**The Honorable Nicole R. Nason**
**Administrator, National Highway Traffic Safety Administration**
**U.S. Department of Transportation**
***Before the***
**House Select Committee on Energy Independence and Global Warming**
**June 8, 2007**

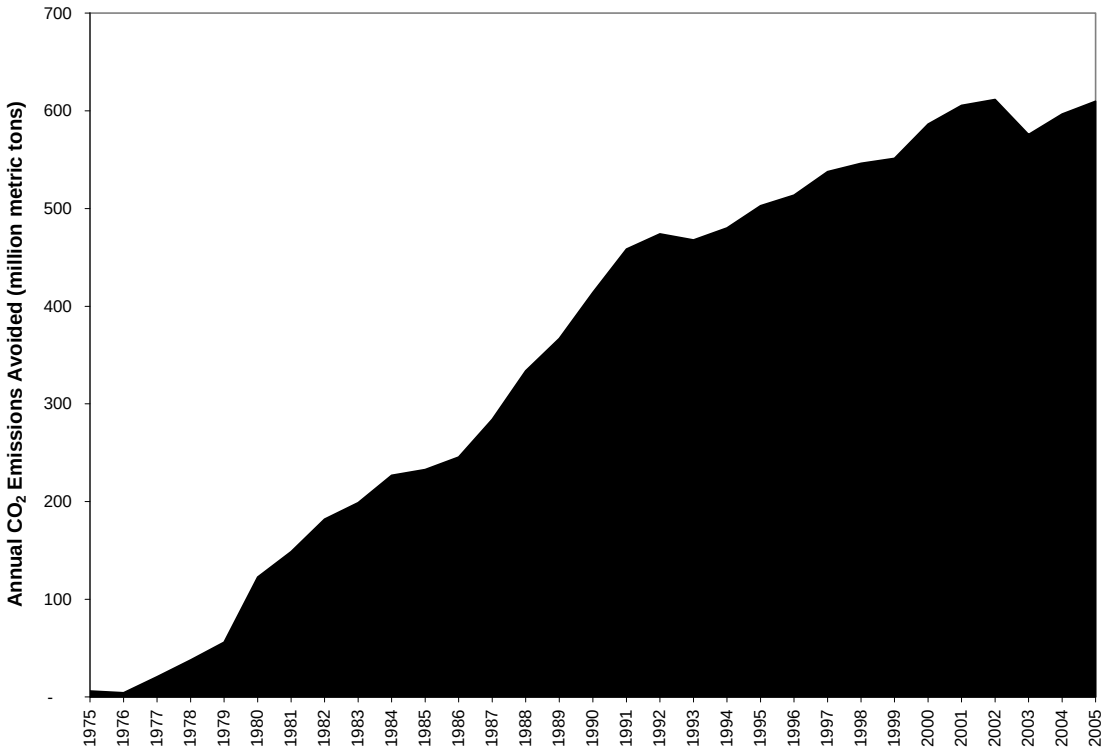
**Mr. Chairman, Congressman Sensenbrenner, members of the Select Committee, thank you for the opportunity to testify regarding the President's May 14 Executive Order and the Supreme Court's decision in *Massachusetts v. EPA*.**

**In January, the President announced in the State of the Union address his "Twenty in Ten" proposal that would reduce domestic gasoline consumption by twenty percent in 2017. A key component of the President's "Twenty in Ten" plan is to significantly boost fuel economy standards for cars and light trucks. The President's aggressive goal to raise fuel efficiency would save up to 8.5 billion gallons of gasoline annually in 2017 and reduce consumption by 5 percent. Towards that end, the Administration forwarded draft legislation at the request of Chairmen Dingell and Boucher to grant the Secretary of Transportation the statutory authority to restructure corporate average fuel economy (CAFE) so we could then safely and responsibly raise fuel economy standards for passenger cars.**

**The Bush Administration has a proven record in this area. This Administration raised the CAFE standards for light trucks for seven consecutive years, from model years 2005 to 2011. The higher standards are expected to save 14 billion gallons of fuel over the life of the affected vehicles.**

