

January 20, 2012

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Sir or Madam:

The Association of Global Automakers¹ (Global Automakers) appreciates the opportunity to provide comments on the Air Resources Board's proposed Advanced Clean Cars rulemaking package. This extensive rulemaking package includes a number of complex elements, all of which are of the utmost importance to our member companies and the auto industry as a whole. These rulemaking elements include:

1. Revised Low Emission Vehicle III (LEV III) standards for criteria pollutant emissions for the 2015-2025 model years. This part of the rulemaking covers conventional tailpipe emissions (including non-methane organic gases (NMOG), oxides of nitrogen (NOx), and particulate matter (PM)), evaporative emissions, aggressive driving and off-cycle emissions standards, and certification fuel specifications.²
2. Revised environmental performance labeling requirements.
3. Greenhouse gas (GHG) emissions standards for the 2017-2025 model years.
4. Revised Zero Emissions Vehicle (ZEV) requirements through the 2025 model year.
5. Amendments to the Onboard Diagnostics rules.
6. Revised Clean Fuel Outlets regulations.

For over two years Global Automakers has worked collaboratively with ARB staff in development of this complex and unprecedented rulemaking package. The resulting rulemaking package is technologically challenging and will require automakers to make tremendous investments in research and development; however, it will provide a number of important benefits:

1. Continued reduction in both criteria emissions and greenhouse gases through 2025 and beyond, resulting in near zero emissions of criteria pollutants across the light-duty fleet and achieving a stringent and challenging fleet average goal of 160 g/mi of carbon dioxide.
2. The defined phase-in schedule through the 2025 model year will provide manufacturers clear regulatory certainty through 2025, which will be highly beneficial as they develop near, mid, and

¹ Global Automakers represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Our members' share of total U.S. sales and production is 40 percent and growing, Global Automakers' companies have invested \$43 billion in U.S.-based production facilities, have a combined domestic production capacity of 4.2 million vehicles, directly employ more than 800,000 Americans, and create nearly 500,000 jobs for Americans through dealers and suppliers.

² Since the release of the ISOR, Global Automakers has provided ARB staff suggestions for minor changes to the proposed regulations, which will result in further clarification of the regulatory provisions, without altering the intent of the regulations.

longer-term product plans. It will also provide sufficient lead-time for manufacturers to phase in the technologies needed to achieve the standards.

3. Harmonized programs and standards to the greatest extent possible with federal EPA and NHTSA standards, which will allow manufacturers to build one fleet of vehicles nationwide.
4. Flexible compliance options which facilitate different manufacturers being able to comply under varying market conditions and to choose the advanced vehicle technology options that best suit their strengths, products, and customers.
5. Recognition of the importance of ensuring adequate supporting infrastructure development to enable consumer acceptance of advanced technology vehicles.

Throughout the regulatory development process Global Automakers has emphasized the value associated with these benefits. We are grateful for ARB's willingness to consider, and in many cases, propose for adoption, industry's suggestions for regulatory options that would provide manufacturers with flexibilities and compliance options which greatly reduce compliance burdens without compromising any environmental benefits.

Since most of these regulatory elements will overlap with federal programs, we have especially emphasized to ARB staff the need for California and federal programs to be harmonized to the greatest extent possible. In particular, ARB is to be commended for collaborating with EPA and NHTSA to craft GHG standards for model years 2017-2025 that are coordinated and harmonized with the federal GHG and fuel economy standards, which were released by the federal agencies in November 2011. We understand that the differences in the California and federal regulatory processes require ARB to move ahead first with your final rules while the EPA and NHTSA rulemakings will not be completed until the summer of 2012. Although ARB's proposal is not yet fully aligned with the federal programs, we appreciate that ARB has repeatedly committed to make any needed changes in your rules to align them with the final federal rulemakings to allow manufacturers to continue to comply through the One National Program. We are also pleased that ARB and EPA plan to coordinate the criteria pollutant standards to further align the regulatory requirements in the spirit of the One National Program.³

This same spirit of cooperation and harmonization is embodied in ARB's proposal for changes to the Environmental Performance Labeling requirements. This proposal will align the California and federal vehicle labeling requirements allowing manufacturers to comply by using one nationwide label for vehicles. This is a giant step forward in providing consistent and clear information to consumers nationwide.

Throughout the 22-year life of the ZEV program, ARB has always provided manufacturers a range of flexibilities and compliance options to address uncertainties. While there have been recent technological improvements with respect to both battery electric vehicles (BEVs), including plug-in hybrid EVs (PHEVs), and fuel cell vehicles (FCVs), critical uncertainties remain, including but not limited to costs, range, infrastructure, and, most important, consumer acceptance. These uncertainties demand that manufacturers be provided the greatest degree of flexibility as possible in meeting ZEV requirements. That is why several automakers

³ Global Automakers emphasizes the need for and the appropriateness of small volume manufacturer (SVM) provisions under the LEV III and GHG regulations. We continue to support the added flexibility for SVMs in recognition of their reduced resources and narrower product lines, and we support ARB's plans to harmonize with EPA's, and NHTSA's definitions as appropriate.

negotiated the flexibility to use nationwide GHG over-compliance as a partial, limited offset for ZEV requirements in the 2018-2021 timeframe. Providing the necessary nationwide GHG over-compliance to gain these partial ZEV offsets will require substantial additional investments by any manufacturer choosing this option to achieve the additional GHG reductions; nevertheless, some manufacturers may find this temporary additional compliance flexibility worthwhile. As we noted in our letter of November 30, 2011, supporting this provision, this GHG-over-compliance ZEV offset option will provide additional environmental benefits while providing manufacturers needed flexibility in the ZEV program. Additionally, this flexibility was included as one of the many and necessary flexibilities in the One National Program commitments made in July 2011 by the agencies and automakers. Therefore, Global Automakers continues to strongly support this provision as integral to ARB's commitment to the One National Program.

Regarding the Clean Fuel Outlets (CFO) program the revisions proposed by ARB will, for the first time, reflect the importance and critical need for infrastructure for FCVs. Without infrastructure to support refueling these vehicles, consumers will not be willing to purchase them or be able to use them as intended. Thus, it is critical to have these CFO regulations in place to ensure adequate infrastructure development, as needed, for FCVs. We believe that the proposed CFO regulations provide necessary forecasting and correcting mechanisms to ensure that the regulatory requirements to develop infrastructure are not overly burdensome. These mechanisms are adequate on their own without the need to over-inflate or under-estimate FCV volumes, and thus, any additional regulatory provisions to penalize forecasting are unnecessary. We encourage ARB to create a working group of hydrogen suppliers and FCV manufacturers to collaborate on hydrogen infrastructure development in a resource appropriate but timely manner.

Finally, Global Automakers understands that ARB, in coordination with Section 177 States, will allow a pooled compliance option for meeting the Advanced Clean Car regulations and that the pooling provisions will be clarified further in the staff's proposed 15-day changes. Global Automakers fully supports this allowance under the LEV III and GHG regulations and also believes that such a provision would add additional flexibility under the ZEV program. We recommend that ARB and Section 177 States adopt a pooling provision for the ZEV program, too, to facilitate ZEV manufacturer compliance while not unduly penalizing a manufacturer that may have a shortfall in one state but has over-complied in another, so long as overall required volumes are met.

Thank you again for the opportunity to comment on this unprecedented and tremendously important rulemaking. If you have any questions, please feel free to contact John Cabaniss, our director of environment and energy, at jcabaniss@globalautomakers.org or (202) 650-5562.

Sincerely,



Michael J. Stanton
President & CEO