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BE 4-37



FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D. C. 20461

April 1, 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Zarb JM
THRU: Rogers C.B. Morton
SUBJECT: Auto Efficiency Status Report

MA7

Background

The 40% voluntary improvement in new auto fuel efficiency by 1980 announced in your State of the Union Message is adversely affected by two events:

- EPA's newest emission standards recommendations, which are different from those which were the basis for the auto companies voluntary efficiency agreement.
- Impending Congressional action on fuel efficiency taxes and/or mandatory fuel efficiency standards.

The responsible committees are moving rapidly to develop specific legislation and our ability to argue effectively against these mandatory approaches is hampered by the uncertainties introduced in your voluntary agreement by the lack of clear direction on emission standards.

Status

We are moving on two fronts to resolve the uncertainties with respect to auto fuel efficiency:

- OMB is coordinating an interagency review of auto emission standard alternatives and their environmental, economic and efficiency implications. It will be completed by April 7.

- FEA is working with the key committees to ascertain the specific tax or other legislation they favor. More details will be available by the end of April recess.

By April 11, the ERC will submit to you a new decision paper on auto emissions and fuel economy based on these efforts.