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Washington, DC 20548

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January 10, 2022

The Honorable Thomas R. Carper
Chairman
The Honorable Shelley Moore Capito
Ranking Member
Committee on Environment and Public Works
United States Senate

The Honorable Frank Pallone, Jr.
Chairman
The Honorable Cathy McMorris Rodgers
Republican Leader
Committee on Energy and Commerce
House of Representatives

Subject: *Environmental Protection Agency: Revised 2023 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions Standards*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Environmental Protection Agency (EPA) entitled “Revised 2023 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions Standards” (RIN: 2060-AV13). We received the rule on December 21, 2021. It was published in the *Federal Register* as a final rule on December 30, 2021. 86 Fed. Reg. 74434. The effective date is February 28, 2022.

According to EPA, the final rule revises the greenhouse gas (GHG) emissions standards under the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.*, for light-duty vehicles for 2023 and later model years to make the standards more stringent. EPA stated on January 20, 2021, President Biden issued Executive Order 13990, “Protecting Public Health and the Environment and Restoring Science To Tackle the Climate Crisis,” directing it to consider whether to propose suspending, revising, or rescinding the standards previously revised under the “The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021–2026 Passenger Cars and Light Trucks,” promulgated in April 2020. 85 Fed. Reg. 24174. EPA stated it is revising the GHG standards to be more stringent than the SAFE rule standards in each model year from 2023 through 2026. EPA further stated it is also including temporary targeted flexibilities to address the lead time of the final standards and to incentivize the production of vehicles with zero and near-zero emissions technology. Finally, EPA stated it is making technical amendments to clarify and streamline the regulations.

Enclosed is our assessment of EPA’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the

subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive, flowing style.

Shirley A. Jones
Managing Associate General Counsel

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
ENVIRONMENTAL PROTECTION AGENCY
ENTITLED
“REVISED 2023 AND LATER MODEL YEAR LIGHT-DUTY VEHICLE
GREENHOUSE GAS EMISSIONS STANDARDS”
(RIN: 2060-AV13)

(i) Cost-benefit analysis

The Environmental Protection Agency (EPA) estimated the total costs of the final rule would be \$300 billion at the three percent discount rate and \$180 billion at the seven percent discount rate. The costs would come from foregone consumer sales surplus, technology costs, congestion, noise, fatality costs, and non-fatal crash costs.

The total benefits of this final rule would far exceed the costs and would result in net benefits. EPA stated that benefits include climate-related economic benefits and fuel savings. EPA estimated a net present value of benefits that ranges between \$27 and \$450 billion, depending on the assumptions used.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

EPA certified the final rule would not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

EPA determined the final rule contains no federal mandates under the Act for state, local, or tribal governments. EPA determined the final rule contains a federal mandate under the Act that may result in expenditures of \$100 million or more for the private sector in any one year. Accordingly, the impacts of the rule on the private sector are discussed in the final rule.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On August 10, 2021, EPA published a proposed rule. 86 Fed. Reg. 42726. EPA received comments and addressed them in the final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

EPA determined the final rule does not contain new information collection requirements subject to the PRA.

Statutory authorization for the rule

EPA promulgated the final rule pursuant to sections 7401–7671q of title 42 and sections 32901–2391q of title 49, United States Code, as well as Public Law 109-58.

Executive Order No. 12866 (Regulatory Planning and Review)

EPA determined the final rule is economically significant and was submitted to the Office of Management and Budget for review.

Executive Order No. 13132 (Federalism)

EPA determined the final rule will not have Federalism implications. According to EPA, it will not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.