

Automotive & Mobility Update

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NHTSA Reverses Course on Medium- and Heavy-Duty Engine Standards

On August 31, the National Highway Traffic Safety Administration (NHTSA) published [an interpretive rule](#) concluding that it lacks statutory authority under the Energy Independence and Security Act of 2007 (EISA) to set fuel economy standards for stand-alone engines of commercial medium- and heavy-duty (MDHD) on-highway vehicles and work trucks. This reverses NHTSA's position dating back to 2011, when it first asserted authority to regulate individual engines as part of its MDHD fuel economy program – the heavy-duty vehicle component of the broader Corporate Average Fuel Economy (CAFE) program. While the new interpretation does not change existing standards, NHTSA has announced it will reset the fuel economy values in the MDHD program in a separate rulemaking.

Background: The MDHD Fuel Economy Program Under the CAFE Framework

In 2011, based on its authority under EISA and in conjunction with the U.S. Environmental Protection Agency (EPA), NHTSA adopted its Phase 1 standards for different classes of commercial MDHD on-highway vehicles (with a GVWR of 10,000 pounds or more) and work trucks (8,500 to 10,000 pounds GVWR). NHTSA also set separate standards for stand-alone engines used in MDHD vehicles, specifically combination tractors and vocational vehicles. 49 U.S.C. § 32902(k). While EISA authorized NHTSA to set “separate standards for different classes of vehicles,” the statute notably did not mention engines. 49 U.S.C. § 32902(k)(2). However, in setting fuel economy standards for engines designed for but not installed in these vehicles, NHTSA interpreted the term “vehicles” broadly to include engines and non-motorized trailers. This contrasts with EPA rulemaking, which promulgated separate emissions

standards for vehicles and engines relying on its authority under the Clean Air Act (CAA). Under the CAA, EPA may set air pollutant standards for “any class or classes of new motor vehicles or new motor vehicle engines.” 42 U.S.C. § 7521(a)(1).

When NHTSA and EPA issued Phase 2 fuel economy standards in October 2016, the agencies not only increased the stringency of the standards applicable to the vehicles and engines in the Phase 1 rule but also set separate standards for trailers designed to be drawn by a motorized tractor. This broad interpretation was struck down in 2021 by the D.C. Circuit, which held that EPA lacked the authority to regulate trailers under EISA because a trailer is a component part, and not a “motor vehicle.” *Truck Trailer Manufacturers Association v. EPA*, 17 F.4th 1198 (D.C. Cir. 2021) (*TTMA v. EPA*).

NHTSA's New Interpretation: “Vehicle” Does Not Include “Component” Engines

Following the D.C. Circuit's logic, NHTSA's interpretive rule concludes that, like trailers, stand-alone engines are components and not “vehicles” under EISA and are therefore outside the scope of the agency's authority. This represents a complete reversal from the position NHTSA took when it promulgated the Phase 1 and Phase 2 final rules.

NHTSA reached this conclusion by focusing on the plain text of the statute: EISA's standards-setting authority references “commercial medium- and heavy-duty on-highway vehicles” and “work trucks,” both of which are statutorily defined as types of vehicles. The statute never mentions engines. NHTSA reasoned that Congress knew the difference between vehicles and engines when it drafted

EISA, citing that it granted EPA (not NHTSA) express authority to regulate “new motor vehicles or new motor vehicle engines” under the CAA. 42 U.S.C. § 7521.

In reaching this interpretation, NHTSA further relied on the U.S. Supreme Court’s recent landmark decision in *Loper Bright Enterprises v. Raimondo*, 603 U.S. 369 (2024), which held that statutes must be given their single best meaning rather than a merely “permissible” interpretation.

In NHTSA’s view, the D.C. Circuit’s 2021 decision in *TTMA v. EPA* reinforces this reading: If trailers are not vehicles under EISA, neither are engines. Echoing that decision, NHTSA explained that its prior interpretation had no limiting principle. If it could set fuel economy standards for engines, it could just as easily set standards for any vehicle component that affects fuel economy, including tires, transmissions, and tailpipes. In its interpretation, NHTSA also confirmed that it lacks statutory authority to set stand-alone engine standards for light-duty vehicles.

Practical Impacts and Next Steps

Immediate shift: no standalone engine standards under the MDHD program. Going forward, NHTSA stated that it would exercise enforcement discretion for the fuel economy standards for stand-alone engines subject to the MDHD program. While NHTSA’s interpretation does not make substantive changes to the existing standards, it paves the way for notice-and-comment rulemaking to reset the agency’s regulatory program as determined necessary to bring it into compliance with NHTSA’s statutory authority.

Forthcoming rulemaking will codify vehicle-only standards for the MDHD program. NHTSA has promised to formalize this shift through a separate notice-and-comment rulemaking to reset the MDHD program. No date has been announced, but under EISA, the final rule must provide at least four full model years of regulatory lead time and three full model years of regulatory stability. 49 U.S.C. § 32902(k)(3). Companies in the MDHD vehicle and engine sectors should consider submitting public comments to help shape the new framework.

Review contracts, supply chains, and compliance strategies now. OEMs and engine manufacturers should use this

transition period to review contracts, supplier specifications, and compliance certifications premised on meeting fuel economy requirements for stand-alone engines.

Broader environmental regulatory context. This interpretive rule is part of a broader effort by the Trump administration to recalibrate federal environmental and energy regulations. Parallel actions include EPA’s [rescission of the greenhouse gas endangerment finding](#) and [proposed amendments](#) to its heavy-duty NOx emission standards. The interplay between NHTSA’s CAFE reset and EPA’s evolving emissions framework will shape the regulatory landscape for the commercial vehicle sector for years to come.

FOR MORE INFORMATION

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