In August 2012, the U.S. Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) announced the final standard governing new-vehicle fuel economy for model years 2017 through 2025. The new standard continues the current system of incremental increases in Corporate Average Fuel Economy (CAFE) requirements for new light-duty vehicles each model year, based on targeted decreases averaging approximately 5% per year in CO₂ output per mile. This report compares the recent improvements in fuel economy with the projected CAFE performance levels anticipated by NHTSA. This report updates the analysis in a previous report (Schoettle and Sivak, 2013) by including model year 2014 vehicles.

Recent trends in CAFE performance, when compared with the performance levels projected to be achieved by NHTSA under the current standards, indicate that achieved CAFE performance has exceeded these anticipated levels for each of the 2012, 2013, and 2014 model years—the first three years that the current standard has been in effect. Additionally, achieved CAFE performance has consistently increased annually from model year 2008 through model year 2014. If the current trends in annual improvements continue, future achieved CAFE performance is expected to continue meeting or exceeding the projected performance levels (and desired GHG reductions) contained in the latest CAFE standards.