

110TH CONGRESS
1ST SESSION

S. 183

To require the establishment of a corporate average fuel economy standard for passenger automobiles of 40 miles per gallon by 2017, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 4, 2007

Mr. STEVENS introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To require the establishment of a corporate average fuel economy standard for passenger automobiles of 40 miles per gallon by 2017, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Improved Passenger Automobile Fuel Economy Act of
6 2007”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—40 MPG STANDARD BY 2017

- Sec. 101. CAFE standards for passenger automobiles.
 Sec. 102. Fuel economy standard credits.
 Sec. 103. Authorization of appropriations.
 Sec. 104. Effective date.

TITLE II—MARKET-BASED INITIATIVES FOR GREENHOUSE GAS
REDUCTION

- Sec. 201. Market-based initiatives.
 Sec. 202. Implementing panel.
 Sec. 203. Definitions.

1 **TITLE I—40 MPG STANDARD BY**
 2 **2017**

3 **SEC. 101. CAFE STANDARDS FOR PASSENGER AUTO-**
 4 **MOBILES.**

5 (a) AVERAGE FUEL ECONOMY STANDARDS FOR
 6 AUTOMOBILES.—Section 32902 of title 49, United States
 7 Code, is amended—

8 (1) by striking subsections (b) and (c) and in-
 9 serting the following:

10 “(b) PASSENGER AUTOMOBILES.—

11 “(1) IN GENERAL.—At least 18 months before
 12 the beginning of each model year, the Secretary of
 13 Transportation shall prescribe by regulation average
 14 fuel economy standards for passenger automobiles
 15 manufactured by a manufacturer in that model year.
 16 Each standard shall be the maximum feasible aver-
 17 age fuel economy level that the Secretary decides the
 18 manufacturers can achieve in that model year. The

1 Secretary may prescribe separate standards for dif-
2 ferent classes of passenger automobiles.

3 “(2) MINIMUM STANDARD.—Except as provided
4 in paragraph (3), in prescribing a standard under
5 paragraph (1), the Secretary shall ensure that no
6 manufacturer’s standard for a particular model year
7 is less than the greater of—

8 “(A) the standard in effect on the date of
9 enactment of the Improved Passenger Auto-
10 mobile Fuel Economy Act of 2007; or

11 “(B) a standard established in accordance
12 with the requirement of section 104(c)(2) of
13 that Act.

14 “(3) 40 MILES PER GALLON STANDARD FOR
15 MODEL YEAR 2017.—The Secretary shall prescribe
16 an average fuel economy standard for passenger
17 automobiles manufactured by a manufacturer in
18 model year 2017 of 40 miles per gallon. If the Sec-
19 retary determines that more than 1 manufacturer is
20 not reasonably expected to achieve that standard,
21 the Secretary shall notify the Senate Committee on
22 Commerce, Science, and Transportation and the
23 House of Representatives Committee on Energy and
24 Commerce of that determination.

25 “(c) FLEXIBILITY OF AUTHORITY.—

1 “(1) IN GENERAL.—The authority of the Sec-
2 retary to prescribe by regulation average fuel econ-
3 omy standards for automobiles under this section in-
4 cludes the authority to prescribe standards based on
5 one or more vehicle attributes that relate to fuel
6 economy, and to express the standards in the form
7 of a mathematical function. The Secretary may issue
8 a regulation prescribing standards for one or more
9 model years.

10 “(2) REQUIRED LEAD-TIME.—When the Sec-
11 retary prescribes an amendment to a standard under
12 this section that makes an average fuel economy
13 standard more stringent, the Secretary shall pre-
14 scribe the amendment at least 18 months before the
15 beginning of the model year to which the amend-
16 ment applies.

17 “(3) NO ACROSS-THE-BOARD INCREASES.—
18 When the Secretary prescribes a standard, or pre-
19 scribes an amendment under this section that
20 changes a standard, the standard may not be ex-
21 pressed as a uniform percentage increase from the
22 fuel-economy performance of automobile classes or
23 categories already achieved in a model year by a
24 manufacturer.”;

1 (2) by inserting “motor vehicle safety, emis-
2 sions,” in subsection (f) after “economy,”;

3 (3) by striking “energy.” in subsection (f) and
4 inserting “energy and reduce its dependence on oil
5 for transportation.”;

6 (4) by striking subsection (j) and inserting the
7 following:

8 “(j) NOTICE OF FINAL RULE.—Before taking final
9 action on a standard or an exemption from a standard
10 under this section, the Secretary of Transportation shall
11 notify the Secretary of Energy and the Administrator of
12 the Environmental Protection Agency and provide them
13 a reasonable time to comment on the standard or exemp-
14 tion.”; and

15 (5) by adding at the end thereof the following:

16 “(k) COSTS-BENEFITS.—The Secretary of Transpor-
17 tation may not prescribe an average fuel economy stand-
18 ard under this section that imposes marginal costs that
19 exceed marginal benefits, as determined at the time any
20 change in the standard is promulgated.”.

