

TESTIMONY FROM THE ALLIANCE FOR AUTOMOTIVE INNOVATION

Before the U.S. Environmental Protection Agency

EPA Multi-Pollutant Proposed Rule

Docket ID# EPA-HQ-OAR-2022-0829

I am Mike Hartrick, representing the Alliance for Automotive Innovation. From the manufacturers producing most vehicles sold in the United States to autonomous vehicle innovators to equipment suppliers, battery producers and semiconductor makers – we represent the *full* auto industry.

We're committed to a cleaner, safer and smarter personal transportation future as evidenced by investments in automotive electrification that exceed \$110 billion in the U.S. (and climbing) and over \$1 trillion globally.

In 2021, President Biden signed Executive Order 14037 – calling for 50 percent electric vehicle sales by 2030. This target included plug-in hybrid, fuel cell *and* battery electric vehicles. That's important, and I'll touch on why in just a moment.

To be clear, the administration's 50 percent target was always a stretch goal. It was ambitious and challenging to meet by any measure.

It was also predicated on several conditions, most significantly: supportive public policies including the bipartisan Infrastructure Investment and Jobs Act with funding for national public charging (installation not started yet); the manufacturing incentives and consumer purchase incentives in the Inflation Reduction Act to support EV purchases and affordability (becoming more, not less constrained); and the supply of critical minerals (projected to be woefully short of demand and largely controlled by China).

It is our view these laws were – and remain – essential to support the auto industry's goal of driving EV purchases toward 50 percent of new vehicle sales – just as the administration outlined in the 2021 executive order and again in its National Blueprint for Transportation Decarbonization released earlier this year.

Let me be clear: automotive electrification and carbon reduction is a goal automakers share with EPA and the administration. The question isn't can this be done, but how fast can it be done.

In that context, EPA's proposed greenhouse gas standards for 2027-2032 represents a significant movement of the country's electrification goal posts – not by a little, but by *a lot*.

If implemented, EPA's proposal will require 60 percent battery electric vehicles by 2030 (a 20 percent increase over the President's goal, which also included PHEVs), and two out of every

three vehicles sold to be BEVs just two years later. These levels are substantially higher than what the auto industry indicated was achievable even after application of the supportive policies in the IIJA and IRA.

Where are we today? BEVs represented about six percent of new light-duty vehicles sales in 2022, up from about three percent in 2021 and two percent in 2020. That's meaningful progress over the past decade. Yet these proposed rules effectively require an additional 10-fold sales increase in a mere eight years. Put another way, they effectively place every state in the nation on a similar trajectory to California's electrification targets, but at a fraction of the robust complementary policies put in place by that state over the past two decades.

EPA is also proposing the most stringent criteria pollutant regulations ever, premised on largely the same levels of zero emission vehicles.

Why are these levels of electrification in less than a decade such a challenge? Several reasons. Success depends on many factors outside of the direct control of automakers and suppliers.

To build these vehicles, auto manufacturers are competing in global and economy-wide electrification efforts in securing raw materials and supply chains for EV batteries, motors and chargers.

Once a vehicle is built, customers are in the driver's seat. They will consider affordability and access to home and public charging infrastructure, requiring stepped-up efforts at the state and local level when it comes to building codes, permitting and approval from public utility commissions.

Recent analysis indicates all of these are in *much* shorter supply than needed to meet EPA's ambitious proposal by 2032. And, despite government investments, there is no clear pathway to meet the totality of those needs in the timeframe considered in the proposed rulemaking without significant impacts to automakers, workers, consumers and ultimately the availability of vehicles that meet the needs of individuals, families and businesses across the country.

However, with continued investments and engagement by all stakeholders, the electric vehicle supply chain and market can continue to grow in the years ahead. That's what we can't lose sight of when it comes to the investments and innovations that are underway as automakers work to create vehicles that meet the diverse needs of customers across the country – which no doubt will be increasingly electrified.

Through this rulemaking process, EPA and its companion regulators can also assist the transition by adjusting their proposal to achieve similar long-term emission benefits and electrification while reducing unnecessary regulatory complexity, cost and other burdens due to duplicative and overlapping regulatory requirements that add additional cost to vehicles and ultimately consumers—with no corresponding environmental benefit.

One area where significant emissions progress could be achieved: liquid fuels. EPA should act quickly and work with the petroleum industry to lower the particulate matter index and carbon intensity of liquid fuels. This will pay high returns and reduce emissions from not only new gasoline vehicles, but from the roughly 281 million light-duty gas vehicles currently on the road.

We look forward to sharing our thoughts on this with you in the coming months as we take a deeper look at the feasibility of your proposal.