

Regulation alignment: CAFE and GHG

- **Alignment on NHTSA/EPA regulation framework:**

- Critical that (for each OEM) one single fleet of vehicles, governed by differing statutory and regulatory constraints, can meet **both** NHTSA and EPA light-duty and medium-duty CAFE and GHG regulations
 - “Avoid[ing] inconsistency” aligned with the 2007 *Massachusetts v EPA* Supreme Court decision

- **EV accounting:**

- Existing Petroleum Equivalency Factor (PEF):
Industry EV shares reach 67% (black line) → insufficient for CAFE compliance (green line)
 - Industry CAFE shortfall in 2031: ~12 mpg
 - CAFE penalties in 2031: \$34B
 - CAFE penalties over 2027-2031: \$100B (\$1300/vehicle)
- Proposed Petroleum Equivalency Factor (PEF):
Industry EV shares (black line) greatly insufficient for CAFE compliance (red line)
 - Industry CAFE shortfall in 2031: 30+ mpg
 - CAFE penalties in 2031: \$100B+
 - CAFE penalties over 2027-2031: \$300B (\$4300/vehicle)

