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Autodesk
Aveda
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CA Technologies
Clif Bar & Company
Dignity Health
eBay Inc.
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Etsy
Fetzer Vineyards
Gap Inc.
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The Kellogg Company
L'Oreal USA
LBrands
Levi Strauss & Co.
Mars Incorporated
Nature's Path Foods
Nestle
New Belgium Brewing
Nike, Inc.
The North Face
Outdoor Industry Association
Owens Corning
Patagonia, Inc.
Portland Trail Blazers
Seventh Generation
Sierra Nevada Brewing
Squaw Valley
Starbucks
Stonyfield Farm
Symantec Corporation
Timberland
Unilever
Vail Resorts
VF Corporation
Vulcan, Inc.
Worthen Industries

October 5, 2017

Administrator Scott Pruitt
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Re. Reconsideration of Final Determination Regarding 2022-2025 Model Year Light-Duty Vehicle Greenhouse Gas Emission Standards and the Appropriateness of Model Year 2021 Greenhouse Gas Emission Standards; EPA–HQ–OAR–2015–0827-6325

Dear Administrator Pruitt,

The Ceres BICEP Network comprises influential companies advocating for stronger climate and clean energy policies at the state and federal level in the U.S. As major U.S. businesses representing over $400 billion in annual revenue, we are writing to voice our strong support for EPA's January 2017 Final Determination that the current standards for model years 2022-2025 (MY 2022-2025) Greenhouse Gas (GHG) emissions standards remain feasible and cost effective, and urge that they be preserved or strengthened. We note that since the Final Determination, additional analyses have found that available cost effective technologies can in fact deliver greater efficiency (8-10%) at a lesser cost (34-40% lower)[1] than was contemplated in the Final Determination, supporting the case that the standards should in fact be strengthened. Finally, based on the Technical Assessment Report as well as new analyses cited above, the MY 2021 standards remain appropriate and feasible, as well as less costly than projected; there is no justification for assessing them under the Midterm Review process.

The standards represent a critical opportunity to strengthen the U.S. economy and create jobs – both by benefiting the auto industry and by ensuring fuel cost savings, which in turn will increase spending on non-energy goods and services, which employ more people per dollar of output than the oil and gas sectors. In addition, given the important role of strong standards in driving innovation, the standards will also help ensure the global competitiveness of the industry. Independent studies establish that the standards will benefit the auto industry, and drive job and economic growth.

Analyses also rebut opponents' claims that the standards will result in prohibitive vehicle prices, and show that they will in fact disproportionately benefit low income households.

[1] March 2017 ICCT analysis: http://theicct.org/US-2030-technology-cost-assessment

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An economic analysis[2] by independent automotive industry analysts Baum and Luria found that the current National Program would reduce risk for the Detroit Three and benefit suppliers, while weakening the standards could undermine industry economic performance, particularly for suppliers. First, the study shows that the Detroit Three will remain profitable under the current standards under all fuel price scenarios considered - even under a very low $1.80 per gallon fuel price. Second, the current standards provide insurance for the Detroit Three automakers and their suppliers against future market losses in the event of a fuel price spike. Third, regulatory certainty is valuable to automakers, and especially the Tier One suppliers, who are making the majority of fuel-saving technology investments in research, development and production capacity; the standards will allow them to realize returns on their investments and avoid stranded costs. Fourth, the analysis found that the standards provide significant benefits to suppliers. About 80% of automaker compliance costs are paid to suppliers, which make up a significantly larger portion of the economy than the automakers, and employ over half a million Americans - over two and a half times more people than the automakers. Specifically, the study found that Tier One auto suppliers stand to gain about $90 billion in increased orders for fuel-saving technology under the current standards (in the 2014-2025 time frame). Fifth, if the standards were weakened and gas prices spiked, we could see 300,000 fewer vehicles sales for automakers and a loss of $1.08 billion in profits in 2025. Suppliers would be hit especially hard, losing $3.3 billion a year between 2022-2025 in sales of fuel efficient technologies. Finally, weakening the standards could make the U.S. an outlier among global regulatory regimes, and put the Detroit Three at a disadvantage because it would undermine their ability to achieve economies of scale through increased use of global platforms.

