Robert D. Brown
Director, Vehicle Environmental Engineering
Sustainability, Environment & Safety Engineering

February 24, 2010

Clerk of the Board, Air Resources Board
1001 I Street
Sacramento, California 95814

Subject: Notice of Public Availability of Modified Text
Notice Of Public Hearing To Consider Proposed Amendments To New Passenger Motor Vehicle Greenhouse Gas Emission Standards For Model Years 2012-2016 To Permit Compliance Based On Federal Greenhouse Gas Emission Standards

Ford Motor Company (Ford) appreciates the opportunity to comment on the California Air Resources Board's (CARB's) proposed modifications to section 1961.1 "Greenhouse Gas Exhaust Emission Standards and Test Procedures – 2009 and Subsequent Model Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles", dated January 7, 2010. Ford supports CARB's intent to permit compliance with California Greenhouse Gas (GHG) standards based on a manufacturer's ability to comply the Federal GHG Emissions Standards.

As previously recommended in the Ford September 15, 2009 and December 9, 2009 comments on the CARB proposed amendments, Ford offers the attached comments in support of the use of Federal CAFE data to demonstrate compliance with the California GHG standards, with suggested regulatory language changes that would implement our comments. We also offer comments on some areas where the proposed regulations present some timing concerns. Ford welcomes the opportunity to discuss this information in detail with CARB staff. If you wish to discuss further, please contact Robert Holycross at (313) 845-8247 or Cynthia Williams at (313) 322-6643.

Sincerely,

Cynthia Williams FOR
ROBERT D. BROWN

Ford Motor Company Comments on 15-Day Notice;
Amendments to Motor Vehicle Greenhouse Gas Emissions Standards

Ford Motor Company (Ford) welcomes the opportunity to comment on the California Air Resources Board's (CARB's) proposed modifications to the Greenhouse Gas Exhaust Emission Standards and Test Procedures – 2009 and Subsequent Model Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles", dated January 7, 2009. Ford supports CARB's intent to permit compliance with California Greenhouse Gas (GHG) standards based on a manufacturer's ability to comply the Federal GHG Emissions Standards.

Replacing "Subconfiguration" with "Model Type"

As previously stated in the Ford September 15, 2009 and December 9, 2009, Ford's primary comment on the 15-day notice modifications has to do with the proposed use of the word "subconfiguration" at various points in the regulatory language. The proposed requirement to do calculations and report data at the "subconfiguration" level would create unnecessary and costly burdens. As discussed in more detail below, Ford suggests modifying the proposed regulations to replace the term "subconfiguration" with the term "model type," a change that would reduce the burden on manufacturers while still providing CARB with all of the data it needs for purposes of administering and enforcing its GHG regulations, as well as provide CARB with the option of obtaining further granularity of data upon written request.

As CARB knows, NHTSA sets fuel economy standards for cars and light trucks sold in the U.S.; EPA calculates the average fuel economy for each manufacturer. Specifically, the U.S. EPA Compliance and Innovative Strategies Division verifies all CAFE data (subconfiguration, configuration, base level and model type) submitted by the manufacturers, independently calculates the fuel economy values to determine a manufacturer's final model year CAFE and issues a Final Average Fuel Economy Calculation Report. California currently accepts the certificate from EPA as proof that our emission data vehicles were appropriately tested. A similar practice should be adopted by California in the acceptance of CAFE model type calculations for purposes of the GHG regulations. Model type data:

- Represents the top level sub-calculation data input to CAFE calculation
- Captures car line, basic engine, and transmission class
- Captures all of the fuel economy detail of the lower level calculations (e.g., over 1,000 sub-configurations for a full-line manufacturer)
- Covers non-tested sub-configuration volume with appropriate data
- Is available in final form through EPA's confirmation report
- Is the appropriate data level to capture vehicle volumes for an averaging calculation with ability to assign A/C credits
- Allows for the generation of CO2-equivalent values for individual model-type fuel economies using simple factors, avoiding problems with non-tested and ADFE volumes.

