February 25, 2010

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Dear Chairman Nichols and Members of the Board,

Our organizations are pleased to submit these comments in support of the ARB staff's proposed amendment to the California Clean Cars program to allow automakers to demonstrate compliance for model years 2012 through 2016 by complying with U.S. Environmental Protection Agency vehicle greenhouse gas emission standards (yet to be finalized).

ARB's adoption of this alternative compliance option is the third and final regulatory action California committed to as part of the historic agreement between the automakers, the U.S. EPA, and the U.S. DOT referred to as the National Program. California accepted this agreement with the understanding that the final U.S. EPA greenhouse gas rule would provide equivalent or greater emissions reduction.

Unfortunately, it is unclear at this time whether the final rule will preserve the emission benefits of the California program. While we strongly support Board approval of the proposed amendment, we recommend ARB staff immediately report to the Board if the final U.S. EPA rule does not adequately address the concerns staff expressed in their Initial Statement of Reasons published January 7, 2010. We share staff's concerns on the following:

1. **In its final rule, U.S. EPA must maintain the stringency of the GHG standards proposed in the NPRM**

ARB staff is correct in urging U.S. EPA to uphold its end of the agreement by not weakening the proposed standard in the final rule due to be released by March 31.

2. **An emissions backstop is needed to ensure the U.S. EPA greenhouse gas program delivers its forecasted emission benefits**

We recommend the final U.S. EPA rule include a backstop, per ARB's recommendation, or other measures to prevent unforeseen changes in fleet mix and size from undermining the program's emission benefits.

3. **The rule should include upstream emissions for electric, plug-in and hydrogen vehicles, and adjust credits assigned to these vehicles**

Like ARB, we agree with U.S. EPA's goal of encouraging development of electric, plug-in, and hydrogen vehicles. But we also agree with ARB that upstream emissions from electricity or hydrogen generation must be accounted for in the standard, and we concur with the need for a better balance in the credit mechanisms for advanced technology vehicles.

4. **Early action credits should be limited**

We share ARB's concern that credits for vehicles sold prior to 2012 (model years 2009-2011) could provide a windfall for some manufacturers and should only accrue for sales that exceed the 2009-2011 requirements in California and Section 177 states.

Finally, we concur with staff's statements that "adoption of this proposal does not eliminate the reporting requirements for California that have already been adopted by the Board prior to this meeting"[1] and we fully support staff having the option to return to the board for direction if the final federal rule does not address the staff's concerns and achieve all emission reductions expected in California from this regulation.

The National Program and agreement President Obama announced last May validates California's leadership in setting vehicle standards and clearly demonstrates that California plays a constructive role as a model for other states as well as for the nation as whole.

Sincerely,

Bonnie Holmes-Gen
American Lung Association in California

John Shears
CEERT

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[1] "Initial Statement of Reasons: Notice of Public Hearing to Consider Proposed Amendments to New Passenger Motor Vehicle Greenhouse Gas Emissions Standards for Model Years 2012-2016 to Permit Compliance Based on Federal Greenhouse Gas Emission Standards" ARB, January 7, 2010

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