21 (b) EXEMPTION CRITERIA.—The first sentence of
22 section 32904(b)(6)(B) of title 49, United States Code,
23 is amended—

1 (1) by striking “exemption would result in re-
2 duced” and inserting “manufacturer requesting the
3 exemption will transfer”;

4 (2) by striking “in the United States” and in-
5 serting “from the United States”; and

6 (3) by inserting “because of the grant of the ex-
7 emption” after “manufacturing”.

8 (c) CONFORMING AMENDMENTS.—

9 (1) Section 32902 of title 49, United States
10 Code, is amended—

11 (A) by striking “or (c)” in subsection
12 (d)(1);

13 (B) by striking “(c),” in subsection (e)(2);

14 (C) by striking “subsection (a) or (d)”
15 each place it appears in subsection (g)(1) and
16 inserting “subsection (a), (b), or (d)”;

17 (D) by striking “(1) The” in subsection
18 (g)(1) and inserting “The”;

19 (E) by striking subsection (g)(2); and

20 (F) by striking “(e),” in subsection (h)
21 and inserting “(b),”.

22 (2) Section 32903 of such title is amended by
23 striking “section 32902(b)–(d)” each place it ap-
24 pears and inserting “subsection (b) or (d) of section
25 32902”.

1 (3) Section 32904(a)(1)(B) of such title is
2 amended by striking “section 32902(b)–(d)” and in-
3 serting “subsection (b) or (d) of section 32902”.

4 (4) The first sentence of section 32909(b) of
5 such title is amended to read “The petition must be
6 filed not later than 59 days after the regulation is
7 prescribed.”.

8 (5) Section 32917(b)(1)(B) of such title is
9 amended by striking “or (c)”.

10 **SEC. 102. FUEL ECONOMY STANDARD CREDITS.**

11 (a) **IN GENERAL.**—Section 32903 of title 49, United
12 States Code, is amended by striking the second sentence
13 of subsection (a) and inserting “The credits—

14 “(1) may be applied to any of the 3 model years
15 immediately following the model year for which the
16 credits are earned; or

17 “(2) transferred to the registry established
18 under section 201 of the Improved Passenger Auto-
19 mobile Fuel Economy Act of 2007.”.

20 (b) **GREENHOUSE GAS CREDITS APPLIED TO CAFE**
21 **STANDARDS.**—Section 32903 of title 49, United States
22 Code, is amended by adding at the end the following:

23 “(g) **GREENHOUSE GAS CREDITS.**—

24 “(1) **IN GENERAL.**—A manufacturer may apply
25 credits purchased through the registry established by

1 section 201 of the Improved Passenger Automobile
2 Fuel Economy Act of 2007 toward any model year
3 after model year 2010 under subsection (d), sub-
4 section (e), or both.

5 “(2) LIMITATION.—A manufacturer may not
6 use credits purchased through the registry to offset
7 more than 10 percent of the fuel economy standard
8 applicable to any model year.”.

9 **SEC. 103. AUTHORIZATION OF APPROPRIATIONS.**

10 There are authorized to be appropriated to the Sec-
11 retary of Transportation such sums as may be necessary
12 to carry out this title and chapter 329 of title 49, United
13 States Code, as amended by this title.

14 **SEC. 104. EFFECTIVE DATE.**

15 (a) IN GENERAL.—Except as provided in subsection
16 (b), this title, and the amendments made by this title, take
17 effect on the date of enactment of this Act.

18 (b) TRANSITION FOR PASSENGER AUTOMOBILE
19 STANDARD.—Notwithstanding subsection (a), and except
20 as provided in subsection (c)(2), until the effective date
21 of a standard for passenger automobiles that is issued
22 under the authority of section 32902(b) of title 49, United
23 States Code, as amended by this Act, the standard or
24 standards in place for passenger automobiles under the
25 authority of section 32902 of that title, as that section

1 was in effect on the day before the date of enactment of
2 this Act, shall remain in effect.

