

NLWJC - Kagan

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Low Emission Vehicles



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

ADMINISTRATOR
OFFICE OF
INFORMATION AND
REGULATORY AFFAIRS

MAY 16 1996

[Handwritten signatures]

MEMORANDUM TO: Harold Ickes
Alexis Herman
Ron Klain
Kittie Higgins
Marcia Hale
✓Jack Quinn
✓Jack Gibbons
Dan Tarullo
T.J. Gauthier
John Emerson
John Hilley

FROM: Sally Katzen *Katzen*

SUBJECT: LEV Meeting

Katie McGinty and I want your best political and policy analysis on an EPA regulation known as the LEV (shorthand for Low Emission Vehicle). The meeting is scheduled for no more than one hour on Tuesday, May 21, at 1:30 p.m., in room 360.

cc: Katie McGinty
Elgie Holstein
Linda Lance
Henry Kelly
Diane Regas
Chris Balderston

5-21-96 LEV info

EPA -

OTC region - NE. insist on Calif car. In E Coast. last yr.

No one happy - want our 49-state car. Has to be voluntary.
(can't mandate a 3rd car).²

↑s cost of all cars in US. - \$76

Issue - not merits of rule.

Just politics.

EPA - Many.

Possibility of suit?

Rule - It do this vol. std -

it will be the equivalent

of 13 states w/ Cal cars.

Do we put rule out -

what 49-ss should look like

Enviro want.

habit clean car.

ind/states have said they want.

Risk - industry not ready -

you've gained us.

Labor w/ the auto cos.

[NW] want more negotiations?

negotiations: day-to-day basis.

Kevin Morris said.

Dreyell?

Vorovich wants - sometime, but when?

California -

enviro to state want

States that have air-quality problem or close to Underline
want.

Colorado?

Options

EPA find over or not?

OIGA sit on it or NOT?

Ch w/ Dreyell she let / slope - give each 30 days to decide.
Close out your negotiations.

Sept - practical deadline for long-term programs.

EPA to do "political grid"

May to inc. ^{done} w/t
certain amt of time to close

National Low Emission Vehicle Program

Briefing

May 22, 1996

What is the NLEV Program?

- Current regulations require auto industry to provide “California cars” for the Northeast beginning in 1999
 - three type of cars that get increasingly cleaner (TLEVs, LEVs, ULEVs)
- National LEV concept first proposed by the auto industry
 - automakers would phase in TLEVs and LEVs nationwide in exchange for relief from the less cost-effective ULEV requirement in the Northeast
 - loss of potential emission reductions from ULEVs would be offset by the benefits of new car owners moving in to the region bringing cleaner cars
- LEVs would be very cost effective -- \$76 per vehicle (about 0.4% of new car price)
 - scale economies from producing and servicing one type of vehicle nationwide will reduce the cost even more
- Culmination of cooperative stakeholder process that establishes national voluntary emissions control program

Why NLEV?

- Environmental Benefits

- cleaner cars outside Northeast and California
- 73 ozone nonattainment areas in US
 - 32 located outside Cal., Northeast
(representing approx. 45 million citizens)
- reduces downwind transport of pollution
- provides reductions in HC, CO, NOx, air toxics

- State Benefits

- Northeast states: Current requirements unlikely to be implemented fully
- Other states: provides additional emission reductions at low cost
- helps nonattainment areas reach NAAQS
- provides margin for growth in attainment areas

- Automotive Industry Benefits

- harmonize production lines to produce one type of car
- reduces regulatory burden by harmonizing California and Federal standards and test procedures
- provides flexibility to meet emission standards

Stakeholder Views About Program

- States

- Northeast: all favor (NY, MA prefer to retain some additional requirements (i.e., NMOG curve, ZEV mandate))
- Other States: Governors of 10 states (IN, TN, MS, GA, KY, MO, MI, OH, WI, MN) sent letters in support of National LEV concept in Fall, 1994
- Other state agencies, legislatures have expressed qualified support (TX, NC, OK, KS) during National LEV rulemaking process

- Autos

- National LEV provides certainty regarding regulations, emission standards
 - removes issue of states having own auto emissions program
- Concerned that program contains elements that may increase costs

- Oil Companies

- Concerned that National LEV may result in new Federal fuel specifications (reduced sulfur content)

- Environmentalists

- National LEV may result in fewer EV mandates
- Some groups questions whether emission reductions in the Northeast would be equivalent to those under current requirements
- Local groups outside Northeast likely to support cleaner cars in their area

Timing

	Consequences of Promulgation Now	Consequences of Promulgation Later
Substantive	<ul style="list-style-type: none">-Keep 1997 model year<ul style="list-style-type: none">-environmental benefits-equivalency- Northeast states facing sanctions-Unlikely to get better deal-Precedential value<ul style="list-style-type: none">- new way to develop environmental programs	<ul style="list-style-type: none">-Potential rulemaking simplification-May give parties chance to resolve remaining issues
Tactical	<ul style="list-style-type: none">-Process ripe for closure<ul style="list-style-type: none">-parties share much common ground-Pressure of EPA action has driven process	<ul style="list-style-type: none">-Avoid potential criticism of specific issues, timing of issuance

Status of Negotiations

- States and Autos agree on vast majority of program elements
 - EPA rulemaking driving parties to negotiate agreement
- Three Outcomes
 - Parties sign agreement soon
 - EPA rulemaking reflects agreement
 - Parties accept EPA program even though they can not reach agreement with each other
 - Parties do not reach agreement and unwilling to sign up for rule at this time