December 21, 2018

MY 2011-2018 Industry CAFE Compliance

NHTSA is releasing this report to provide an update on the state of industry compliance with CAFE standards. This report quantifies the annual total of surplus credits for automotive manufacturers who exceeded CAFE standards, and credit shortfalls for automotive manufacturers who did not meet CAFE standards. The report also shows how manufacturers used credits or paid civil penalties to resolve these shortfalls. A manufacturer generates credit surpluses or shortfalls for every 1/10 mpg its CAFE fleet performance value exceeds or falls below, respectively, the required CAFE fleet standard multiplied by the total volume of the vehicles produced by the manufacturer in a compliance category[1] each model year. As prescribed by Congress, credit surpluses can be carried forward and/or backwards from subsequent or future model years or transferred across a compliance category or traded from other compliant manufacturers to resolve compliance shortfalls.[2] Each earned credit has a limited period in which it can be carried forward or back to satisfy a shortfall. For MY 2008 and newer fleets, credits may only be applied to the three model years immediately before and five model years immediately after the model year in which the credits were earned.[3] However, a manufacturer may not keep unused credits indefinitely. The credit expiry date is "the model year after which fuel economy credits may no longer be used to achieve compliance with fuel economy regulations."[4] As credits reach their expiry date, they are deleted from a credit holder's account.[5]

In accordance with 49 USC §§ 32903(f)(2), (g)(4) and 49 CFR § 536.9, manufacturers must also meet the minimum domestic passenger car standard. Manufacturers falling below the minimum domestic passenger car standard can resolve their shortfalls by using only earned surplus credits, or by paying civil penalties. They cannot acquire credits from other manufacturers or transfer credits from their other fleets.

This report supplements compliance data provided on NHTSA's public information center (PIC) website, including the "Projected Fuel Economy Performance Report," "Manufacturer Performance Report," and the "Credit Status Report." Similar to other PIC reports, the actual data contained in this report is based upon EPA final-verified model year information for model years 2011 to 2016.[6] For model years 2017 and 2018, the data is based upon projected information EPA received from manufacturers' 2017 final model year (FMY) reports, required by 40 CFR § 600.512-12, and projected data NHTSA received from manufacturers' mid-model year (MMY) reports, required by 49 CFR § 537. The data from these sources had not been verified by EPA or NHTSA. NHTSA is making manufacturers' projected data available to the public to ensure transparency of the CAFE program. However, NHTSA only uses EPA verified final model year data to evaluate manufacturers' final compliance. Projected data may be inaccurate due to the

[1] Congress created three compliance categories, or fleets, each with separate CAFE standards consisting of all the domestic and import passenger cars and light trucks produced by the manufacturer in a given model year.
[2] 49 USC § 32903(a) (Dec. 20, 2007); 49 CFR Part 536.
[3] Id. § 536.6(b).
[4] Id. § 536.3.
[5] Id. § 536.5(c)(2).
[6] EPA verifies manufacturers' final reports in accordance with 40 CFR § 600.512-12 and sends the data to NHTSA.

mixture of vehicles actually produced throughout the model year, which can cause differences between the final and the projected model year data in the FMY and MMY reports.

The table provides the annual total credit shortfalls for the applicable model years. Credit shortfalls are also presented in terms of the equivalent dollar amounts owed to the Department of Treasury for each shortfall prior to the use of any surplus credits.[7] The total civil penalties received represents the actual amounts manufacturers paid after resolving some part of their credit shortfalls using surplus credits. The total surplus credits used to offset manufacturers' credit shortfalls are shown in the table as a percentage of the total shortfalls. The earned credits in the table represent the total number of surplus credits manufacturers earned each model year for over-complying with CAFE standards. The remaining credits represents those earned credits for each model year, which are unused and available for resolving future shortfalls. Model years 2017 and 2018 earned and remaining credits are based upon projected data but show similar trends to the actual compliance results for subsequent model years. Finally, the last two columns represent the number of manufacturers' fleets that either earned a credit surplus or had a credit shortfall.

For any questions concerning this report, please direct your inquiries by email to the NHTSA CAFE Enforcement team at CAFE@dot.gov.

[7] Manufacturers are obligated by 49 USC § 32912 to pay civil penalties equal to $5.50 for each credit unit of a shortfall not offset by surplus credits.

