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October 24, 2018

EPA Docket Center
Air and Radiation Docket
Mail Code 28221T
1200 Pennsylvania Avenue, NW.
Washington, DC 20460,
Attention: Docket ID No. EPA-HQ-OAR-2018-0283

Docket Management Facility, M-30
U.S. Department of Transportation
West Building, Ground Floor, Rm. W12-140
1200 New Jersey Avenue, SE
Washington, DC 20590
Attention: Docket ID No. NHTSA-2018-0067

Submitted electronically to www.regulations.gov Docket ID No. EPA-HQ-OAR-2018-0283

RE: Notice of Proposed Rulemaking – *"The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks"*

Shell Oil Products US appreciates the opportunity to comment on this proposal. In this propsosal, the agencies propose to roll back existing regulations to stall Corporate Average Fuel Economy Standards (CAFE) and tailpipe carbon dioxide standards at 2020 levels through 2026, and to rescind a waiver that allows California to regulate vehicle emissions and other states to adopt California's standards.

The proposal's own analysis of the proposed roll backs acknowledge that the changes will increase emissions. See 83 Fed. Reg. 42996-97 (Aug. 24, 2018). The roll back of the standards to 2020 levels will increae vehicle carbon dioxide emissions by 713 million metric tons. Shell does not support this roll back in the standards.

The Paris Agreement, which formally took effect in November 2016, was a major step forward to coordinate the global response needed to limit warming of the planet to well below 2 degrees Celsius. Shell welcomes and strongly supports this landmark Agreement, as well as the aspiration of transitioning towards a net-zero emissions world.

Transport accounts for more than a quarter of the world's total energy use and a fifth of global energy related carbon dioxide emissions. How the transport sector evolves will have a significant impact on efforts to meet energy demand while helping to address climate change. Effective transition to lower emission mobility will require the coordination and integration of policies that impact vehicles, fuels, infrastructure and consumer choice. Changing one without the other will not lead to optimal solutions. As new technologies will not be cost competitive immediately, technology-neutral policies and time-limited incentives for low carbon technologies will help ensure an efficient, cost-effective transition.

Improving fuel economy is an important lever for reducing GHG from vehicles while emerging technologies continue to develop. To date, efficiency standards have demonstrated the greatest impact on CO_2 abatement in transport relative to other policies. As Shell is not the obligated party for this Regulation we do not take a view on the level of the standards. However, the US government should promulgate policies that are consistent with the aim of the Paris Agreement. Wherever standards or mandates are applied they should be set in such a way that preserves technology neutrality as this will impact investment choices by automobile manufacturers and associated infrastructure providers. Any proposed standard should be achievable with a realistic implementation schedule and have an alternative compliance mechanism to provide compliance and program certainty.

We also believe that proposing to rescind the California vehicle waiver is a step in the wrong direction. The Clean Air Act derogates to California certain rights to set its own air quality standards. The EPA determined in 2013 that the waiver for California could include greenhouse gas emissions. While generally Shell agrees that harmonized regulation at the federal level facilitates interstate commerce, the legal standard should be carefully reviewed before any decisions are taken to challenge California's ability to set its own greenhouse gas standards. The proposed revocation of the California waiver has already resulted in litigation and is likely to result in extended uncertainty that will hinder efforts to reduce emissions.

It is noteworthy that even the automobile manufacturers do not support the freezing of the vehicle standards at 2020 levels and the rescission of the California waiver. In their recent testimony at a public hearing on this proposal, the Alliance of Automobile Manufacturers stated:

> In closing, automakers support continued improvements in fuel economy while balancing priorities like affordability, safety, jobs, and the environment. We urge California and the federal government to find a common-sense solution that sets continued increases in vehicle efficiency standards while also meeting the needs of America's drivers. One National Program enables us to keep new vehicles affordable, so more Americans can replace older vehicles with models that are cleaner, safer, and more energy-efficient.

Similarly, The Global Automakers Association stated:

> Today, Global Automakers would like to share three requests on this proposed rule. One. The regulations should require fuel economy and GHG improvements each year while also promoting the safest and cleanest vehicles and benefiting all Americans regardless of where they live. . . . Three. Global Automakers wants a solution that maintains "One National Program" (ONP) coordinated with California and the states. We are encouraged that following the release of the proposal, the agencies—EPA, NHTSA and California—have renewed discussions. A federal policy that avoids untenable, unwieldy, and expensive regulatory overlap will achieve greater benefits than separate state programs.

We urge the agencies to give substantial weight to the views of the parties that are most directly affected by this proposed rule.

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We appreciate this opportunity to comment. If you should have any questions concerning these comments, please feel free to contact me at 713.201.4450 or John.Reese@Shell.com.

Sincerely,

John E. Reese
Downstream Policy & Advocacy Mgr., Americas