

Efficient Vehicle Leadership Act of 2009

Mr. BINGAMAN. Mr. President, as the success of the Cash for Clunkers program that we're working to extend today makes clear, there is substantial interest among consumers in upgrading the fuel efficiency of their vehicles. In fact, maybe the most surprising thing about the program thus far has been the higher-than-expected appetite by consumers for the most fuel-efficient vehicles.

It's an encouraging sign but it remains surprising because it is extraordinarily difficult for a consumer to take into account the real benefits, or costs, of fuel economy. The value of fuel efficiency depends on the unknowable fact of what the price of gasoline is likely to be in future years as well as requiring a calculation to make and apples-to-apples comparison of the costs of ownership at different efficiency levels. This explains why study after study demonstrates that consumers don't fully account for the fuel costs of ownership when they make buying decisions. Decisions that many people regretted making only a few years earlier as gas prices climbed near \$4 per gallon last fall.

This isn't only a problem for consumers. Improving the fuel economy of a vehicle requires significant engineering and new technologies, often adding hundreds or thousands to the manufacturer price of a vehicle; costs consumers have proved unwilling to bear. Faced with this reality, and the uncertainty of recovering their costs from consumers who are unsure of the value of fuel efficiency, car makers have generally thought it is in their best business interests to meet the fuel economy requirements of CAFE but go no further. Even when manufacturers want to go further than the CAFE requirements, and produce more efficient vehicles, they are faced with giving up a cost advantage to their competitors by putting on expensive new technologies. For this reason, and to attempt to take into account the very real costs in oil and climate insecurity by our under-valuation of efficiency, Congress has put in a series of incentives for specific technologies such as hybrids, electric-drive, and hydrogen fuel cell vehicles. We've also recently made significant investments in battery manufacturing and vehicle electrification to try and close the significant gap with our global competitors in these technologies.

Although I support those investments to increase our competitiveness in the clean energy technology manufacturing race, unless the domestic marketplace will support them over the long term, they simply won't be enough. I believe the best path to both support our climate and energy goals and enhance our economic competitiveness is to create a set of clear, technology-neutral incentives that can achieve our goals and then let the market and consumers sort out the best technologies.

The Efficient Vehicle Leadership Act of 2009 that I am introducing today with Senators Snowe, Kerry, and Lugar provides a long-term pathway forward that will allow consumers to afford the most fuel efficient vehicles and a clear signal to the manufacturers that they can succeed in the marketplace by incorporating the most advanced fuel efficiency technologies into their new offerings. The bill would provide for fuel performance rebates that would decrease the cost of efficient cars and pay for it

by assessing a fuel performance fee to manufacturers for inefficient vehicles to pay for the program.

The rebates and fees would be calculated based on how much more or less fuel-efficient a vehicle is relative to the CAFE standard. The CAFE standard is based on the size, or “footprint” (the interior dimensions of the 4 wheels) of the motor vehicle, so each vehicle would compete with other vehicles of a similar size. The CAFE standard itself becomes more stringent over time, based on the “maximum feasible” fuel efficiency as determined by NHTSA, so the incentives are re-cast yearly against a higher target. Calculating the rebates and fees based on the CAFE standard allows them to net out, making the overall system revenue neutral and providing a continuing incentive each subsequent year. Thus, the purchasers of fuel efficiency laggards for each size pay to make the most fuel-efficient equivalent vehicles more affordable. The rebate amount must appear on the fuel efficiency sticker and consumers can choose if they want to receive their rebate directly in their tax returns or they can transfer the credit to dealer, as long as the dealer certifies they have given the rebate to the consumer at the point of purchase.

In sum, this bill provides a long-term structure for the automotive sector that provides certainty to manufacturers that the technologies that they must employ to meet the new fuel efficiency requirements will be valued by consumers and, beyond that, rewards and incentivizes innovation in vehicle efficiency to go beyond the CAFE requirements. The technological acumen of the auto industry will be harnessed, with no net impact on safety or comfort, and without distorting the marketplace. Consumers would benefit for years to come from a smaller hit on their wallet at the pump. The United States would benefit overall as we began to curb our appetite for oil.

Mr. President, I ask unanimous consent that the text of the Efficient Vehicle Leadership Act of 2009 be printed in the Record following my comments.