



CREATING GOOD JOBS, A CLEAN ENVIRONMENT, AND A FAIR AND THRIVING ECONOMY

December 1, 2017

Secretary Elaine Chao
U.S. Department of Transportation
1200 New Jersey Ave, SE
Washington, DC 20590
Submitted electronically via www.regulations.gov

RE: Notification of Regulatory Review, Docket No. DOT-OST-2017-0069

Dear Secretary Chao:

The BlueGreen Alliance is pleased to respond to the U.S. Department of Transportation's (DOT) request for comment under its Notification of Regulatory Review, Docket No. DOT-OST-2017-0069 on the appropriateness and value of regulations being implemented by the agency.

The BlueGreen Alliance brings together America's largest labor unions and environmental organizations—uniting millions of members and supporters—to identify ways to create and maintain good jobs and build a stronger, fairer economy while meeting today's greatest environmental challenges.

We write to you today in strong support of critical DOT standards that protect the safety of workers, communities, and the public; enhance efficiency and energy security; cut pollution; and drive innovation and job creation.

We note, in particular, the agency's highly effective - and cost-effective - rules on vehicle fuel economy. These regulations include, but are not limited to the following:

- The National Highway Traffic Safety Administration's (NHTSA) final rule on Average Fuel Economy Standards Passenger Cars and Light Trucks Model Year 2011 (RIN: 2127-AK29) (published on March 30, 2009, at 74 FR 14195) (annualized costs of \$1.46 billion);
- The NHTSA's final rule on Light-Duty Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards (RIN: 2127-AK50) (published on May 7, 2010, at 75 FR 25323) (annualized costs of approximately \$10 billion);
- The NHTSA's final rule on 2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards (RIN: 2127-AK79) (published on October 15, 2012, at 77 FR 62623) (annualized costs of \$2.2-3.6 billion); and
- The NHTSA's final rule on Greenhouse Gas Emissions and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles – Phase 2 (RIN: 2127-AL52) (published on October 25, 2016, at 81 FR 73478) (annualized costs of \$4 billion).

Strong, common-sense fuel economy standards deliver hundreds of billions of dollars in net benefits to consumers and the American economy, powerfully deliver on the agency's obligations to improve America's energy security, and play a critical role in bringing back American manufacturing jobs and sustaining the nation's manufacturing leadership. In our research and our comments below, we identify the hundreds of factories and hundreds of thousands of jobs making the technologies that go into meeting these standards today.

We show that the "costs" associated with these regulations actually represent widespread real capital investments at hundreds of specific factories in communities across the country. These investments provide a particularly vivid example of the potential damage that can arise from rolling back major standards on the grounds of their "cost" alone.

On the contrary, continued strong fuel economy and GHG standards for vehicles are critical to securing these jobs and manufacturing benefits into the future.

DOT's regulatory review also includes important rules in other areas, including natural gas pipeline safety, motor vehicle safety, rail safety, and many others.

With respect to the Pipeline and Hazardous Materials Safety Administration's (PHMSA) rules on natural gas pipeline safety, we note in particular that these rules help reduce the risk of catastrophic explosions, including in dense urban areas where our oldest pipelines exist. Methane is also a potent greenhouse gas, so preventing leaks from natural gas pipelines additionally helps combat the health and environmental impacts of climate change. Finally, increasing investment to upgrade America's natural gas distribution pipeline infrastructure is a powerful job creator.¹

Regulatory rollbacks are not what America's working families, manufacturing economy, or communities need. Responsible development, promulgation, and review of America's important regulatory safeguards should be ongoing to ensure they best meet the Agency's regulatory obligations to the public. Drawing standards into question arbitrarily on the basis of their number or gross cost, however, risks robbing the public of critical benefits, undermining job growth and economic competitiveness, and potentially puts lives at risk.

Detailed discussion

Sustain strong long-term standards on vehicle fuel economy and greenhouse gas reduction

The agency's request for comment includes NHTSA's landmark standards improving the fuel economy and reducing greenhouse gas (GHG) emissions of America's passenger cars, SUVs, and pickups, and increasing the fuel efficiency of the nation's medium- and heavy-duty trucks.

