

What to know about EPA's passenger vehicle standards

What's happening?

EPA finalized tailpipe emissions standards for model year 2027-2032 passenger vehicles. By 2032, the regulation will require the U.S. vehicle fleet to meet an average tailpipe emission target of 85 grams/mile—the most stringent target EPA has ever issued. This regulation is designed to force electric vehicle (EV) adoption.

How will automakers comply?

While 85 grams/mile is the fleetwide average, automakers will each have an individual requirement they must meet depending on whether they sell more cars or trucks and the footprint of their vehicles. Under the regulation, in 2032, cars will be held to an average of 73 grams/mile and trucks must meet an average of 90 grams/mile.

If individual automakers do not meet their targets directly, they will have an option to use any valid “banked” credits from previous years where they may have over complied or they may be able to purchase surplus credits from other automakers. If these credits aren't available, they will have to reduce sales of gas, diesel and traditional hybrid vehicles.

How tough is 85 grams/mile?

Today, no gas, diesel or traditional hybrid vehicles come close to meeting EPA's 85 grams/mile target, and only five of today's plug-in hybrid (PHEV) models make the cut (see [fueleconomy.gov](https://www.fueleconomy.gov)). Automakers historically have improved fuel efficiency by approximately 2% per year. For most gas-powered vehicles, meeting 85 grams/mile would require unprecedented and unrealistic multiples of that rate. As a result, to be able to sell any of those cars in the years ahead and still meet the fleetwide average, autos must sell significantly more EVs—regardless of whether charging infrastructure exists or the targets align with consumer demand.

Where is consumer demand today?

Last year, gas cars accounted for 92% of U.S. vehicle sales (per Cox Automotive, less than 8% were electric). A full third of new EV sales occurred in California. Nine of the top 10 vehicles sold were gas models. Gas pickup trucks were, far and away, the most popular.

Will consumers be able to buy new gas cars?

Some will. But unless consumer vehicle preferences change dramatically, not every consumer who wants to buy a gas car will be able to get one, and many more won't be able to afford them, which is why this regulation is going to function as a 'ban' on gas cars.

Under the new EPA regulations, the ability for automakers to sell new gas cars depends solely on whether they can sell a lot more EVs (for example, at least 3 EVs for every popular gas pickup truck). If they can't sell enough EVs on their own—and there aren't a surplus of credits to buy from other automakers—individual manufacturers will have no choice but to cut gas car production.



PICKUP TRUCK EXAMPLE

Pickup trucks top the list of vehicles sold in the U.S. The most popular trucks today are rated as having emissions in the ballpark of 430 grams/mile. If these vehicles improve at the historic rate through 2032, they might reach 360 grams/mile. But even then, to sell a single one of those gas pickup trucks, automakers will have to sell at LEAST three EVs to meet the 85 grams/mile fleetwide average, or the 90 grams/mile target for trucks. If EV sales don't grow exponentially, the availability of pickup trucks will be artificially capped and prices will increase.

What happens if consumers don't want that many EVs?

EPA's regulation is meant to push consumers to EVs (it's one of the reasons the Agency only looks at tailpipe emissions instead of lifecycle emissions). The rule offers no adjustments or offramps if charging infrastructure isn't sufficient and/or consumers' EV purchasing falls short of EPA's targets, which is looking more likely (see CNBC and Axios).

Why is only looking at tailpipe emissions a problem?

Every car and truck has an impact on the environment—from the materials that need to be mined for batteries to the electricity and fuel that power cars in operation, to the tire and battery replacements all vehicles eventually need. EPA's regulation entirely ignores the big picture: lifecycle emissions. Their standards penalize gas cars, biofuels and hybrids, and position EVs as having zero environmental impact (even gigantic ones that weigh several thousand pounds on their own). This makes no sense.

Why is this a problem for U.S. energy security?

It's not possible to meet EPA's targets without China. Forcing the majority of passenger vehicle sales to be electric in an eight-year time span will increase U.S. dependence on an acknowledged foreign adversary since China dominates the EV battery and mineral supply chain. China controls 90% of global anode production and the majority of mineral processing required for EV batteries. Chinese companies additionally account for 80% of global battery cell production.

Is EPA allowed to do this?

EPA does not have authority to overhaul the U.S. economy or transportation system or compel—directly or otherwise—the use of EVs to address vehicle emissions. The Agency likewise does not have the authority to impose fleetwide averaging as they have in this rule, an issue the agency is currently being sued over with respect to their 2023-2026 standards.