Other Issues

In addition to the issue described above, we have identified a few other places where the regulatory language presents concerns from a timing perspective. To address these concerns, Ford recommends the following regulatory language changes highlighted in red to Title 13, section 1961.1 of the California Code of Regulations and the California Exhaust Emission Standards and Test Procedures. In each case, we will briefly explain the issue of concern and suggest language changes that would resolve the problem.

Appendix A

1) Compliance Pathway Notification

Issue: Currently, 1961.1(a)(1)(A)(i)1, Option 2b., requires manufacturers to notify CARB of their intent to elect compliance Option 2 for the 2011 and later model years "prior to the start of the applicable model year." Because a model year may begin January 2nd of the calendar year preceding the model year, manufacturers may already be producing 2011 MY vehicles in advance of the adoption of these amendments.

Comment: Ford recommends that 1961.1(a)(1)(A)(i)1, Option 2 be revised to allow the same notification requirements for the 2011 MY as with the 2009 and 2010 MY's. We would suggest that the language be revised to read as follows:

a. *For the 2009 ~~and,~~ 2010, and 2011 model years, a manufacturer that selects compliance Option 2 must notify the Executive Officer of that selection, in writing, within 30 days of the effective date of the amendments to this section (a)(1)(A)1 or must comply with Option 1.*

b. For the ~~2011~~ 2012 and later model years, a manufacturer that selects compliance Option 2 must notify the Executive Officer of that selection, in writing, prior to the start of the applicable model year or must comply with Option 1.

2) EPA Notice of Compliance

Issue: Under 1961.1(a)(1)(A)(ii)b., for manufacturers that select the National program as a compliance pathway, CARB requires the manufacturer to submit a copy of the official EPA determination of compliance to CARB. First, the word "official" seems to imply the issuance of a formal document by EPA, but this is not the case in our experience. Second, it is possible that a manufacturer may not receive a confirmation letter from EPA until some time after the CARB required reporting deadline of May 1st.

Comment: Ford recommends that 1961.1(a)(1)(A)(ii)b. be revised to remove the word 'official', so that any documentation (e.g. email) verifying compliance from the EPA to a manufacturer is deemed sufficient. We also recommend eliminating the May 1st deadline. Our suggested language is as follows: "The manufacturer must submit to ARB a copy of the Model Year CAFE report that it submitted to EPA as required under 40 CFR §86-1865-12 for demonstrating compliance with the

National greenhouse gas program and the ~~official~~ EPA determination of compliance. These must be submitted within 30 days of receipt of the EPA determination of compliance, for each model year…"

Appendix B

1) <u>Compliance Pathway Notification</u>

<u>Issue:</u> Currently, the proposed language for Option 2 in subsection E.2.5.1.1.1, requires manufacturers to notify CARB of their intent to elect compliance Option 2 for the 2011 and later model years "prior to the start of the applicable model year." Because a model year may begin January 2nd of the calendar year preceding the model year, manufacturers may already be producing 2011 MY vehicles in advance of the adoption of these amendments.

<u>Comment:</u> Ford recommends that Option 2 in subsection E.2.5.1.1.1 and E.2.5.1.1.2 be revised to allow the same notification requirements for the 2011 MY as with the 2009 and 2010 MY's. We would suggest that the language be revised to read as follows:

2.5.1.1.1 For the 2009 ~~and,~~ 2010, and 2011 model years, a manufacturer that selects compliance Option 2 must notify the Executive Officer of that selection, in writing, within 30 days of the effective date of the amendments to this section (a)(1)(A)1 or must comply with Option 1.

2.5.1.1.2 For the ~~2011~~ 2012 and later model years, a manufacturer that selects compliance Option 2 must notify the Executive Officer of that selection, in writing, prior to the start of the applicable model year or must comply with Option 1.