Over the past decade, we've seen the automotive sector successfully meet these world-leading fuel economy and GHG standards while at the same time returning to profitability and building

¹ BlueGreen Alliance, *Making the Grade 2.0: Investing in America's Infrastructure to Create Quality Jobs and Protect the Environment*, 2017

great cars and trucks that consumers have purchased at record levels. The innovative vehicles being built under these standards are saving consumers billions of dollars annually at the pump, enhancing America's energy security, and combating climate change. At the same time, the industry has brought back hundreds of thousands of direct jobs that are anchoring a broader manufacturing recovery.²

The standards are highly effective and cost effective

Taken together, the agency's vehicle fuel economy and fuel efficiency standards are among the most successful actions the nation has ever taken to reduce our reliance on foreign oil and cut greenhouse gas emissions. Current standards are projected to cut fuel use by nearly half for every size of car, SUV, and pick-up truck over 15 years. Over the first six years of implementation, automakers have successfully met these standards—greatly improving the efficiency of vehicles and delivering large fuel cost savings to consumers— while maintaining or improving vehicle performance and safety at the same time.

Not surprisingly, the benefits to the public from reduced fuel consumption and associated reductions in pollution far exceed the costs of implementing these regulations. While the costs (added investments in technology and manufacturing) are indeed large, the benefits to consumers, the public, and the economy are far larger.

If light-duty vehicle CAFE standards were maintained at their augural levels, benefits could exceed costs by \$667 billion.³ Similarly, the medium- and heavy-duty truck Phase 2 vehicle and engine standards to reduce oil consumption will produce net societal benefits of \$117 to \$229 billion.⁴

And setting aside economy-wide benefits, these standards return large real net cash benefits to consumers. Purchasers of new cars and trucks in 2025 will save \$3,200-\$5,700 and \$4,800-8,200, respectively, depending on gas price projections.⁵ These savings are after accounting for the cost of additional technology needed to achieve these efficiency levels—averaging \$1400 for cars and \$1530 for trucks. By focusing on costs, DOT and the administration risk undermining much larger consumer and business savings.

Ongoing strong vehicle fuel economy and GHG standards are critical to securing American manufacturing job growth

Fuel economy standards are highly effective in cutting pollution and improving America's energy security, and are highly cost-effective, returning far greater benefits to consumers than costs. In

² BlueGreen Alliance, "Backgrounder: Sound Vehicle Standards & Policies Drive Strong Job Growth," August 2016. Available: <https://www.bluegreenalliance.org/resources/sound-vehicle-standards-policies-drive-strong-job-growth/>. Underlying data from U.S. Bureau of Labor Statistics (BLS), <https://www.bls.gov/iag/tgs/iagauto.htm>. Analysis by BlueGreen Alliance.

³ 77 FR 62624 at 62629.

⁴ 81 FR 73478 at 73482. Range based on 3 percent and 7 percent discount rates.

⁵ Consumers Union, "Consumer Savings from 2025 Corporate Average Fuel Economy Standards", September 2016.

addition, strong, certain, long-term fuel economy and GHG standards have played a critical role in the automotive recovery, and remain critical to sustaining it.

In May, the BlueGreen Alliance co-authored a report with the Natural Resources Defense Council called *Supplying Ingenuity II: U.S. Suppliers of Key Clean Fuel-Efficient Technology*.⁶ The report assessed the companies and workers across the United States making the specific technologies (as identified by the Environmental Protection Agency (EPA), NHTSA, and the National Academy of Sciences) that go into improving fuel economy. **The report finds 288,000 American workers building this technology today at over 1200 factories and engineering facilities in 48 states and in 335 congressional districts.**

Figure 1: Suppliers of Fuel-Efficient Vehicle Technology – More than 1200 Facilities Nationwide⁷



In the top five states alone—Michigan, Indiana, Ohio, Tennessee and Kentucky—building cleaner vehicle technologies supports nearly 160,000 manufacturing jobs.⁸ Figure 2 below provides a glimpse of the range of domestically manufactured technologies (and associated manufacturing facilities and jobs) this entails.

