

positioned to meet market demand as it develops." Similarly, Ford Motor Company will introduce an optional hybrid electric powertrain in its Escape Sport Utility Vehicle, beginning with MY 2004. As Ford explained:

While a few automakers have introduced small, low-volume hybrid-electric cars, Ford is introducing its first HEV on a family-sized sport utility to increase mass customer appeal. The hybrid-electric powertrain also has been developed with additional applications and vehicles in mind to expand the potential impact of the environmentally responsible technology.

DaimlerChrysler will introduce an optional diesel engine in the Jeep Liberty Sport Utility Vehicle, also beginning with MY 2004. The company claimed in December 2002 that American consumers could help reduce oil use by about 800 million gallons annually if they chose to purchase clean diesel engines at the same rate as Europeans. According to DaimlerChrysler: "Today's modern diesel vehicles should be part of the solution to improving fuel efficiency and reducing carbon dioxide emissions. Diesels lead to up to 30 percent improvement in fuel economy, while reducing carbon dioxide emissions an average of 20 percent."

The agency intends to address potential long-term enhancements to the fuel economy program through a separate rulemaking to be initiated this year. We will examine the best methods through which to redefine the distinctions between light trucks and passenger cars and the best basis on which to set CAFE standards. We will identify and seek comment on specific reforms aimed at enhancing fuel economy while protecting the safety of the American public and American jobs.

In the meanwhile, the agency must establish fuel economy standards for light trucks to address the current need to conserve energy within the bounds of technological feasibility and economic practicability, taking into account the effects of other Federal vehicle standards on fuel economy. Having analyzed the manufacturers' product plans and other available information, and considering the nation's need to conserve energy while seeking to protect the safety and jobs of the American public, we proposed light truck CAFE levels for MYs 2005–2007.

We received a significant amount of comment on the proposal, expressing a wide range of views. While some of those commenting charged that technology is available to set the standards higher, others argued that insufficient lead time and technological and market risks make it unlikely that

the proposed standards would be attained. We have reviewed the comments and adjusted many aspects of the analyses to account for many of the points made. We have similarly reassessed the costs and benefits of the proposed standards.

After considering the foregoing, we are adopting the standards as proposed in the NPRM, having concluded that they constitute the maximum feasible level, taking into consideration the statutory criteria, for average light truck fuel economy standards for MYs 2005–2007. We have concluded that the standards are within the technological feasibility and economic practicability of the primary companies in the light truck market, and will enhance the ability of the nation to conserve fuel and reduce its dependence on foreign oil. We have concluded further that the standards established today present the overall best balance between the express statutory criteria.

II. Background

In December 1975, during the aftermath of the energy crisis created by the oil embargo of 1973–1974, Congress enacted the Energy Policy and Conservation Act (EPCA). The Act established an automotive fuel economy regulatory program by adding Title V, "Improving Automotive Efficiency," to the Motor Vehicle Information and Cost Saving Act. Title V has been amended from time to time and codified without substantive change as Chapter 329 of title 49, United States Code. 49 U.S.C. 32901–32919.

Chapter 329 provides for the issuance of CAFE standards for passenger automobiles and for automobiles that are not passenger automobiles (light trucks). The CAFE standards set a minimum performance requirement in terms of an average number of miles a vehicle travels per gallon of gasoline or diesel fuel. Individual vehicles and models are not required to meet the mileage standard; rather, each manufacturer must achieve an average level of fuel economy for all specified vehicles manufactured in a given model year.

Section 32902(a) of Chapter 329 states that the Secretary of Transportation shall prescribe by regulation CAFE standards for light trucks for each model year.¹ That section requires that the CAFE standards for light trucks for a given model year be issued at least 18 months before the beginning of that model year. That section also states

"[e]ach standard shall be the maximum feasible average fuel economy level that the Secretary decides the manufacturers can achieve in that model year." Section 32902(f) directs the Secretary to consider four factors in determining the "maximum feasible" fuel economy level:

- (1) Technological feasibility;
- (2) Economic practicability;
- (3) The effect of other Federal motor vehicle standards on fuel economy; and
- (4) The need of the Nation to conserve energy.

The first light truck CAFE standards were established for MY 1979 and applied to light trucks with Gross Vehicle Weight Ratings (GVWR) up to 6000 pounds. Beginning with MY 1980, NHTSA raised this GVWR ceiling to 8500 pounds. For MYs 1979–1981, NHTSA established separate standards for two-wheel drive (2WD) and four-wheel drive (4WD) light trucks, without a "combined" standard blending the two together. Beginning with MY 1982, NHTSA established a combined standard, plus optional 2WD and 4WD standards. After MY 1991, NHTSA dropped the optional 2WD and 4WD standards. During MYs 1980–1995, NHTSA also required U.S. light truck manufacturers' "captive imports" to be separated from their other truck models in determining compliance with CAFE standards. The following table lists the "combined" standards established since MY 1982:

| Model year | CAFE standard (mpg) |
|------------|---------------------|
| 1982 | 17.5 |
| 1983 | 19.0 |
| 1984 | 20.0 |
| 1985 | 19.5 |
| 1986 | 20.0 |
| 1987 | 20.5 |
| 1988 | 20.5 |
| 1989 | 20.5 |
| 1990 | 20.0 |
| 1991 | 20.2 |
| 1992 | 20.2 |
| 1993 | 20.4 |
| 1994 | 20.5 |
| 1995 | 20.6 |
| 1996 | 20.7 |
| 1997 | 20.7 |
| 1998 | 20.7 |
| 1999 | 20.7 |
| 2000 | 20.7 |
| 2001 | 20.7 |
| 2002 | 20.7 |
| 2003 | 20.7 |
| 2004 | 20.7 |

In 1994, the agency departed from its usual past practice of considering light truck standards for one or two model years at a time and published an Advance Notice of Proposed

¹ The Secretary has delegated the authority to implement the automotive fuel economy program to the NHTSA Administrator. 49 CFR 1.50(f).