

Kuppersmith, Michael (NHTSA)

From: Michael Hartrick <Mhartrick@autosinnovate.org>
Sent: Tuesday, December 28, 2021 4:32 PM
To: Kuppersmith, Michael (NHTSA); knelson@omb.eop.gov
Cc: David Schwietert; Julia Rege; Catherine Palin
Subject: CAFE Civil Penalty (RIN 2127-AM32) EO 12866 Meeting Follow-Up
Attachments: EPA Vehicle Certification & COVID Delays Final.pdf; Meter State of the Industry 12-22-2021.pdf; Alliance Response 09_14_2021 Final.pdf

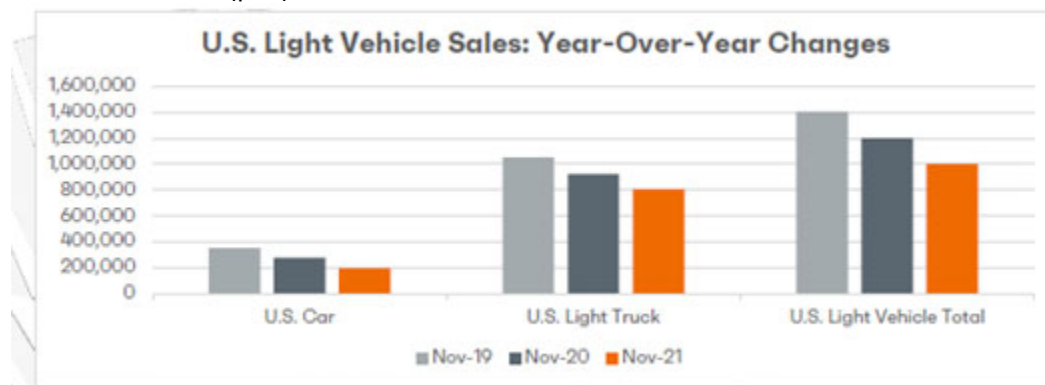
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Kim and Michael,

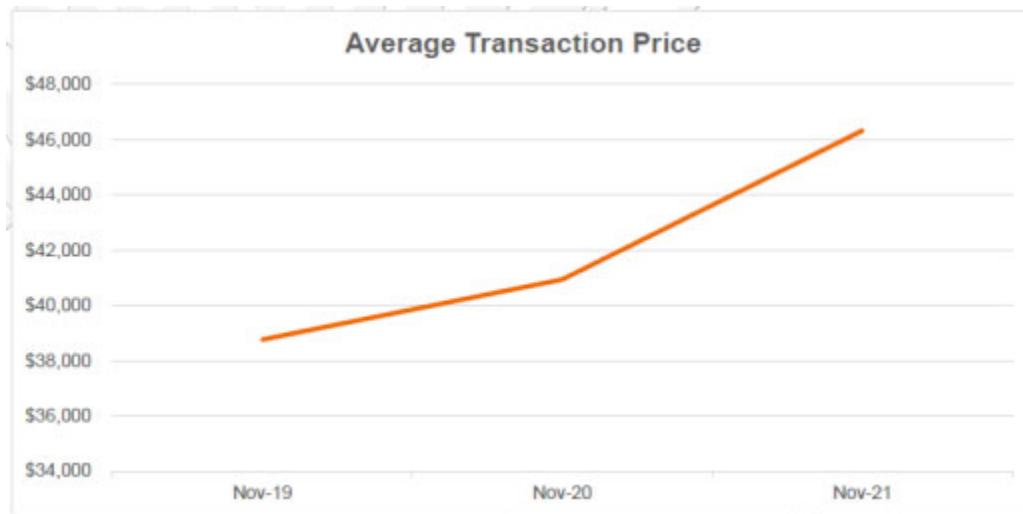
As mentioned on our call today, you may find the attached materials useful. These will also be submitted through the EO 12866 meeting request website.

1.) Reading the Meter (attachment "Meter State of the Industry 12-22-2021")

- IHS Markit North American Outlook 2022 - "While production is projected to improve relative to 2020 and 2021, output will remain constrained by not only the shortage of semiconductors and their long lead times, but other supply chain, logistics and worker related issues hampering a return to more normalized production levels." (p. 4)
- IHS Global Outlook - "We estimate that 1.44 million units of production were lost in Q1 and a further 2.60 million units in Q2; currently Q3 losses are running at 3.1 million units and rising. The outlook for Q4 now reflects heightened risk as challenges to the supply chain - primarily semiconductors - remain entrenched." (p. 5)
- Sales Outlook (p. 7)



- Average transaction price (p. 10) now exceeds \$46,000



- 2.) Auto Innovators letter to EPA Administrator Regan requesting accommodation to ensure MY 2021 production can be extended into 2022 due to semiconductor (chip) supply issues, and EPA's response (attachments "EPA Vehicle Certification & COVID Delays Final" and "Alliance Response 09_14_2021 Final")
- 3.) Example of semiconductor issues altering plans for fuel economy technologies
<https://gmauthority.com/blog/2021/03/chevy-silverado-gmc-sierra-drop-fuel-management-due-to-chip-shortage/>
 - "General Motors is now building 2021 Chevy Silverado 1500 and 2021 GMC Sierra 1500 pickup trucks without Active Fuel Management (AFM) and Dynamic Fuel Management (DFM) technologies due to the ongoing global microchip shortage... Active Fuel Management improves fuel economy by deactivating half of an engine's cylinders under light driving conditions. Dynamic Fuel Management works in a similar manner, but improves on the AFM system with up to 17 different cylinder activation patterns, providing optimized efficiency and power delivery... In a statement to Reuters, GM spokeswoman Michelle Malcho said that the omission of AFM and DFM on new Chevy Silverado and GMC pickups is expected to lower fuel economy by 1 mpg."

Please also note that, from our side, Catherine Palin (not Wilmarth) participated.

-Mike

Michael Hartrick

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