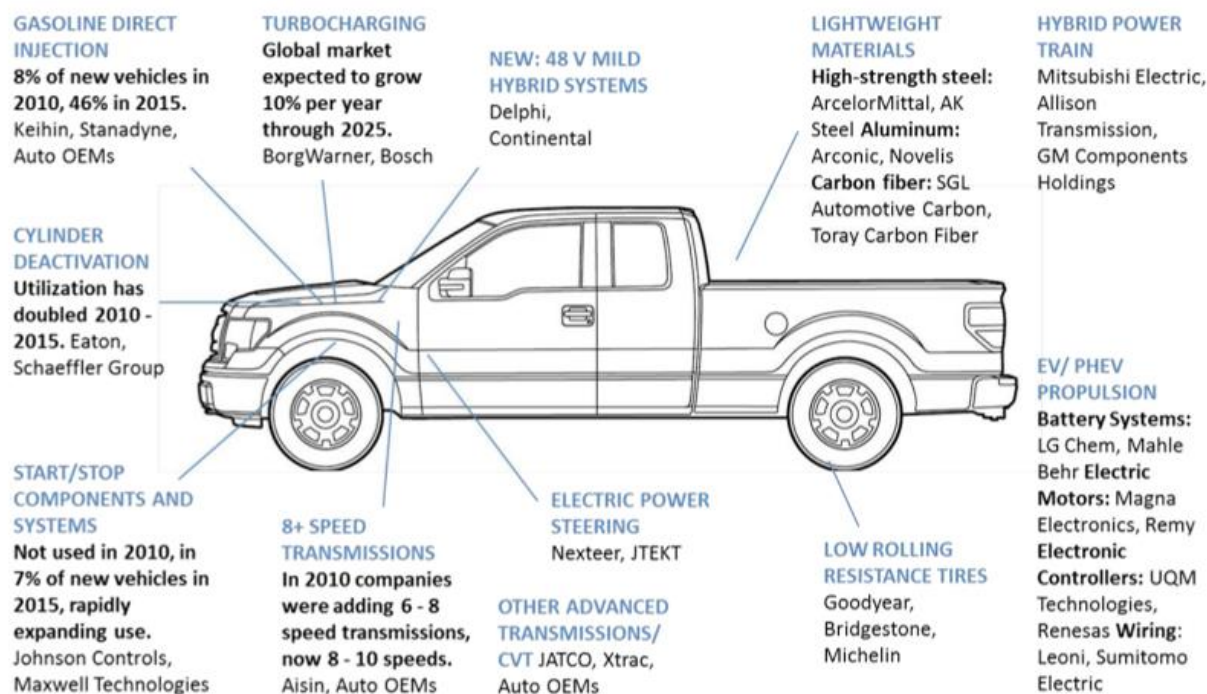
⁶ Natural Resources Defense Council and Blue Green Alliance, *Supplying Ingenuity II: U.S. Suppliers of Key Clean, Fuel-Efficient Vehicle Technologies* (June 2017).

Available: <https://www.bluegreenalliance.org/resources/supplying-ingenuity-ii-u-s-suppliers-of-key-clean-fuel-efficient-vehicle-technologies/>.

⁷ Source: *Supplying Ingenuity II*.

⁸ *Supplying Ingenuity II*.

Figure 2: Examples of U.S. Manufacturers of Fuel-Efficient Vehicle Technology



Note: Many additional U.S. manufacturers produce each of these technologies. Indicators of growth are drawn from agency, industry, and press reports.

The “cost” of complying with these standards is helping anchor the manufacturing economy in towns across America

Not only do the benefits of these standards greatly exceed the cost, as discussed above, but the “costs” themselves also represent a critical driver of manufacturing growth across the country.

We agree with automakers and the agencies, that meeting these standards will require billions in automaker investment—and spur additional billions in investment by automotive suppliers.⁹

This multibillion dollar “cost” represents automaker spending on additional R&D, additional investments in retooling American factories, hiring of additional workers, purchases of manufacturing equipment, and purchases of tens of billions of dollars in added advanced materials and components from smaller manufacturers. These component suppliers in turn are making new investments in R&D and manufacturing all across America. Indeed, leading, long-term standards have been critical to provide the certainty necessary for companies to make these large long-term investments in the United States.

