January 16, 2018

Secretary Elaine L. Chao
US Dept of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Administrator Scott Pruitt
Environmental Protection Agency
Mail Code: 1101A
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator Pruitt and Secretary Chao:

This letter supplies corrected technical information about our March 2017 report, “A Macroeconomic Study of Federal and State Automotive Regulations with Recommendations for Analysts, Regulators, and Legislators.” The study was launched in January 2016 with financial support to Indiana University from the Alliance of Automobile Manufacturers but the study was conducted in a sponsored research agreement that ensured that the authors had the freedom to undertake the study independently. The findings and recommendations, as well as this letter, are solely the work of the authors and do not necessarily represent the views of the Project Peer Review Advisory Board, Indiana University or the Alliance.

After our March 2017 report was released and presented in several governmental, academic and industry meetings, we received a variety of constructive comments and criticisms. We responded to that feedback in July 2017 and November 2017 in letters to the midterm review docket. We have continued to review constructive feedback on additional issues, and this letter explains a correction to the inputs and analytical results for one of our five data sets called “COMET 2016”. This correction is due to an error in our data; the error was not in the inputs as published in our March 2017 report but in the electronic input file used in our modeling.

Specifically, analysts have noticed that one of our five sets of modeling results, called COMET 2016, has a somewhat unexpected pattern of results than the other four datasets, with a seemingly large near-term effect for a relatively small vehicle price premium. We have investigated this comment and found that our team inadvertently erred in constructing the COMET price premium file, a file that is used to model impacts on new vehicle sales (through the Total Cost of Ownership, or TCO, model) and impacts on employment, GDP, and disposable income (through the Regional Economic Modeling, Inc., or REMI, model). We have corrected this input error, and generated a corrected set of modeling results for one of our five data sets. The corrected inputs and corrected modeling results are available on the Indiana University School of Public and Environmental Affairs’ website (https://spea.indiana.edu/doc/research/working-groups/comet-2018.pdf).
In general, the corrected results provide a somewhat more favorable economic characterization of the regulatory impacts than was presented for COMET 2016 in our final report. However, the corrected results do not lead to any changes in our basic analytic findings or policy recommendations.

We hope that these corrected analyses and responses will be helpful to agency analysts as they complete the technical aspects of the midterm review. We are certainly willing to answer any questions or supply additional information upon request.

Sincerely,

[Signature]

John D. Graham, Ph.D.
Dean

cc:
Associate Professor Sanya Carley
Associate Professor Denvil Duncan
Assistant Professor Saba Siddiki
Assistant Scientist Nikos Zirogiannis