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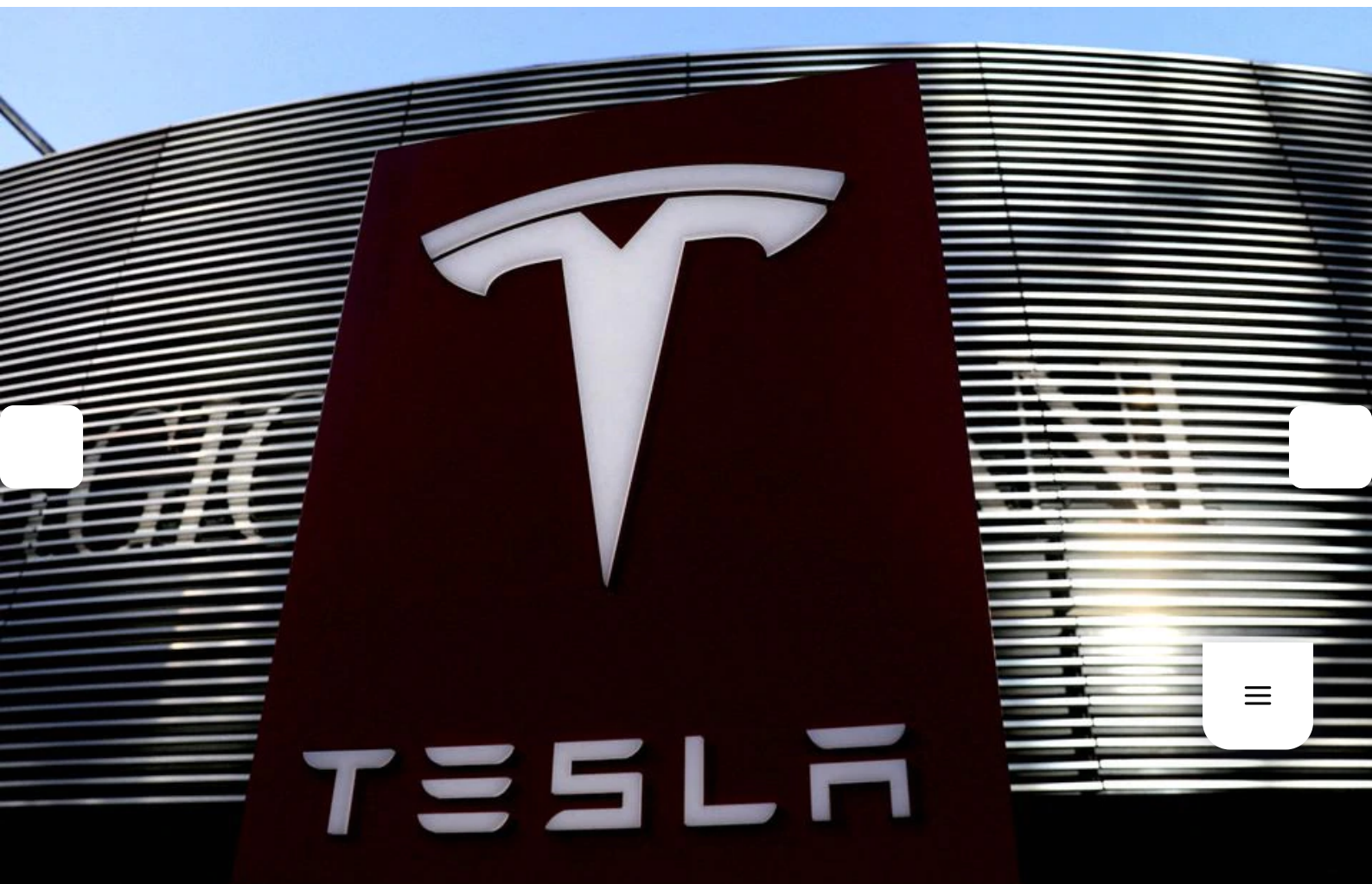
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Autos & Transportation

Court rejects Tesla push to reinstate higher U.S. fuel economy penalties

By David Shepardson

2 minute read



WASHINGTON, Jan 13 (Reuters) - A U.S. appeals court on Thursday rejected a request from Tesla Inc to quickly reinstate higher civil penalties for automakers who fail to meet U.S. fuel economy standards.

The Second Circuit U.S. Court of Appeals had rejected the electric vehicle maker's request in April for immediate action pending a National Highway Traffic Safety Administration (NHTSA) review. Tesla again asked the court in August to take immediate action. The court on Thursday issued a brief order rejecting that request.

Tesla sells credits to other automakers to help them meet government vehicle emissions requirements, and says those credits are less valuable due to changes in rules made by former President Donald Trump's administration.

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In August, NHTSA issued a notice saying it could impose higher penalties for prior model years. It submitted a draft proposal to the White House in December for regulatory review.

Automakers have said hiking penalties could cost them at least \$1 billion annually, both for failing to meet the rules and higher prices for credits used to meet the rules.

The Trump administration in its final days delayed a 2016 regulation that more than doubled penalties for automakers failing to meet Corporate Average Fuel Economy (CAFE) requirements.

Tesla in August met with NHTSA and urged them withdraw Trump's action immediately.

A group representing major automakers including General Motors (**GM.N**), Toyota (**7203.T**), Ford (**F.N**) and Volkswagen (**VOWG_p.DE**) opposed Tesla's request.

"That Tesla might benefit from more certainty about the worth of the CAFE credits that it has amassed is hardly a reason to cut off an ongoing administrative process," the group told the appeals court.

Chrysler parent Stellantis said in August costs related to potential higher CAFE penalties could be about 521 million euros (\$597 million). Fiat Chrysler paid nearly \$150 million for failing to

meet 2016 and 2017 requirements.

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