JEFF SESSIONS, ALABAMA
ROGER WICKER, MISSISSIPPI
DEB FISCHER, NEBRASKA
MIKE ROUNDS, SOUTH DAKOTA
DAN SULLIVAN, ALASKA

BARBARA BOXER, CALIFORNIA
THOMAS R. CARPER, DELAWARE
BENJAMIN L. CARDIN, MARYLAND
BERNARD SANDERS, VERMONT
SHELDON WHITEHOUSE, RHODE ISLAND
JEFF MERKLEY, OREGON
KIRSTEN GILLIBRAND, NEW YORK
CORY A. BOOKER, NEW JERSEY
EDWARD J. MARKEY, MASSACHUSETTS

United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC 20510-6175

RYAN JACKSON, MAJORITY STAFF DIRECTOR
BETTINA POIRIER, DEMOCRATIC STAFF DIRECTOR

March 17, 2014

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

**Re: Petition for Reconsideration of Final Rule published in the Federal Register
October 15, 2012, Docket Nos. EPA-HQ-OAR-2010-0799 and NHTSA 2010-
0131 (2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas
Emissions and Corporate Average Fuel Economy Standards)**

Dear Ms. McCarthy:

Since the Alternative Motor Fuels Act of 1988, natural gas vehicles (NGVs) have been awarded incentives under federal Corporate Average Fuel Economy (CAFE) rules. However, Environmental Protection Agency's (EPA's) light-duty vehicle greenhouse gas (GHG) rules established in the above-referenced docket curtail some incentives after model year 2016. By contrast, the analogous incentives for electric vehicles (EVs) are extended through 2025, creating a bias clearly in favor of EVs over NGVs.

In 2014, I worked to pass legislation to address, *inter alia*, the minimum driving range for alternative fuel vehicles. However, in the above-referenced docket, EPA required that dual-fuel NGVs: (1) have a minimum ratio of natural gas range to gasoline range of 2.0; and (2) are designed so that gasoline can only be used when the CNG tank is empty¹ in order to take advantage of utility factor calculations in measuring greenhouse gas (GHG) emissions and CAFE. It is my understanding that VNG and NGVAmerica filed a petition for reconsideration with EPA in December 2012 urging reversal of this decision, and it is my further understanding that EPA has not taken any action on this petition.

I request a status update regarding EPA's consideration of the VNG/NGVAmerica petition and to urge a prompt decision granting the relief requested in the petition. The threshold established by EPA is contrary to the current automobile industry practice and serves no purpose other than to unnecessarily hinder the market development of NGVs. All of the dual-fuel NGVs currently available and announced for model year 2015 provide twice the range on gasoline as they do on natural gas, but still provide a minimum of 150 miles on natural gas. There is no justification for preventing these vehicles from taking advantage of the utility factor calculations in measuring greenhouse gas emissions.

¹ 77 F.R. 62624., at 62828-29, 63129-30.

Similarly, under EPA's GHG rules, both EVs and NGVs are temporarily credited as generating greater reductions in emissions than they do in the real world in order to encourage automakers to adopt these new technologies. However, EV incentives will be in effect through 2025 while NGV incentives will be phased out in 2016.

EPA justified its decision to phase out the emissions incentive for NGVs well before it phases out the incentive for EVs on the grounds that NGVs are not as much of a "game-changing" technology as EVs. In actuality, natural gas is not only a game-changer but an indispensable alternative when you consider the importance of the market for light trucks (larger vehicles such as pickups, minivans, and SUVs):

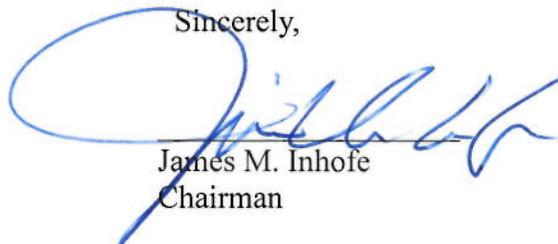
- Natural gas is the only commercially available alternative fuel for light trucks, which make up more than half the market and are increasingly popular with low gasoline prices
- EVs are limited to small cars (due to battery weight and cost), less than half of the market
- NGV emissions are already approximately 25% lower than gasoline and can be reduced further by blending with biogas and/or hydrogen

While EVs may be "game-changers" in their own right for cars, NGVs are clearly a game-changer for the light trucks that make up more than half of new vehicle sales. Light trucks account for over half of petroleum consumption and emissions and generally have lower fuel economy than cars. By allowing NGVs to continue receiving incentives, EPA will ensure that all clean fuel alternatives are developed for all types of vehicles – and not reserved for EPA's ideal small EVs.

I recognize that one of your concerns may be that consumers who purchase dual-fuel NGVs will not use the alternative fuel and will rely instead on gasoline. This concern is unfounded. This issue is a real one in the flex-fuel vehicle market; very few consumers ever run their flex-fuel vehicles on ethanol. Dual-fuel NGVs are different. Automakers do not generally charge a premium for flex-fuel vehicles compared to their gasoline-only equivalents; as such there is no ongoing financial incentive (or disincentive) to a specific fuel. Dual-fuel NGVs, however, often see upcharges ranging from \$5,000 to \$10,000 per vehicle – a function of the necessary equipment add-ons. Knowing this, the only economically sound reason to purchase a dual-fuel NGV is to take advantage of lower natural gas fuel prices, irrespective of the vehicle's range on that fuel. Consumers who have dual-fuel NGVs use natural gas as their primary fuel, and EPA's regulations should credit automakers accordingly.

I appreciate your attention to and prompt resolution of this matter.

Sincerely,



James M. Inhofe
Chairman

cc:

Robin Moran (EPA)

Lily B. Smith (NHTSA)

Gregory Powell (NHTSA)

James Tamm (NHTSA)

John W. Whitefoot, Ph.D. (NHTSA)