3 (c) RULEMAKING.—

4 (1) INITIATION OF RULEMAKING UNDER
5 AMENDED LAW.—Within 60 days after the date of
6 enactment of this Act, the Secretary of Transpor-
7 tation shall initiate a rulemaking for passenger auto-
8 mobiles under section 32902(b) of title 49, United
9 States Code, as amended by this Act.

10 (2) AMENDMENT OF EXISTING STANDARD.—

11 Until the Secretary issues a final rule pursuant to
12 the rulemaking initiated in accordance with para-
13 graph (1), the Secretary shall amend the average
14 fuel economy standard prescribed pursuant to sec-
15 tion 32092(b) of title 49, United States Code, with
16 respect to passenger automobiles in model years to
17 which the standard adopted by such final rule does
18 not apply.

19 **TITLE II—MARKET-BASED INI-**
20 **TIATIVES FOR GREENHOUSE**
21 **GAS REDUCTION**

22 **SEC. 201. MARKET-BASED INITIATIVES.**

23 (a) ESTABLISHMENT OF REGISTRY FOR VOLUNTARY
24 TRADING SYSTEMS.—The Secretary of Commerce shall
25 establish a national registry system for greenhouse gas

1 trading among industry under which emission reductions
2 from the applicable baseline are assigned unique identi-
3 fying numerical codes by the registry. Participation in the
4 registry is voluntary. Any entity conducting business in
5 the United States may register its emission results, includ-
6 ing emissions generated outside of the United States, on
7 an entity-wide basis with the registry, and may utilize the
8 services of the registry.

9 (b) PURPOSES.—The purposes of the national reg-
10 istry are—

11 (1) to encourage voluntary actions to reduce
12 greenhouse gas emissions and increase energy effi-
13 ciency, including increasing the fuel economy of pas-
14 senger automobiles and light trucks and reducing
15 the reliance by United States markets on petroleum
16 produced outside the United States used to provide
17 vehicular fuel;

18 (2) to enable participating entities to record vol-
19 untary greenhouse gas emissions reductions; in a
20 consistent format that is supported by third party
21 verification;

22 (3) to encourage participants involved in exist-
23 ing partnerships to be able to trade emissions reduc-
24 tions among partnerships;

1 (4) to further recognize, publicize, and promote
2 registrants making voluntary and mandatory reduc-
3 tions;

4 (5) to recruit more participants in the program;
5 and

6 (6) to help various entities in the nation estab-
7 lish emissions baselines.

8 (c) FUNCTIONS.—The national registry shall carry
9 out the following functions:

10 (1) REFERRALS.—Provide referrals to approved
11 providers for advice on—

12 (A) designing programs to establish emis-
13 sions baselines and to monitor and track green-
14 house gas emissions; and

15 (B) establishing emissions reduction goals
16 based on international best practices for specific
17 industries and economic sectors.

18 (2) UNIFORM REPORTING FORMAT.—Adopt a
19 uniform format for reporting emissions baselines
20 and reductions established through—

21 (A) the Director of the National Institute
22 of Standards and Technology for greenhouse
23 gas baselines and reductions generally; and

1 (B) the Secretary of Transportation for
2 credits under section 32903 of title 49, United
3 States Code.

4 (3) RECORD MAINTENANCE.—Maintain a
5 record of all emission baselines and reductions
6 verified by qualified independent auditors.

7 (4) ENCOURAGE PARTICIPATION.—Encourage
8 organizations from various sectors to monitor emis-
9 sions, establish baselines and reduction targets, and
10 implement efficiency improvement and renewable en-
11 ergy programs to achieve those targets.

12 (5) PUBLIC AWARENESS.—Recognize, publicize,
13 and promote participants that—

14 (A) commit to monitor their emissions and
15 set reduction targets;

16 (B) establish emission baselines; and

17 (C) report on the amount of progress made
18 on their annual emissions.

19 (d) TRANSFER OF REDUCTIONS.—The registry
20 shall—

21 (1) allow for the transfer of ownership of any
22 reductions realized in accordance with the program;
23 and

1 (2) require that the registry be notified of any
2 such transfer within 30 days after the transfer is ef-
3 fected.

4 (e) FUTURE CONSIDERATIONS.—Any reductions
5 achieved under this program shall be credited against any
6 future mandatory greenhouse gas reductions required by
7 the government. Final approval of the amount and value
8 of credits shall be determined by the agency responsible
9 for the implementation of the mandatory greenhouse gas
10 emission reduction program, except that credits under sec-
11 tion 32903 of title 49, United States Code, shall be deter-
12 mined by the Secretary of Transportation. The Secretary
13 of Commerce shall by rule establish an appeals process,
14 that may incorporate an arbitration option, for resolving
15 any dispute arising out of such a determination made by
16 that agency.

