

By Federal Express

January 23, 2012

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



Re: The Proposed ZEV Amendments and the Proposed "LEVIII" Amendments Should Include a Test for SVM Operational Independence.

Ferrari of San Francisco submits comments on the "Initial Statement of Reasons for the 2012 Proposed Amendments to the California Zero Emission Vehicle Program Regulations" (ZEV ISOR) and to the "Initial Statement of Reasons for the Proposed 'LEVIII' Amendments to the California Greenhouse Gas and Criteria Pollutant Exhaust and Evaporative Emission Standards and Test Procedures and to the On-Board Diagnostic System Requirements for Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles, and to the Evaporative Emission Requirements for Heavy-Duty Vehicles" (LEVIII ISOR).

Ferrari of San Francisco is an authorized Ferrari dealer located in Mill Valley, California and we employ approximately 30 people plus we indirectly affect 100s of other ancillary local jobs. California is Ferrari's largest U.S. market, representing about 20-25% of Ferrari's total U.S. sales each year - about 400-500 vehicles state-wide. Therefore, the ability to sell vehicles in California is critical to Ferrari's continued presence in the United States vehicle market and to my business.

A small volume manufacturer (SVM) is given flexibility in complying with some regulatory requirements under the existing California regulations. The LEVIII ISOR would delay SVM compliance with the LEVIII requirements until model year (MY) 2022. Until then, an SVM would be able to apply for and comply with less-stringent greenhouse gas (GHG) and tailpipe emission standards. Ferrari of San Francisco supports this proposal and also urges the ARB to issue a 15-day notice containing the operational independence criteria proposed by the U.S. Environmental Protection Agency (USEPA) and the National Highway Traffic Safety Administration (NHTSA) in the *2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards*, 76 Fed. Reg. 74,854, 74,992 (Dec. 1, 2011). These criteria would allow a manufacturer to demonstrate that it is operationally independent from related manufacturers with which its sales

would otherwise have to be aggregated under the California regulations. In order to maintain consistency and uniformity between the federal and California programs, it is important that ARB include these criteria in its rulemaking.

The federal proposal would allow a manufacturer with more than 10% ownership by another vehicle manufacturer to demonstrate that its research, design, production, manufacturing, marketing, and other functions are operationally independent from the other entity. The full list of criteria is at 76 Fed. Reg. 74,9982. The strict USEPA proposal will provide necessary flexibility for very small manufacturers, minimize opportunities for improperly taking advantage of the system, and maintain strong environmental protections.



Without this option, Ferrari's sales and emissions would be aggregated with those of Fiat. If this occurs, the number of Ferraris that could be sold each year may have to be limited so the combined fleet complies with the LEVIII GHG and tailpipe emission standards.

Ferrari of San Francisco therefore recommends that ARB include in the final rules the criteria and process for demonstrating operational independence in the USEPA proposal. Manufacturers with sales less than 4,500 vehicles per year, based on the average number of vehicles sold for three previous, consecutive model years that can demonstrate operational independence from another vehicle manufacturer should be allowed to apply for this flexibility.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Minor", written over a horizontal line.

Greg Minor

President, Ferrari of San Francisco
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