In *Supplying Ingenuity II*, cited above we show the hundreds of real factories where these investments are taking place and hundreds of thousands of workers who are making this

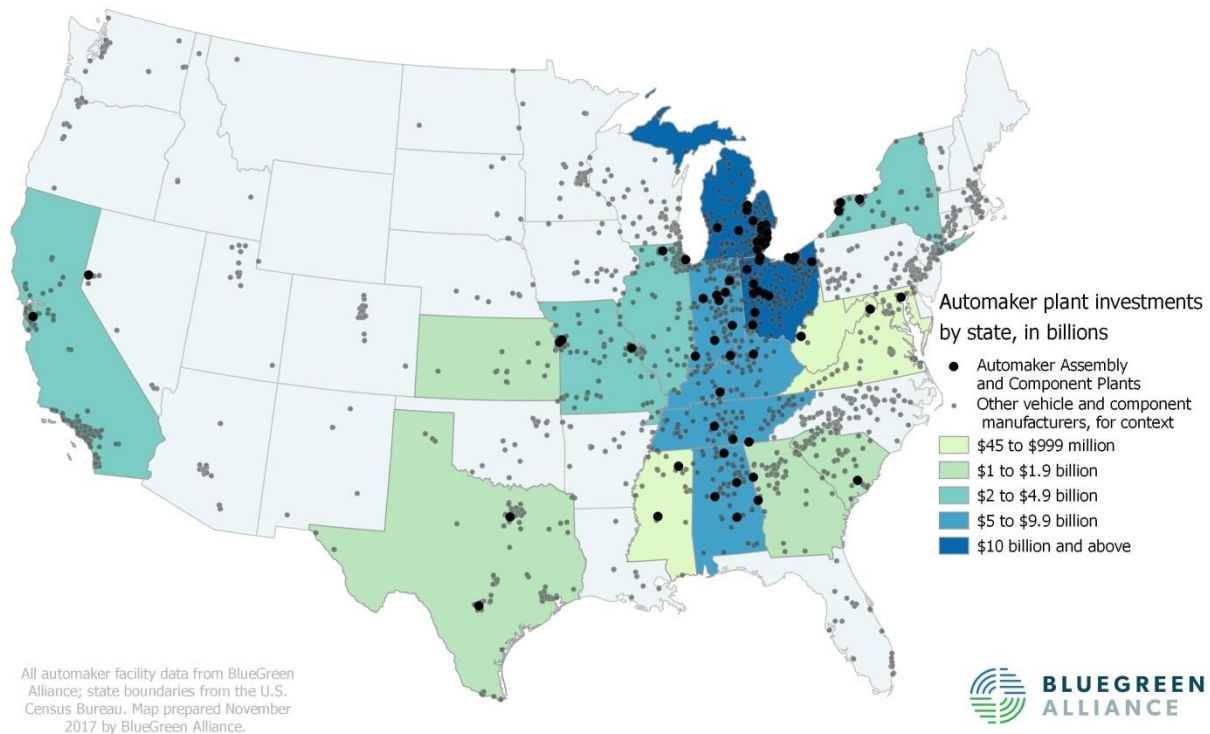
⁹ 77 CFR 62624

technology today. Similarly, in our 2016 factsheet, we unpack the improvements in fuel economy in the Ford F150, specifically, and detail the innovation, plant investments, and job growth in advanced engines, transmissions, materials, and components that make those improvements possible.

And most recently, in a soon to be published issue brief, we follow the “cost” dollars directly. We track automaker plant investments over the past decade as automakers have implemented the current generation of fuel economy standards. **In our preliminary analysis, we find \$77 billion in plant-by-plant investment. That includes 246 completed investments—totaling \$65 billion—at 97 auto assembly facilities and major automaker-owned components plants, as well as an additional \$12 billion in investments underway or promised in upcoming years at 36 facilities.**The map below shows these investments by state.

Figure 3: Automaker investments by state

Total Completed and Promised Investments in Automotive Assembly Plants 2008 - 2017 *This includes auto assembly plants and major automaker-owned component plants only*



We recognize that these amounts include both “business as usual” investments and additional investments to more rapidly improve fuel economy. But a more granular look at this data shows, for example, intense and repeated investments in engine and transmission facilities as automakers rapidly introduce and integrate new more efficient engine types and higher speed transmissions. We see shifts to new materials at assembly facilities that mean more wide-scale

retooling, new robotics, and new training. And while our research is ongoing, it also appears to confirm significantly increased total investment over previous comparable periods. In short we see how the “costs” of the standards are translated into the manufacturing and jobs we document above.

