



American Council for an Energy-Efficient Economy

WASHINGTON, DC

Fuel Economy Standards in the 2007 Energy Bill

12/5/07 Update

Federal legislators have reached agreement on an increase in car and light truck fuel economy standards to 35 miles per gallon by 2020, a 40 percent increase from 2007 levels. If adopted, this will be the first time Congress has raised CAFE standards since their adoption in 1975. The proposed standards represent a major step toward curbing the energy consumption of U.S. vehicles.

Key features of the provision

For light-duty vehicles, the fuel economy provision is expected to include:

- A shift to an attribute-based system, in which manufacturers have different fuel economy requirements based on the mix of vehicles they sell.
- Coverage of passenger vehicles up to 10,000 lbs. gross vehicle weight, including large SUVs.
- Continuation of separate standards for cars and light trucks.
- Extension of the dual-fuel vehicle credit through 2019, though at declining levels. This loophole allows automakers to produce less efficient vehicles if they manufacture flex-fuel vehicles (FFVs), despite these vehicles' near-total reliance on gasoline.
- Authority for DOT to establish fuel economy credit trading among manufacturers.

The bill is also expected to set a timeline to develop fuel economy standards for large pickup trucks and medium- and heavy-duty trucks, including tractor-trailers, none of which are regulated for efficiency in the U.S. today.

Oil savings

Oil savings attributable to the new standards will depend on the implemented regulations and manufacturers' use of credit trading provisions and dual-fuel vehicle credits. Assuming a linear ramp-up of standards and increasing production of dual-fuel vehicles, ACEEE's estimates of oil savings from the new light-duty standards are:

- 1.03 million barrels per day in 2020
- 1.86 million barrels per day in 2025

Projected U.S. car and light truck oil savings with the new standards is shown in the figure below.

Oil Savings for Light-Duty Fuel Economy Provision of the Energy Bill

