110TH CONGRESS
1ST SESSION

S. 1118

To improve the energy security of the United States by raising average fuel economy standards, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 16, 2007

Mr. DORGAN (for himself and Mr. CRAIG) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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A BILL

To improve the energy security of the United States by raising average fuel economy standards, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Fuel Efficiency Energy Act of 2007''.

SEC. 2. DEFINITIONS.

(a) AUTOMOBILE.—Section 32901(a)(3) of title 49, United States Code, is amended—

(1) by striking ''4-wheeled''; and

(2) by striking ", and rated at—" and all that follows and inserting a period.

(b) MEDIUM-DUTY TRUCK.—Section 32901(a) of such title is amended—

(1) by redesignating paragraphs (14), (15), and (16) as paragraphs (15), (16), and (17), respectively; and

(2) by inserting after paragraph (13) the following:

"(14) 'medium-duty truck' means a truck (as defined in section 30127) with a gross vehicle weight between 10,000 and 26,000 pounds.".

(c) PASSENGER AUTOMOBILE.—Section 32901(a)(17) of such title, as redesignated by subsection (b)(1), is amended by striking "decides by regulation—" and all that follows through the period and inserting "determines by regulation, to have a significant feature (except 4-wheel drive) designed for off-highway operation.".

(d) FUEL ECONOMY INFORMATION.—Section 32908(a) of such title is amended—

(1) in the subsection heading, by striking "DEFINITIONS" and inserting "DEFINITION"; and

(2) by striking "section—" and all that follows through "(2)" and inserting "section, the term".

SEC. 3. ANNUAL INCREASE IN AVERAGE FUEL ECONOMY STANDARDS.

(a) FUEL EFFICIENCY STANDARDS.—

(1) IN GENERAL.—Section 32902 of title 49, United States Code, is amended by striking subsections (a) through (c) and inserting the following:

''(a) IN GENERAL.—Not later than 18 months before the beginning of each model year beginning with model year 2012, the Secretary of Transportation, shall prescribe, by regulation, average fuel economy standards for automobiles manufactured by a manufacturer for that model year in accordance with subsection (b). The Secretary of Transportation shall prescribe separate average fuel economy standards for different classes of automobiles. The Secretary shall establish average fuel economy standards for medium-duty trucks that are consistent with the projected benefits of hybridization.

''(b) ANNUAL INCREASES IN FUEL ECONOMY STANDARDS.—

''(1) FOR MODEL YEAR 2012.—For model year 2012, the average fuel economy standard for each class of automobiles shall be the average combined highway and city miles per gallon performance of all automobiles within that class of automobiles in 2011 (rounded to the nearest 1/10 mile per gallon).

''(2) FOR MODEL YEARS AFTER MODEL YEAR 2012.—For each model year beginning with model year 2013 and ending with model year 2030, the average fuel economy attained by the fleet of automobiles manufactured or sold in the United States shall be at least 4 percent greater than the average fuel economy standard for the fleet in the previous model year (rounded to the nearest 1/10 mile per gallon).

''(c) AMENDING FUEL ECONOMY STANDARDS.—

''(1) IN GENERAL.—Notwithstanding subsections (a) and (b), the Secretary of Transportation may prescribe an average fuel economy standard for a class of automobiles in a model year that is lower than the standard required under subsection (b) if the Secretary of Transportation, in consultation with the National Academy of Sciences, determines that the average fuel economy standard prescribed in accordance with subsections (a) and (b) for that class of automobiles in that model year—

''(A) is not technologically achievable;

''(B) cannot be achieved without materially reducing the overall safety of automobiles manufactured or sold in the United States and no

offsetting safety improvements can be practicably implemented for that model year; or

''(C) is shown not to be cost effective.

''(2) MAXIMUM STANDARD.—Any average fuel economy standard prescribed for a class of automobiles in a model year under paragraph (1) shall be the maximum standard that—

''(A) is technologically achievable;

''(B) can be achieved without materially reducing the overall safety of automobiles manufactured or sold in the United States; and

''(C) is cost effective.

''(3) CONSIDERATIONS IN DETERMINATION OF COST EFFECTIVENESS.—In determining cost effectiveness under paragraph (1)(C), the Secretary of Transportation shall take into account the total value to the United States of reduced petroleum use, including the value of reducing external costs of petroleum use, using a value for such costs equal to 50 percent of the value of 1 gallon of gasoline saved or the amount determined in an analysis of the external costs of petroleum use that considers—

''(A) value to consumers;

''(B) economic security;

''(C) national security;

''(D) foreign policy;

''(E) the impact of oil use—

''(i) on sustained cartel rents paid to foreign suppliers;

''(ii) on long-run potential gross domestic product due to higher normal-market oil price levels, including inflationary impacts;

''(iii) on import costs, wealth transfers, and potential gross domestic product due to increased trade imbalances;

''(iv) on import costs and wealth transfers during oil shocks;