17 (f) CAFE STANDARDS CREDITS.—The Secretary of
18 Transportation shall work with the Secretary of Com-
19 merce and the implementing panel established by section
20 202 to determine the equivalency of credits earned under
21 section 32903 of title 49, United States Code, for inclu-
22 sion in the registry. The Secretary shall by rule establish
23 an appeals process, that may incorporate an arbitration
24 option, for resolving any dispute arising out of such a de-
25 termination.

1 **SEC. 202. IMPLEMENTING PANEL.**

2 (a) ESTABLISHMENT.—There is established within
3 the Department of Commerce an implementing panel.

4 (b) COMPOSITION.—The panel shall consist of—

5 (1) the Secretary of Commerce or the Sec-
6 retary's designee, who shall serve as Chairperson;

7 (2) the Secretary of Transportation or the Sec-
8 retary's designee; and

9 (3) 1 expert in the field of greenhouse gas emis-
10 sions reduction, certification, or trading from each of
11 the following agencies—

12 (A) the Department of Energy;

13 (B) the Environmental Protection Agency;

14 (C) the Department of Agriculture;

15 (D) the National Aeronautics and Space
16 Administration;

17 (E) the Department of Commerce; and

18 (F) the Department of Transportation.

19 (c) EXPERTS AND CONSULTANTS.—Any member of
20 the panel may secure the services of experts and consult-
21 ants in accordance with the provisions of section 3109 of
22 title 5, United States Code, for greenhouse gas reduction,
23 certification, and trading experts in the private and non-
24 profit sectors and may also utilize any grant, contract, co-
25 operative agreement, or other arrangement authorized by
26 law to carry out its activities under this subsection.

1 (d) DUTIES.—The panel shall—

2 (1) implement and oversee the implementation
3 of this section;

4 (2) promulgate—

5 (A) standards for certification of registries
6 and operation of certified registries; and

7 (B) standards for measurement,
8 verification, and recording of greenhouse gas
9 emissions and greenhouse gas emission reduc-
10 tions by certified registries;

11 (3) maintain, and make available to the public,
12 a list of certified registries; and

13 (4) issue rulemakings on standards for meas-
14 uring, verifying, and recording greenhouse gas emis-
15 sions and greenhouse gas emission reductions pro-
16 posed to the panel by certified registries, through a
17 standard process of issuing a proposed rule, taking
18 public comment for no less than 30 days, then final-
19 izing regulations to implement this act, which will
20 provide for recognizing new forms of acceptable
21 greenhouse gas reduction certification procedures.

22 (e) CERTIFICATION AND OPERATION STANDARDS.—

23 The standards promulgated by the panel shall include—

1 (1) standards for ensuring that certified reg-
2 istries do not have any conflicts of interest, including
3 standards that prohibit a certified registry from—

4 (A) owning greenhouse gas emission reduc-
5 tions recorded in any certified registry; or

6 (B) receiving compensation in the form of
7 a commission where sources receive money for
8 the total number of tons certified;

9 (2) standards for authorizing certified registries
10 to enter into agreements with for-profit persons en-
11 gaged in trading of greenhouse gas emission reduc-
12 tions, subject to paragraph (1); and

13 (3) such other standards for certification of
14 registries and operation of certified registries as the
15 panel determines to be appropriate.

16 (f) MEASUREMENT, VERIFICATION, AND RECORDING
17 STANDARDS.—The standards promulgated by the panel
18 shall provide for, in the case of certified registries—

19 (1) ensuring that certified registries accurately
20 measure, verify, and record greenhouse gas emis-
21 sions and greenhouse gas emission reductions, tak-
22 ing into account—

23 (A) boundary issues such as leakage and
24 shifted utilization; and

1 (B) such other factors as the panel deter-
2 mines to be appropriate;

3 (2) ensuring that—

4 (A) certified registries do not double-count
5 greenhouse gas emission reductions; and

6 (B) if greenhouse gas emission reductions
7 are recorded in more than 1 certified registry,
8 such double-recording is clearly indicated;

9 (3) determining the ownership of greenhouse
10 gas emission reductions and recording and tracking
11 the transfer of greenhouse gas emission reductions
12 among entities (such as through assignment of serial
13 numbers to greenhouse gas emission reductions);

14 (4) measuring the results of the use of carbon
15 sequestration and carbon recapture technologies;

