

Cut the Crude Consumer Benefits of Fuel Economy Standards

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Audience Poll

- How many of you drive to work?
 - Do you know the current price of gasoline?
 - Do you know the current price of milk?
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Who We Are

- Consumers Union is the advocacy division of Consumer Reports.
 - Our auto test track conducts comprehensive tests of approximately 80 new vehicles every year, which we buy anonymously at retail
 - We do not accept outside advertising
 - Consumer Reports has more than 8 million subscribers to our magazine, web site, and other publications.
 - Since our inception in 1936, auto safety and value have been paramount for us.
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Why Fuel Economy Standards?

- Reach national security, economic, and environmental goals
 - Achieve outstanding consumer benefits
 - Drive innovation and investment in cleaner and more efficient technologies
 - Erode the price premium often charged for superior fuel economy
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Cost-Benefit Analysis

- Benefits >>> costs of compliance
 - Consumer benefits: fuel savings
 - Costs: investments in deploying and developing more efficient and alternative fuel technologies
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Consumer Savings

- Even with NHTSA's generous cost estimate and conservative fuel prices, consumers will more than recover upfront investments through savings at the pump
 - Net savings: \$4,000
 - In 2025, NHTSA estimates average cost will be \$2,000/vehicle
 - Estimated fuel savings about \$6,000 over life of the vehicle
 - For car buyers who finance (2/3), the standards will save money in the very first month of ownership
 - Average monthly fuel savings > additional monthly payment
 - For car buyers who pay cash for a new vehicle, the payback period < 4 years
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Examples of Savings

Old mpg	New mpg	Annual Savings (\$3/gallon)	Annual Savings (\$4/gallon)	Annual Savings (\$5/gallon)
15	25	\$960	\$1,280	\$1,600
20	30	\$600	\$800	\$1,000
30	40	\$300	\$400	\$500
40	50	\$180	\$240	\$300

Assuming 12,000 miles driven per year

Broad Support

- Automakers
 - Labor
 - Consumer Groups
 - Environmental Groups
 - Public
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Survey Results

- According to our nationally representative survey conducted in October 2011:
 - **93%** believe that fuel efficiency standards for all vehicles should be improved
 - **80%** support at least 55 mpg as a target fleet average for 2025
 - As availability improves, **72%** of consumers who plan to buy a vehicle would consider an alternative power train, such as hybrid, electric, flex-fuel or natural gas
 - **83%** are willing to pay extra for more fuel efficient vehicle if the payback from lower fuel costs is less than five years
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Common question: Safety

- Cars have been getting safer as fuel economy has improved
 - Safety of future vehicles dominated by vehicle design, not size or weight
 - Advanced materials can decouple size from mass (weight), improving both fuel economy and safety without compromising functionality
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Common question: Affordability

- Additional cost likely to be very modest
 - Net savings are substantial
 - For people who finance their new vehicle, savings begin immediately
 - Operating costs are a significant portion of vehicle ownership
 - Lower operating costs reduce default risk
 - Money saved on gas can be used to purchase other needed goods and services
 - Greater deployment of efficient technologies will make efficient vehicles more affordable
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Common question: Consumer Choice

- Higher fuel economy standards likely to improve the vehicle choices available to consumers
- Targets for each manufacturer are “footprint-based”
 - no incentive for automakers to downsize vehicles
 - each class of car will likely see efficiency gains
 - consumers will have more efficient options across vehicle classes
- Likely to see more partially and fully electrified options from many or all automakers

Summary

Improved fuel economy standards will:

- Save consumers thousands of dollars
 - Improve selection of fuel efficient and alternative fuel vehicles
 - Maintain a range of options across vehicle class
 - Reduce oil consumption
 - Provide other important public benefits
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Questions

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