Similarly, a recent analyst note regarding automakers' financial performance underscores the importance of retaining or strengthening the current standards. The analysis found that as disruption from new technologies, new mobility models, and global trends threaten financial prospects for legacy automakers, the current fuel economy and emissions standards would help enhance the competitiveness of the U.S. auto industry. Given the importance of operating costs in ride sharing platforms, and the synergy between autonomous vehicles and electrification, leadership in fuel efficiency and electrification is key to success in this new era. We are also seeing a global policy shift; China, the world's largest car market, is planning to require that 40% of all cars sold in 2030 be new energy vehicles, in addition to banning vehicles with traditional internal combustion engines – India and several European countries and cities are planning similar bans. The United States should position itself to compete in this new world by retaining or strengthening the current standards, which drive innovation and investment in the technologies needed to succeed in this new era.

An independent affordability analysis refutes automakers' claims that the standards are making vehicles unaffordable for median and low income consumers. While today's new vehicles are certainly less affordable for these consumers, that is not due to the standards, which represent only a modest portion of upfront costs (and of course ultimately provide net benefits). Instead, that reflects the growing income disparity in the U.S. as well as automakers' decision to target affluent buyers by emphasizing luxury features (the average buyer of new vehicles, whose income is 175% of the median U.S. household, is clearly willing to pay for those

[2] Economic Implications of the Current National Program v. a Weakened National Program in 2022-2025 for Detroit 3 Automakers and Tier One Suppliers

features as well as fuel efficient technologies). As a result of this increased focus on high end vehicles, an increasing number of median and lower income consumers are migrating to the used car market, where strong standards ensure the availability of fuel efficient vehicles and consumers pay less for fuel saving technology. Thus, rather than being disadvantaged by the current standards, median and low income households, would see even greater benefits.

Finally, strong standards will serve to mitigate the economic risks associated with our continuing dependence on oil as well as climate change. In light of the volatility of fuel prices, strong standards are needed in order to reduce transportation costs for businesses and consumers. As a result of a shift in fleet mix to larger vehicles, overall fuel economy plateaued from MY2014-2016,[3] which underscores the importance of preserving the standards in order to ensure fuel cost savings and reduce our dependence on oil. In addition, climate change presents significant long-term risks to our businesses as well as the global economy. Strong standards will serve to mitigate that risk by providing significant GHG reductions; the MY 2022-2025 standards are projected to save approximately 540 million metric tons of GHG emissions, and reduce oil use by 1.2 billion barrels.[4]

In sum, as shown by the success of the program to date, the current standards will strengthen the U.S. economy, save businesses and consumers money, enhance the global competitiveness of the U.S. auto industry, provide the regulatory certainty needed to spur innovation, reduce both our dependence on oil and climate risk, and create jobs. Accordingly, we urge that EPA preserve or strengthen the MY 2022-2025 standards and retain the current standards for 2021.

Sincerely,

Anne Kelly
On behalf of Business for Innovative Climate and Energy Policy [BICEP]
Senior Director, BICEP

The Ceres BICEP Network comprises influential companies advocating for stronger climate and clean energy policies at the state and federal level in the U.S. As powerful champions of the accelerated transition to a low-carbon economy, Ceres BICEP Network members have weighed in when it has mattered most. For more information on the Ceres BICEP Network, visit http://www.ceres.org/BICEP.

[3] University of Michigan Transportation Research Institute at http://www.umich.edu/~umtriswt/EDI_sales-weighted-mpg.html
[4] Final Determination at 7 https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P100QQ91.pdf

October 5, 2017

Administrator Scott Pruitt
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Re. Reconsideration of the Final Determination of the Mid-term Evaluation of Greenhouse Gas Emissions Standards for Model Year 2022-2025 Light-duty Vehicles and the Appropriateness of Model Year 2021 Greenhouse Gas Emission Standards; EPA–HQ–OAR–2015–0827

Dear Administrator Pruitt,

As long-term investors with over $867 billion in assets under management, we are writing to voice our strong support for EPA's January 2017 Final Determination that the current standards for model years 2022-2025 (MY 2022-2025) Greenhouse Gas (GHG) Emissions standards remain feasible and cost effective, and urge that they be preserved or strengthened. We note that since the Final Determination, additional analyses have found that available cost effective technologies can in fact deliver greater efficiency (8-10%) at a lesser cost (34-40% lower)[1] than was contemplated in the Final Determination, supporting the case that the standards should in fact be strengthened. Finally, based on the Technical Assessment Report as well as new analyses cited above, the MY 2021 standards remain appropriate and feasible.

The standards represent a critical opportunity to strengthen the U.S. economy and create jobs – both by benefiting the auto industry and by ensuring fuel cost savings, which in turn will increase spending on non-energy goods and services. In addition, given the important role of strong standards in driving innovation, the standards will also help ensure the global competitiveness of the industry.