''(v) on macroeconomic dislocation and adjustment costs during oil shocks;

''(vi) on the cost of existing energy security policies, including the management of the Strategic Petroleum Reserve;

''(vii) on the timing and severity of the oil peaking problem;

''(viii) on the risk, probability, size, and duration of oil supply disruptions;

''(ix) on the strategic behavior of the Organization of the Petroleum Exporting Countries and long-run oil pricing;

''(x) on the short term elasticity of energy demand and the magnitude of price increases resulting from a supply shock;

''(xi) on oil imports, military costs, and related security costs, including intelligence, homeland security, sea lane security and infrastructure, and other military activities;

''(xii) on oil imports, diplomatic and foreign policy flexibility, and connections to geopolitical strife, terrorism, and international development activities;

''(xiii) all relevant environmental hazards under the jurisdiction of the Environmental Protection Agency; and

''(xiv) on well-to-wheels urban and local air emissions of pollutants and their uninternalized costs;

''(F) the impact of the oil or energy intensity of the United States economy on the sensitivity of the economy to oil price changes, including the magnitude of gross domestic product losses in response to short term price shocks or long term price increases;

''(G) the impact of United States payments for oil imports on political, economic, and military developments in unstable or unfriendly oil-exporting countries;

''(H) the uninternalized costs of pipeline and storage oil seepage, and for risk of oil spills from production, handling, and transport, and related landscape damage; and

''(I) additional relevant factors, as determined by the Secretary.

''(4) MINIMUM VALUATION.—When considering the value to consumers of a gallon of gasoline saved, the Secretary of Transportation may not use a value less than the greatest of—

''(A) the average national cost of a gallon of gasoline sold in the United States during the 12-month period ending on the date on which the new fuel economy standard is proposed;

''(B) the most recent weekly estimate by the Energy Information Administration of the Department of Energy of the average national cost of a gallon of gasoline (all grades) sold in the United States; and

''(C) the gasoline prices projected by the Energy Information Administration for the 20-

year period beginning in the year following the year in which the standards are established.''.

(2) CONFORMING AMENDMENTS.—Title 49, United States Code, is amended—

(A) in section 32902—

(i) in subsection (d) by striking ''subsection (b) or (c) of this section'' and inserting ''subsection (a), (b), or (c)'';

(ii) by striking subsection (f);

(iii) in subsection (g)—

(I) by striking ''subsection (a) or (d)'' and inserting ''this section''; and

(II) by striking ''(and submit the amendment to Congress when required under subsection (c)(2) of this section)''; and

(iv) in subsection (h) by striking ''subsections (c), (f), and (g) of this section'' and inserting ''subsections (c) and (g)'';

(B) in section 32903—

(i) by striking ''section 32902(b)–(d) of this title'' each place it occurs and inserting ''subsections (a) through (d) of section 32902''; and

(ii) in subsection (e), by striking ''section 32902(a) of this title'' and inserting ''subsections (a) through (d) of section 32902''; and

(C) in section 32904—

(i) in subsection (a)—

(I) by striking ''subject to—'' and all that follows through ''(B) section 32902(a)–(d) of this title'' and inserting ''subject to subsections (a) through (d) of section 32902''; and

(II) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively.

(b) REPEAL OF CREDIT FOR DUAL FUELED AUTOMOBILES.—

(1) IN GENERAL.—Section 32905 of title 49, United States Code, is amended—

(A) by amending subsection (b) to read as follows:

''(b) DUAL FUELED AUTOMOBILES.—The Administrator of the Environmental Protection Agency shall measure the fuel economy for any model of dual fueled automobile manufactured in model year 2012 and any model year thereafter, in accordance with section 32904.''; and

(B) by amending subsection (d) to read as follows:

''(d) GASEOUS FUEL DUAL FUELED AUTOMOBILES.—The Administrator of the Environmental Protection Agency shall measure the fuel economy for any model of gaseous fuel dual fueled automobile manufactured in model year 2012 and any model year thereafter, in accordance with section 32904.''.

(2) CONFORMING AMENDMENTS.—Section 32905 of such title is further amended—

(A) by striking subsection (f); and

(B) redesignating subsections (g) and (h) as subsections (f) and (g), respectively.

SEC. 4. REQUIREMENT TO INCREASE PERCENTAGE OF DUAL FUELED AUTOMOBILES.

Section 32902 of title 49, United States Code, as amended by section 3, is further amended by inserting after subsection (e) the following:

''(f) REQUIREMENT FOR ANNUAL INCREASE IN DUEL FUELED AUTOMOBILES.—Each manufacturer shall ensure that the percentage of automobiles manufactured by such manufacturer in each of model years 2012 through 2022 that are dual fueled automobiles is not less than 10 percent greater than the percentage of automobiles manu-

factured by such manufacturer in the previous model year that are dual fueled automobiles.''.

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act shall—

(1) take effect on January 1, 2010; and

(2) apply to automobiles manufactured for model year 2012 and for each subsequent model year.

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