The grey dots in the map above represent suppliers of components, materials, and technology that go into improving fuel economy. While our research on investments only looks at automaker facilities, the map suggests the degree to which enhanced investment by automakers helps anchor growth and drive investment at the suppliers of the components that go into more efficient vehicles. Indeed our 2017 *Supplying ingenuity II* report found two-and-a-half times as many facilities, and nearly twice as many workers, building this technology as did a similar report in 2011. Over this same decade, the industry has brought back 700,000 jobs. Jobs added across automaker and supplier facilities make up 40% or more of all manufacturing jobs added since the recession¹⁰.

These investments may be technically defines as “costs”, but they are also the engine of America’s manufacturing recovery. We can’t afford to slow or reverse this progress.

We strongly support these powerfully effective and cost-effective rules. Stepping back from this trajectory would take savings out of consumers and businesses pockets, damage America’s energy security and environment, and could put jobs and the revitalization of American manufacturing at risk.

Protect Natural Gas Pipeline Safety

America’s natural gas pipeline system is a vast network with more than a million miles of pipe in the distribution system alone. While communities rely on these pipes to supply energy to homes and businesses, significant portions of this network were constructed during the 1930’s or earlier; these old pipelines are degraded and are more prone to leakage than coated steel and other advanced materials available now.

These pipes create a grave public safety threat and explosions tied to leaking pipelines have resulted in numerous fatalities. Since 2010, in the United States alone, explosions traceable to leaking gas pipelines have led to multiple fatalities in New York City (2014), Allentown, PA (2011), and San Bruno, CA (2010), among others. Scores of other accidents resulted in injuries and extensive property damage in the same time period. For example, in November of 2002, leaks in a natural gas pipe caused explosions that destroyed three homes and injured at least four people in Lafayette, Indiana. In 2012, an assessment of distribution pipe in Boston, Massachusetts, identified 3,300 gas leaks in the city of Boston, six of which had levels higher than the threshold at which explosion could occur. More recently, a survey of gas lines in Washington, D.C. identified more than 5,900 leaks—with a dozen of these potentially reaching explosion threshold, and prompting swift responses to mitigate the hazard.

¹⁰ BlueGreen Alliance, *Sound Vehicle Standards and Policies Drive Strong Job Growth*, 2016

In addition to raising safety and reliability concerns, the deterioration of the nation's pipeline network results in the accidental release of methane, a highly potent greenhouse gas and the primary component of natural gas. Lost and leaking natural gas costs billions of dollars every year and wastes valuable energy resources. While some of these releases are unavoidable results of repair or operations, leaks due to corrosion, mechanical failure, control system failure, accidental or third party disruptions and excavations, and natural forces—temperature swings, floods, hurricanes and earthquakes—can be the cause as well.

PHMSA has an absolutely critical mission of protecting the public from these threats, particularly in the establishment of rules that will facilitate upgrades to safer, more efficient technology and help ensure workers get the best training before making repairs to leaking pipes. These types of standards allow us to modernize the natural gas pipeline network and accelerate current efforts to repair America's distribution pipelines. These kinds of investments enhance system reliability and increase public safety.

They also create and sustain tens of thousands of new direct and indirect jobs, and strengthen the economy by expanding the market for pipe manufacturing, fabrication, installation, and operations. For example, a study by the BlueGreen Alliance examined a scenario whereby the current rate of replacement and repair were tripled—a rate of activity already underway in some communities. This analysis updated with 2015 data shows accelerating this investment to a 10-year time frame would increase job creation by an average of 115,000 job-years annually per year, and result in:

- The creation of over 2 million additional job-years over ten years, creating more jobs over a shorter period of time than the business as usual scenario;
- An average increase in GDP of \$22 billion per year, with a total increase of \$224 billion over ten years; and
- Additional savings of 81 million metric tons of CO₂-equivalent emissions compared to the current rate of repair. This reduction in emissions would be comparable to taking 17 million cars and trucks off the road for one year.

In short, we urge PHMSA to sustain and uphold its natural gas pipeline safety standards, which are critical for the health and safety of our communities and will create and sustain quality jobs.

Conclusion

Regulatory rollbacks are not what America's working families and manufacturing communities need. It would be shortsighted to tear down efforts that are working right now to create and sustain jobs in manufacturing and other sectors; spur American innovation and economic leadership; keep communities and workers safe; and reduce pollution. In addition to clear safety, energy security, and environmental benefits, what may appear as costs to industry can represent significant investments that result in keeping and growing good jobs here in America.

We urge the DOT to continue to uphold these common-sense safeguards, and the investments, innovation, safety and environmental benefits they bring to us all.