



Governor Gray Davis, joined by then-Assemblymember Fran Pavley, signing country's first bill to set GHG standards for cars. Source: Environmental Entrepreneurs

Dan rightly [praised](#) the good news about newly agreed to federal fuel economy standards for the 2017-2025 time frame that will reach 54.5 miles per gallon by 2025 (though there will be a review at midpoint and a possibility for readjustment if the 54.5 mpg standard proves too tough). In all of the [press coverage](#) about the new standards the Obama Administration gets high marks for pushing hard for the standards. Moreover the standards, virtually everyone acknowledges, could not have been reached but for the federal bailout of the auto industry just two years ago. The bailout makes it hard for the automakers to take on their federal benefactor. The standards are also helped by the fact that small and fuel efficient cars are suddenly very popular: the New York Times [reports](#) that six of the top ten best selling cars and trucks are small and mid-size. Thus the automakers realize that they can manufacture fuel efficient cars and make money on them.

But significantly downplayed in the reporting on the fuel standards is the importance of California in making the standards happen. First, a bit of crucial background. California, under the federal Clean Air Act, is the only state in the country allowed to regulate pollutants from auto tailpipes (for a lengthy explanation of this authority and background see [here](#).) The state passed legislation in 2002 to require its Air Resources Board (CARB) to issue the first ever domestic automobile greenhouse gas emissions standards. The car companies fought these standards tooth and nail in court and politically, and succeeded in getting the Bush Administration to withhold permission for California to issue the standards (the Clean Air Act requires California to seek federal permission to issue auto standards).

But when Obama got into office he used the California standards to negotiate standards for the 2012-2016 period, essentially just taking the California standards and imposing them nationwide. So to begin with, we'd never have the tougher 2012-16 standards but for California's leadership. Those standards, of course, make the next round, the 2017-2025 standards, possible.

But California's role didn't end when President Obama took office. As part of the implementation of AB 32 - the state's comprehensive climate change bill that requires California to roll back its greenhouse gas emissions to 1990 levels by 2020 - the California Air Resources Board has [made clear](#) that it would issue new GHG standards for automobiles (so called Pavley II after the author of the bill requiring California to set the first standards)

to take effect post-2016 when the federal standards expire. So the state had already put into motion the very same process that led to Obama's first set of standards. Obama's negotiators could use the specter of California standards as part of its negotiating strategy with the car companies. If the feds didn't act, California might and the state might issue even tougher standards than the 54.5 standard ultimately agreed to.

I'm moderately hopeful that down the road, California's other efforts to reduce greenhouse gases — its tough renewable portfolio standard, a measure to limit the importation of coal as an energy source, its cap and trade program — could have a similar effect on federal policy. California can show the way, as it has often done environmentally, and perhaps the rest of the country can follow our lead. In the mean time, I agree with Dan that it's nice to have some rare good news about the U.S. and climate change policy.