16 (5) measuring greenhouse gas emission reduc-
17 tions resulting from improvements in—

18 (A) power plants;

19 (B) automobiles (including types of pas-
20 senger automobiles and light trucks, as defined
21 in section 32901(a)(16) and (17) respectively,
22 produced in the same model year);

23 (C) carbon re-capture, storage and seques-
24 tration, including organic sequestration and

1 manufactured emissions injection, and or stor-
2 age; and

3 (D) other sources;

4 (6) measuring prevented greenhouse gas emis-
5 sions through the rulemaking process and based on
6 the latest scientific data, sampling, expert analysis
7 related to measurement and projections for pre-
8 vented greenhouse gas emissions in tons including—

9 (A) organic soil carbon sequestration prac-
10 tices;

11 (B) forest preservation and re-forestation
12 activities which adequately address the issues of
13 permanence, leakage and verification; and

14 (7) such other measurement, verification, and
15 recording standards as the panel determines to be
16 appropriate.

17 (g) CERTIFICATION OF REGISTRIES.—Except as pro-
18 vided in subsection (h), a registrant that desires to be a
19 certified registry shall submit to the panel an application
20 that—

21 (1) demonstrates that the registrant meets each
22 of the certification standards established by the
23 panel under subsections (d) and (e); and

24 (2) meets such other requirements as the panel
25 may establish.

1 (h) AUTOMOBILE INDUSTRY.—The Secretary of
2 Transportation is deemed to be the certified registrant for
3 credits earned under section 32903 of title 49, United
4 States Code.

5 (i) ANNUAL REPORT.—Within 1 year after the date
6 after the date of enactment of this Act and biennially
7 thereafter, the panel shall report to the Congress on the
8 status of the program established under this section. The
9 report shall include an assessment of the level of partici-
10 tion in the program and amount of progress being made
11 on emission reduction targets.

12 **SEC. 203. DEFINITIONS.**

13 In this title:

14 (1) GREENHOUSE GAS.—The term “greenhouse
15 gas” includes—

- 16 (A) carbon dioxide;
- 17 (B) methane;
- 18 (C) hydro fluorocarbons;
- 19 (D) perfluorocarbons;
- 20 (E) nitrous oxide; and
- 21 (F) sulfur hexafluoride.

22 (2) BASELINE.—The term “baseline” means—

- 23 (A) the greenhouse gas emissions, deter-
24 mined on an entity-wide basis for the partici-
25 pant’s most recent previous 3-year annual aver-

1 age of greenhouse gas emissions prior to the
2 date of enactment of this Act; or

3 (B) if data is unavailable for that 3-year
4 period, the greenhouse gas emissions as of Sep-
5 tember 30, 2004, (or as close to that date as
6 such emission levels can reasonably be deter-
7 mined). In promulgating regulations under this
8 title, the panel shall take into account green-
9 house gas emission reductions or off-setting ac-
10 tions taken by any entity before the date on
11 which the registry is established.

12 (3) CERTIFIED REGISTRY.—The term “certified
13 registry” means a registry that has been certified by
14 the panel as meeting the standards promulgated
15 under section 202(e) and (f) and, for the automobile
16 industry, the Secretary of Transportation.

17 (4) GREENHOUSE GAS EMISSIONS.—The term
18 “greenhouse gas emissions” means the quantity of
19 greenhouse gases emitted by a source during a pe-
20 riod, measured in tons of greenhouse gases.

21 (5) GREENHOUSE GAS EMISSION REDUCTION.—
22 The term “greenhouse gas emission reduction”
23 means a quantity equal to the difference between—

24 (A) the greenhouse gas emissions of a
25 source during a period; and

1 (B) the greenhouse gas emissions of the
2 source during a baseline period of the same du-
3 ration as determined by registries and entities
4 defined as owners of emission sources.

5 (6) KYOTO PROTOCOL.—The term “Kyoto pro-
6 tocol” means the Kyoto Protocol to the United Na-
7 tions Framework Convention on Climate Change (in-
8 cluding the Montreal Protocol to the Convention on
9 Substances that Deplete the Ozone Layer).

10 (7) PANEL.—The term “panel” means the im-
11 plementing panel established by section 202(a).

12 (8) REGISTRANT.—The term “registrant”
13 means a private person that operates a database re-
14 cording quantified and verified greenhouse gas emis-
15 sions and emissions reductions of sources owned by
16 other entities.

17 (9) SOURCE.—The term “source” means a
18 source of greenhouse gas emissions.

○