2) <u>EPA Notice of Compliance</u>

<u>Issue:</u> Under section E.2.5.1(ii) (b), for manufacturers that select the National program as a compliance pathway, CARB requires the manufacturer to submit a copy of the official EPA determination of compliance to CARB. First, the word "official" seems to imply the issuance of a formal document by EPA, but this is not the case in our experience. Second, it is possible that a manufacturer may not receive a confirmation letter from EPA until some time after the CARB required reporting deadline of May 1st.

<u>Comment:</u> Ford recommends that section E.2.5.1(ii) (b) be revised to remove the word 'official', so that any documentation (e.g. email) verifying compliance from the EPA to a manufacturer is deemed sufficient. We also recommend eliminating May 1st deadline. Our suggested language is as follows: "The manufacturer must submit to ARB a copy of the Model Year CAFE report that it submitted to EPA as required under 40 CFR §86-1865-12 for demonstrating compliance with the National greenhouse gas program and the ~~official~~ EPA determination of compliance. These

must be submitted within 30 days of receipt of the EPA determination of compliance, for each model year..."

3) <u>Greenhouse Gas Reporting Requirements</u>

<u>Issue:</u> Further clarification regarding the use of CAFE Program data is needed in section H4.5(a)(i). The proposed language states that a manufacturer choosing Option B "must submit a comprehensive list of all emission test results used to calculate its Corporate Average Fuel Economy, including the test vehicle description and identification number, for each subconfiguration and the number of vehicles produced and delivered for sale under Option 1 and 2 in section E.2.5.1.1, as applicable, that are represented by the subconfiguration."

<u>Comment:</u> Ford recommends that the language in Section H4.5 (a)(i) be revised to read as follows: " (i) A manufacturer that demonstrates compliance under section E.2.5.2.1.1, Option 1, must submit a comprehensive list of all emission test results, including the test vehicle description and identification number, CO_2, CH_4, and N_2O emission data, the data and/or justifications used to determine the "worst case" greenhouse gas test vehicle configuration, as required by G.2.34.2, for each greenhouse gas vehicle test group. A manufacturer that demonstrates compliance under section E.2.5.2.1.1, Option 2, must submit a comprehensive list of model type fuel economy results used to calculate its Corporate Average Fuel Economy, including the model type description (carline, basic engine, and transmission class) for each model type and the number of vehicles produced and delivered for sale under Option 1 and 2 in section E.2.5.1.1, as applicable, that are represented by the model type. A manufacturer must not submit any model type fuel economy results, unless those results have been judged acceptable by the U.S. Environmental Protection Agency, in accordance with §600.007-08. A manufacturer that elects to use CAFE Program fuel economy data to demonstrate compliance with the greenhouse gas requirements must use all of the data that is used by the U.S. Environmental Protection Agency to determine a manufacturer's corporate average fuel economy for the applicable model year, and may forego testing of the "worst-case" configuration." The Executive Officer may issue a written request to a manufacturer for other information necessary to determine compliance with the CARB GHG emission standards.

In summary, Ford believes that it is important that all stakeholders are aligned as we prepare to demonstrate compliance with the New Passenger Motor Vehicle Greenhouse Gas Emissions Standards. Ford would like to reiterate that the CAFE data is subject to the same confirmation process as the certification data and the model type fuel economy values that we recommend CARB reference in its regulation. The CAFE data are independently calculated by the U.S. EPA each model year and could be submitted electronically in a standardized format for all manufacturers. Ford believes it is very important that language changes along the lines suggested above be made to the proposed regulations to further clarify the ability of manufacturers to use Federal CAFE data to demonstrate compliance. Such changes would be fully consistent with the general understanding that the California GHG rules will use federal CAFE data to the maximum extent possible, and would also eliminate significant and unnecessary burdens on vehicle manufacturers. These recommendations are made in the spirit of helping CARB promulgate a set of GHG regulations that are as clear and efficient as possible.