**The saving of 14 billon gallons of fuel means that there will also be a net reduction in carbon dioxide emissions of 107 million metric tons. This is because as fuel economy is increased, the reduction in fossil fuel consumption necessarily translates into a commensurate reduction in carbon dioxide emissions.**

**Since the nation first decided to establish CAFE standards, fuel economy has improved and, therefore, carbon dioxide emission rates have decreased significantly. If fuel economy had not increased above the 1975 level, cars and light trucks would have pumped an additional 11 billion metric tons of carbon dioxide into the atmosphere between 1975 and 2005. That is nearly the equivalent of emissions from all U.S. fossil fuel combustion for two years (2004 and 2005).**




**As important, the attribute-based structure that we have established promises that these and even greater benefits can be obtained without jeopardizing safety, without causing job loss, and without sacrificing consumer choice. Basing our reforms on the landmark 2002 study on CAFE by the National Academy of Sciences (NAS), we changed the structure of the CAFE program to make it more effective, safer and fairer.**

**We accomplished this by using a structure that incentivizes manufacturers to add fuel-saving technologies instead of downsizing vehicles. Under an attribute-based CAFE system, fuel economy standards were restructured by basing them on a measure of vehicle size (the "footprint") measured as the vehicle's wheelbase times its track width. A target level of fuel economy is established for each increment in footprint. Smaller footprint light trucks have higher targets and larger ones have lower targets. Under the new standards, some light trucks will now be subject to a fuel economy target of 28.4 milers per gallon, higher than today's standard for passenger cars. All manufacturers will be required to comply with the reformed CAFE standard by model year 2011.**

**This reform has a number of benefits. First, it will result in more fuel savings than under the old CAFE because now all automakers will have to make their light trucks more fuel efficient.**

**This reform also has the benefit of preserving consumer choice. Under the old CAFE program, an automaker generally manufactures a certain quantity of small light trucks to balance out the larger light trucks it produces to meet the standard. Our attribute-based CAFE system not only allows automakers the freedom to produce vehicles consumers want, it also benefits new vehicle buyers by having all sizes of vehicles – small, mid-size or large -- become more fuel efficient.**

**We also tackled what NAS described as the CAFE "safety penalty." The NAS study estimated that CAFE was partially responsible for between 1,300 and 2,600 lives lost in one year alone, 1993. This occurred because the flat standard encouraged manufacturers to meet much of their compliance obligations by downsizing cars, which is often the cheapest way to improve fuel economy. Since our restructuring of CAFE incentivizes automakers to add fuel-saving technologies instead of downsizing vehicles, we have been able to minimize safety impacts.**

**Mr. Chairman, our successful effort to reform and raise CAFE for light trucks will guide the way in meeting our next challenge. In response to *Massachusetts v. EPA*, on May 14 the President directed EPA and the Departments of Transportation, Energy, and Agriculture to take the first steps toward regulations that would cut gasoline consumption and thus reduce greenhouse gas emissions from motor vehicles, using as a starting point his "Twenty in Ten" plan to reduce U.S. gasoline consumption by 20 percent over the next ten years. The steps called for in the May 14 Executive Order will ensure coordinated efforts on regulatory actions aimed at protecting the environment with respect to greenhouse gas emissions from new motor vehicles that proceed in a manner consistent with sound science, analysis of benefits and costs, public safety, and economic growth.**

**This is a complicated legal and technical matter that will take time to fully resolve, but the President has directed us to complete the regulatory process by the end of 2008. In preparing this rulemaking, we expect to propose using an attribute-based system. We have received the manufacturers' product plans for cars, and will receive their plans for light trucks by the end of this month.**

**Mr. Chairman, given the Supreme Court's interpretation of the Clean Air Act, there are now in effect two agencies with authority to regulate motor vehicle fuel economy and carbon dioxide tailpipe emissions. While NHTSA and EPA have convened several meetings to discuss the analysis necessary to responsibly raise CAFE standards for cars and light trucks, as the President stated, our regulatory efforts are "not a substitute for effective legislation." Accordingly, we ask Congress to enact the President's "Twenty in Ten" proposal as the most responsible way to raise fuel economy standards, reduce our dependence on foreign oil, and cut greenhouse gas emissions while preserving autoworker jobs in the United States and protecting consumer choice and passenger safety.**

**Thank you.**