An economic analysis[2] commissioned by Ceres and produced by independent automotive industry analysts found that the current National Program would reduce risk for the Detroit Three and benefit suppliers. First, the study shows that the Detroit Three will remain profitable under the current standards under all fuel price scenarios considered - even under a very low $1.80 per gallon fuel price. Second, the current standards provide insurance for the Detroit Three automakers and their suppliers against future market losses in the event of a fuel price spike. Third, regulatory certainty is valuable to automakers, and especially the Tier One suppliers, who are making the majority of fuel-saving technology investments in research, development and production capacity; the standards will allow them to realize returns on their investments and avoid stranded costs. Fourth, the analysis found that the standards provide significant benefits to suppliers, which make up a significantly larger portion of the economy than the automakers, and employ over half a million Americans - over two and a half times more people than the automakers. Specifically, the study found that Tier One auto suppliers stand to gain about $90

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[1] March 2017 ICCT analysis: http://theicct.org/US-2030-technology-cost-assessment

[2] Economic Implications of the Current National Program v. a Weakened National Program in 2022-2025 for Detroit 3 Automakers and Tier One Suppliers

billion in increased orders for fuel-saving technology under the current standards (in the 2014-2025 time frame). Fifth, weakening the standards could make the U.S. an outlier among global regulatory regimes, and put the Detroit Three at a disadvantage because it would undermine their ability to achieve economies of scale through increased use of global platforms.

A recent analyst note[3] regarding automakers' financial performance underscores the importance of retaining or strengthening the current standards. The analysis found that as disruption from new technologies, new mobility models, and global trends threaten financial prospects for legacy automakers, the current fuel economy and emissions standards help enhance the global competitiveness of the U.S. auto industry. Given the importance of operating costs in ride sharing platforms, and the synergy between autonomous vehicles and electrification, leadership in fuel efficiency and electrification is key to success in this new era. We are also seeing a global policy shift: China, the world's largest car market, is planning to require that 40% of all cars sold in 2030 be new energy vehicles, in addition to banning vehicles with traditional internal combustion engines; India and several European countries and cities are planning similar bans. The United States should position itself to compete in this new world by retaining or strengthening the current standards, which drive innovation and also serve as a kind of insurance policy against market share losses in the event of a fuel price spike.

Finally, strong standards will serve to mitigate the economic risks associated with our continued dependence on oil as well as climate change. In light of the volatility of fuel prices, strong standards are necessary in order to reduce transportation costs for businesses and consumers. In addition, climate change presents significant long-term risks to the global economy, and to investors across all asset classes. Strong standards will serve to mitigate that risk by providing significant GHG reductions; the MY 2022-2025 standards would save approximately 540 million metric tons of GHG emissions, and reduce oil use by 1.2 billion barrels.[4]

In sum, the standards will strengthen the U.S. economy, enhance the global competitiveness of the U.S. auto industry, provide the regulatory certainty needed to spur innovation, reduce both our dependence on oil and climate risk, save businesses and consumers money, and create jobs. Accordingly, we urge the EPA to issue a Determination that preserves or strengthens the MY 2022-2025 standards and retain the current standards for 2021.

Sincerely,

California State Teachers' Retirement System
Office of the New York State Comptroller
New York City Office of the Comptroller
Interfaith Center on Responsible Investment
ACTIAM
Office of the Connecticut State Treasurer
Presbyterian Church U.S.A
Calvert Research and Management
Dignity Health
Impax Asset Management

[3] https://www.ceres.org/resources/reports/whats-driving-us-auto-industrys-financial-performance
[4] Final Determination at 7 https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P100QQ91.pdf

Trilogy Global Investors, LP
Dana Investment Services
Miller/Howard Investments, Inc.
NEI Investments
Pax World Funds
Bailard
Walden Asset Management
Trillium Asset Management, LLC
Domini Impact Investments, LLC
Reynders, McVeigh Capital Management, LLC
Seventh Generation Interfaith Inc.
Mercy Investment Services
First Affirmative Financial Network
Northwest Coalition for Responsible Investment
Zevin Asset Management
The George Gund Foundation
Unitarian Universalist Association
Sonen Capital
Nathan Cummings Foundation
Friends Fiduciary Corporation
Progressive Investment Management
Priests of the Sacred Heart, U.S. Province
Arjuna Capital
Sisters of St. Francis of Philadelphia
Sierra Club Foundation
Tri-State Coalition for Responsible Investment
Christopher Reynolds Foundation
Sisters of St. Joseph of Chestnut Hill, Philadelphia, PA
Adrian Dominican Sisters Portfolio Advisory Board