



AUTOS: Is a loophole big enough to drive a Hummer through worth debating?

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The most infamous gas-guzzling vehicle of them all -- the Hummer -- could one day be exempt from the clean car rules that California and other states want to implement.

That point was driven home by the auto industry as the long-running debate over whether California should be granted a waiver to set the nation's first greenhouse gas emissions standards for motor vehicles again came to a boil during a U.S. EPA hearing yesterday (Greenwire, March 5).

California is the only state that is allowed to set its own separate emissions standards, but it must first obtain permission from EPA. If California is granted the waiver, however, 13 other states and the District of Columbia plan to adopt identical rules, and more could follow. That means about half of the U.S. car market could be required to reduce greenhouse gas emissions from motor vehicles by 30 percent from 2002 levels by 2016.

General Motors Corp.'s Hummer, one of a number of autos that could -- until 2016 -- be exempt from a California-style state emissions regulation.

As part of their argument that granting the waiver would hit the industry with a messy "patchwork" of state-by-state regulations, the National Automobile Dealers Association (NADA) argued that the law's exemption clause put the most major automakers at an unfair disadvantage.

California's law would not, until 2016, apply to manufacturers that sell less than an average of 60,000 vehicles over three years.

That exemption would apply to the Hummer, for which California sales average about 5,000 a year, if General Motors found a buyer for the brand and Hummer were operated independently. Last fall, GM stated its intention to sell its Hummer line. Yesterday, the company admitted that its own survival was in "substantial doubt," despite the company's receiving federal bailout funds.

Where Hummer goes, Land Rovers and Jaguars may follow

The association expects that other brands, such as Audi, Hyundai, Jaguar, Land Rover and other high-end luxury brands, would fall under the exemption. If Chinese and Indian automakers ever enter the U.S. marketplace, NADA said, they might also be exempt.

John McEleney, chairman of NADA, testified that industry members' fear is that consumers might purchase more exempt brands or used cars or cross state lines to buy a car, if the California rules went into effect. "To the extent consumers chose one of these options, little, if any, greenhouse gas and fuel economy benefits would be achieved," he said.

Federal fuel economy standards, which apply to manufacturers that sell more than 10,000 cars nationwide, allow for a schedule of lower gas mileage standards than would California's law, according to a California Air Resources Board analysis.

A coalition of waiver supporters, including state regulators and environmentalists and a consumer advocacy group, said that the industry's arguments were beside the point. "The vehicle cutoff issue is a red-herring issue," said Roland Hwang, vehicles policy director with the Natural Resources Defense Council, who also testified at the EPA hearing.

A patchwork, but states might be able to work it out
Supporters say the exemption issue and a host of other industry arguments about compliance difficulties should make no difference in whether EPA grants the waiver.

The Clean Air Act sets out a narrow set of three criteria that, if met, mandate that EPA allow the clean car law to proceed. California and other states argued yesterday that the California law more than met all the criteria and that the Bush administration's decision to deny the waiver last year was egregiously flawed.

Hwang also said that the list of manufacturers likely to be exempted was probably at most 10 percent of the California vehicle market.

William Becker, head of the National Association of Clean Air Agencies, explained to reporters that state regulators would be willing to sit down with the industry and work out implementation issues if the industry ever provided any hard evidence to prove that the laws were a major hardship.

The real point, Hwang said, is to start controlling carbon emissions from autos. To survive in the future, waiver supporters argue, automakers should be happy to comply.

"Are you really concerned that anybody wants to buy a Hummer these days?" was the question Hwang would pose to the NADA.