



Savings from Corporate Average Fuel Economy (CAFE) Standards Reset

The Biden Administration's [2024 update](#) to the Corporate Average Fuel Economy (CAFE) standards raised significant concerns from [automakers](#), [consumer advocates](#), [agricultural organizations](#), and [energy experts](#) regarding the feasibility of these new requirements. For these and other reasons, the National Highway Traffic Safety Administration (NHTSA) is proposing to reset this rule. The agency estimates that the total cost savings (present value) from returning the CAFE program to its intended purpose (see discussion below) would exceed \$109 billion over the period 2027–2050.

A fundamental criticism of the 2024 rule is that it [pushed fuel economy targets](#) at a pace that exceeded what current conventional gasoline and diesel technology and market conditions could economically support. The resulting fuel economy averages were only achievable through massive electric vehicle (EV) adoption, effectively transforming CAFE standards into a backdoor EV mandate. This raised serious [legal concerns](#) that the rule exceeded the statutory authority of NHTSA under the Energy Policy and Conservation Act (EPCA), which was designed to regulate conventional liquid-fuel vehicles, not mandate EV adoption via their treatment in fuel-economy calculations. In fact, EPCA prohibits NHTSA from even *considering* the availability of electric vehicle technologies. Resetting this rule brings it back into compliance with the statutory requirement that standards must be “maximum feasible” for gasoline- and diesel-fueled vehicles ([49 U.S.C. § 32902\(a\)](#)).

The economic impact of stricter CAFE standards on consumers represents another compelling reason for reconsideration. Meeting the 2024 rule requirements would have required [substantial investments](#) in redesigned powertrains, expensive lightweight materials, and dramatically expanded electric vehicle product lines. Moreover, consumer choice would have been significantly limited, as car and truck buyers would have either been compelled to purchase vehicles they did not want or pay a substantial premium for vehicles with the styling, performance, and capabilities they preferred. This concern looms especially large for rural Americans and those whose livelihoods depend on more utility- and capability-based vehicles, such as trucks and SUVs. Agricultural businesses and families in less-densely populated areas rely on such larger, heavier vehicles for essential work and daily transportation. A rapid regulatory shift toward high-efficiency or electric vehicle models risks shrinking the market for the trucks and higher utility vehicles these [rural communities](#) depend on. Returning the CAFE program to its roots by balancing energy, technological, and economic factors helps maintain a marketplace where consumers retain the freedom to choose vehicles that genuinely fit their unique needs and preferences. This point is critically important, since the original 2024 rule inappropriately [assumed](#) that consumers were economically irrational for purchasing less efficient vehicles (notwithstanding that comparative fuel cost information is literally displayed on new vehicles), and thus needed to be nudged toward purchasing decisions myopically driven by fuel economy considerations.

Finally, the emission tradeoffs are mixed. The Heritage Foundation estimates that under the 2024 rule, the projected reduction of carbon dioxide released into the atmosphere by 2050 is less than [0.6 percent](#) of cumulative emissions. However, that rule's implicit EV mandate would lead to a sharp increase in pollution from tire wear emissions, a direct consequence of the high torque and heavy weight of EVs. For example, a recent study found that under aggressive driving conditions, EV tire wear emissions were almost [400 times](#) greater than tailpipe emissions.



The proposed reset of the CAFE program would protect consumer choice, preserve vehicle affordability, and ensure that families retain access to the trucks and higher utility vehicles essential to their livelihoods. The Biden rule's high cost, unlawful foundation, and mixed environmental benefits underscore the wisdom of this reversal. Rather than forcing a premature transition to EVs through regulatory overreach, the rollback allows automotive innovation to proceed at a sustainable pace while respecting the diverse transportation needs of American consumers.