MY 2011-2018 Credit Shortfall Resolution by Compliance Category[10,11,12]

Model Year	Fleet	Total Shortfall (in credit units)	Total Shortfall (in equivalent dollars)	Total MY Civil Penalties	% of Shortfall Resolved by Credits	Surplus Credits Earned	Remaining Surplus Credits	# of OEM Fleets with Credit Shortfalls	# of OEM Fleets with Credit Surplus
2011	DP	0	$0.00	$0.00	NA	110,701,339	4,287,055	0	7
	IP	9,270,751	$50,989,130.50	$6,209,236.00	87.82%	121,570,554	30,679,344	9	10
	LT	10,423,294	$57,328,117.00	$33,804,034.00	41.03%	35,374,439	3,960,435	9	9
	Total	19,694,045	$108,317,247.50	$40,013,270.00	63.06%	267,646,332	38,926,834	18	26
2012	DP	3,754,905	$20,651,977.50	$0.00	100.00%	127,047,828	44,660,312	1	7
	IP	11,582,588	$63,704,234.00	$4,609,000.00	92.77%	121,809,834	79,633,106	9	11
	LT	25,696,309	$141,329,699.50	$10,353,381.50	92.67%	12,993,693	1,101,661	9	8
	Total	41,033,802	$225,685,911.00	$14,962,381.50	93.37%	261,851,355	125,395,079	19	26
2013	DP	652,065	$3,586,357.50	$0.00	100.00%	210,519,100	115,976,106	1	7
	IP	8,768,336	$48,225,848.00	$4,627,920.00	90.40%	146,424,787	112,160,285	9	11
	LT	26,416,586	$145,291,223.00	$14,409,043.00	90.08%	20,286,122	6,404,798	9	8
	Total	35,836,987	$197,103,428.50	$19,036,963.00	90.34%	377,230,009	234,541,189	19	26
2014	DP	9,731,888	$53,525,384.00	$0.00	100.00%	190,916,805	147,008,617	1	8
	IP	12,145,492	$66,800,206.00	$1,454,288.00	97.82%	110,769,354	108,599,177	9	9
	LT	24,820,874	$136,514,807.00	$835,499.50	99.39%	45,402,612	15,718,023	9	8
	Total	46,698,254	$256,840,397.00	$2,289,787.50	99.11%	347,088,771	271,325,817	19	25
2015	DP	16,250,138	$89,375,759.00	$0.00	100.00%	203,696,206	133,963,841	2	8
	IP	16,321,393	$89,767,661.50	$0.00	100.00%	88,784,190	85,229,949	11	8
	LT	50,814,783	$279,481,306.50	$0.00	100.00%	43,908,336	38,736,072	9	6
	Total	83,386,314	$458,624,727.00	$0.00	100.00%	336,388,732	257,929,862	22	22
2016	DP	41,662,089	$229,141,489.50	$77,268,702.50	67.89%	209,217,334	77,859,919	3	5
	IP	22,180,307	$121,991,688.50	$0.00	100.00%	63,508,547	63,508,549	13	6
	LT	113,222,825	$622,725,537.50	$0.00	100.00%	27,256,525	27,256,525	10	4
	Total	177,065,221	$973,858,715.50	$77,268,702.50[8]	92.44%	299,982,406	168,624,993	26	15
2017 (Projected)	DP	49,344,995	$271,397,472.50	Pending	Pending	211,107,884	Pending	5	4
	IP	48,712,654	$267,919,597.00	Pending	Pending	39,243,301	Pending	10	6
	LT	124,075,977	$682,417,873.50	Pending	Pending	29,216,267	Pending	11	5
	Total	222,133,626	$1,221,734,943.00	Pending	Pending	279,567,452	Pending	26	15
2018 (Projected)	DP	62,071,628	$341,393,954.00	Pending	Pending	761,882,167	Pending	6	3
	IP	76,133,590	$418,734,745.00	Pending	Pending	18,275,905	Pending	12	4
	LT	85,184,446	$468,514,453.00	Pending	Pending	26,967,676	Pending	10	4
	Total	223,389,664	$1,228,643,152.00	Pending	Pending	807,125,748[9]	Pending	28	11

[8] One manufacturer is expected to pay significant civil penalties in MY 2016 for failing to exceed or meet the minimum domestic passenger car standard.

[9] For model year 2018, one manufacturer projected it would earn 725,200,000 credits—several times larger than any surplus credits generated in any previous model year by any manufacturer.

[10] The projected information is based upon manufacturers' model year 2017 FMY reports. NHTSA has not yet conducted MY 2017 final compliance. As a result, no civil penalties or credit surpluses have been applied by manufacturers to resolve the projected shortfalls for model year 2017.

[11] The aggregated remaining credits cannot be applied to aggregated shortfalls on a one-to-one basis because of adjustment factors and the minimum domestic passenger car standard as required by 49 CFR Part 531 and 536.

[12] Model year 2016 excludes one manufacturer from the data due to on-going compliance investigations.