

Sierra Club Comments EPA Proposed Fuel Economy Label

Docket ID No. EPA-HQ-OAR-2009-0865

On behalf of our 1.4 million members and supporters, the Sierra Club applauds the Environmental Protection Agency (EPA) and the National Highway Transportation Security Administration (NHTSA) for proposing the first significant overhaul of vehicle fuel economy labels in more than 30 years. The Sierra Club is joined by the **Safe Climate Campaign** in these comments on proposed changes to vehicle fuel economy labels. We greatly appreciate the effort both agencies have made to update the labels consumers will see on new vehicles with essential and simple information on environmental performance.

To be most effective, a fuel economy window label should convey a range of helpful information in a simple format that is easily digested by consumers. Key considerations include which metrics to display and the layout of the label. We support a label that effectively conveys emissions (both greenhouse gas emissions and traditional criteria emissions), allows consumers to easily compare vehicles and provides information regarding the economic costs of operating the vehicle and savings associated with efficiency.

The Sierra Club conducted an unscientific survey of its own members to find out which label they preferred. The respondents overwhelmingly chose the letter grade for its simplicity and effectiveness in quickly conveying relative fuel efficiency and greenhouse gas emissions [please see attached document titled, *Sierra Club vehicle label survey*, for more information].

Specifically, we urge the EPA to incorporate three elements into a new fuel economy window label:

1. A prominent letter grade system.

A letter grade system, similar to school report cards, is widely understood by consumers and would allow consumers to absorb the relative emissions and efficiency of a vehicle in a quick glance. Quick information is very important, as EPA's own label research showed most consumers use fuel economy labels to inform purchasing decisions, but many only glance briefly at the labels. Further, a letter grade system can be applied to all vehicle technologies, regardless of fuel type. It is important that all light-duty vehicles- cars and light trucks- be compared on a single scale based on greenhouse gas emissions.

2. Window labels for electric vehicles and plug-in hybrids should include a measure of the emissions used to generate electricity that will power the vehicle.

Electric vehicles do not emit pollutants through a tailpipe. There are, however, emissions from the power plants that will "fuel" or charge the battery. Much of the US remains largely dependent on coal for electricity so these "upstream" emissions should be accounted for and recognized on the label and the grade for vehicles. The current tailpipe assessment of emissions from gasoline does not account for upstream emissions so we support a fair adjustment of emissions from electricity, as California did in determining that electric vehicles emit 130 grams per mile of CO₂ in the Pavley Clean Car standards. When purchasing a plug-in vehicle, consumers should be made aware of such upstream emissions.

EPA has indicated that it could provide consumers with information on electricity and emissions on a website, but we urge that the labels provide this information and use the web as the opportunity to provide detailed regional information on electricity and emissions to further aid consumers in their decisions.

3. Clearly communicated economic costs of operating a new vehicle and savings from efficiency

While the up-front costs of a new vehicle are readily apparent, consumers are much less likely to have a clear understanding of the operational costs of a new vehicle and the cost savings associated with a more efficient vehicle. We support the inclusion of prominent cost-savings and also support the inclusion of operating costs, possibly in the form of expected annual fuel costs.

Specifically, we support the inclusion of a five-year savings value shown in proposed Label 1. Such a value provides a much more powerful value than annual fuel costs, which are easily discounted by consumers. Regarding calculation, we support applying the gasoline fuel price to the average miles driven over the first five years of a vehicle's life and comparing it to the same cost for the median vehicle.

Auto Industry Objections

The auto industry is objecting to a letter grade for a variety of reasons that the EPA has already addressed in its extensive focus group and expert panel research. While miles per gallon (MPG) is familiar, MPG alone does not provide sufficient information allow for a comparison amongst all vehicle classes. In its research, the EPA found that consumers consider a wide range of vehicle types when shopping for a new vehicle. A letter grade provides a very familiar system for relative comparison of fuel efficiency and greenhouse gas emissions, which is easily understood. While the National Automobile Dealers Association is quoted as opposing a new label that “would confuse the buying public, make vehicle purchasing decisions more difficult or treat certain automakers or fuel types unfairly,”¹ EPA's research reveals the letter grade as providing clearer information that is quickly absorbed by consumers.

¹ Staff reporter. “NADA to oppose federal proposal to give letter -grade labels for vehicles.” International Business Times, September 6, 2010.

Dave McCurdy, President and CEO of the Alliance of Automobile Manufacturers, who objects to the letter grade system, has been quoted as supporting vehicles that have a lower impact on the environment - "It's time that we all begin taking the steps necessary to reduce our carbon footprint,".² The letter grade allows consumers to evaluate each vehicle as it compares to all different classes in the entire fleet. Such a comparison enables consumers to consider a vehicle's greenhouse gas emissions and fuel savings allowing consumer's to make a conscious effort in reducing their carbon footprint.

We support the letter grade over the other proposed labels as it is the simplest design that provides quick information that is easily digested by a consumer. As EPA's own research found, consumers stray away from, and are even intimidated by labels containing too many numbers and too much information. The two strongest recommendations by the EPA's expert panel were to keep the label simple and present it in a way that is familiar. The letter grade meets both criteria.

Conclusion

In sum, Sierra Club and the Safe Climate Campaign applaud EPA and DOT for undertaking this critical revision to new vehicle labels. The existing label is outdated and the new label must provide consumers with information on the new technologies coming into the market. The letter grade and the cost/savings over 5 years are important additions along with the information on air pollutants. We urge EPA and DOT to finalize a label design that incorporates these critical features.

² Nichols, Joshua. "How you drive can make your car greener." LifeWhile
<<http://www.lifewhile.com/cars/19735661/detail.html>> Accessed November 18, 2010.

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