



Policy Challenges and Solutions to Support the Light-Duty Diesel Sector and Promote Fuel Economy and Energy Independence

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The number of light-duty diesel models offered to consumers continues to grow each year while consumers purchase more and more of these cars, pickups and SUVs. The diesel powertrain is expected to expand to anywhere from four to 18 percent of the market by 2023 beating other alternative powered vehicles. Much of this sales growth owes to efficiency and unique performance characteristics of new diesel technology. Light-duty diesel cars, trucks and SUVs achieve 20 to 40 percent better fuel economy and 10 to 20 percent lower emissions compared to a comparable gasoline powered vehicle. Increased fuel economy and reduced emissions from these vehicles provide real benefits to air quality and energy security. The number of diesel powered vehicles on the road since 2005 saved over 8 million tons of carbon emissions and 29 million barrels of crude oil. The anticipated growth of the market will contribute to almost eight million tons of carbon emissions reduction and save 31 million barrels of crude oil.

Despite the enormous benefits of the diesel vehicles market, there are public policy challenges that hinder the further growth of the market.

Challenge #1: Motor Fuels Tax Inequity

The Federal tax on diesel fuel (24.4 cents/gallon) exceeds the tax on gasoline (18.4 cents/gallon) by six cents. Meanwhile, 15 states impose a diesel tax higher than that on gasoline. In some states, like Connecticut and Florida, the difference is over 20 cents.

Solution: Motor fuels tax parity will go a long way to promote this clean and efficient powertrain with car buyers. While higher diesel rates are imposed to internalize the extra wear and tear of heavy-duty trucks, the higher rate unfairly penalizes light-duty cars and pickup owners that impose the same costs to roadways as gasoline vehicles. With tax parity, consumers will be able to easily compare total fuel costs when making an informed decision about their next vehicle purchase.

Challenge #2: Government Incentives and Investments in Competing Alternative Powertrains

State and federal programs help subsidize or incentivize the purchase of natural gas and electric vehicles and fuel and charging infrastructure. Many of these subsidies are offered to promote the purchase of clean and efficient vehicles. Frequently, diesel vehicles achieve similar fuel economies and even the same emissions profile yet do not benefit from these incentives and investments.

Solution: Level playing field for government incentives and investments. Diesel is an alternative fuel and similar tax credits offered to consumers that purchase hybrids, natural gas and other alternative fueled vehicles should be offered to consumers for the purchase of a diesel. Fuel retailers installing

diesel fuelling pumps should also receive the same incentives and tax credits offered to install other alternative fuel infrastructure.

Challenge #3: Inconsistent State Biodiesel Requirements

Much like ethanol is to gasoline, biodiesel is to diesel. The federal Renewable Fuel Standard and similar state programs result in a certain amount of biodiesel blended into the petroleum diesel supply. All light-duty diesel engines are approved to operate on a blend of biodiesel up to five percent or B5 and some are even approved up to 20 percent or B20. However, some states have biodiesel blend requirements or incentives that exceed some manufacturers' approval. This results in filter clogging, poor engine performance and warranty issues for consumers.

Solution: Support a consistent nationwide B5 standard for light-duty cars, SUVs and pick-ups to ensure biodiesel is uniformly distributed across the United States.

Challenge #4: Expand HOV Lane Access for Diesel Powered Vehicles

Certain states grant some alternative fueled vehicles HOV-lane access without a fuel economy performance standard. Sometimes a diesel powered vehicle meets or exceeds the fuel economy of many hybrid vehicles yet may not benefit from single passenger HOV lane access.

Solution: Include diesel in the alternative fueled vehicles able to access HOV lanes without minimum passenger requirements as a means to increase awareness of diesel as an efficient powertrain with consumers.

Challenge #5: Level the Playing Field for EPA Testing Procedures

Many light-duty diesel drivers report fuel economy statistics that rival the vehicle's official EPA mileage. EPA testing procedures to determine a vehicles' fuel economy often advantage hybrid efficiencies at the expense of diesel by giving more weight to city driving.

Solution: Adopt a more equal fuel economy testing procedure to level the playing field between powertrains.

Challenge #6: Proposed Prohibitions on Diesel Vehicle Registration.

Some localities propose a prohibition on the registration of diesel vehicles. Recently the D.C. City Council is considering Bill 20-057 that, in part, prohibits the registration of diesel vehicles beginning in 2018. This prohibition ignores the significant fuel economy and emissions reduction benefits of the powertrain. In fact, newer diesel cars and trucks are often exempt from emissions inspections in many states and localities that adopted State Implementation Plans to meet federal air quality standards.

Solution: Oppose efforts to restrict or prohibit the registration of any alternative fueled vehicle including diesel. These provisions may run afoul of the federal Clean Air Act.