

# **Proposed Amendments to the Emission Warranty Information Reporting and Recall Regulations**

December 7, 2006  
Bakersfield, California

California Environmental Protection Agency



Air Resources Board

# Overview

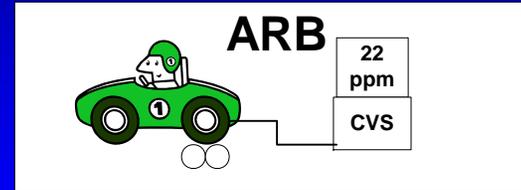
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- Background
- Warranty Reporting & Recall Regulations
- Recall Cases
- Proposed Amendments
- Issues
- 15 Day Changes
- Recommendation



# Three In-Use Compliance Programs (Recall Programs)

- **In-Use Emissions Testing**
- **OBD Verification**
- **Warranty Reporting**



# How the Current Warranty Reporting & Recall Program Works

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- Early warning report at 1% defect rate
- Data validation assessment at  $\geq 4\%$  defect rate
- Component considered defective if valid defect rate exceeds 4%
  - Many recalls occur at this point
- Court ruled ARB must also demonstrate likelihood of emission standard exceedance

# Toyota OBD Case

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- OBD did not detect leaks in the evaporative emission control system
- 300,000 vehicles affected
- ARB ordered recall, Toyota contested
- Judge ruled ARB did not prove emission standard exceedance
- No corrective action
- OBD regulation fixed in 2003
  - Links corrective action to defects, not emissions performance



# DaimlerChrysler Catalyst Case

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- Cracked or deteriorating catalyst
  - 150,000 vehicle involved over at least 4 model years
  - HC+NOx emissions increase by as much as 3 times the standard
- Massive, impractical ARB testing requirement to demonstrate emission exceedance
- Result: Only 27% of affected vehicles recalled



# Proposed Amendments

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- Keep trigger for corrective action at a valid 4% defect rate
- Link systemic defects to violation of test procedures instead of emission exceedance
  - Eliminates emission testing requirement
- Expand possible corrective actions to include extended warranty
- Greatly reduce reporting requirements
- Implement with 2010 models



# Impacts of the Proposal

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- More corrective actions for defects
  - Retain emission benefits
- More durable parts expected
- Shift from recall to extended warranty
  - Recalls retained for after-treatment devices and non-OBD vehicles or engines



# Impacts Based on Recent Data (2001-2006 MY)

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- 13 of 35 light duty manufacturers would not reach corrective action levels
- 7 manufacturers responsible for 60% of potential corrective actions
- 86 extended warranties & 5 recalls



# Costs to Manufacturers

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- Lower reporting cost
- Lower corrective action cost
  - Shift from recall to extended warranty
- Higher repair costs for manufacturers with poor quality control



# Issues

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“ARB does not have the authority to order a recall without an emissions exceedance”

- Response: 43105 links a violation of test procedures to corrective action and ARB determines what constitutes a violation



# Issues

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“More definitive terms are needed to describe emission-related parts and defects and the process for screening of warranty data”

- Response: Staff is proposing changes that will address infant mortality, early corrective action by manufacturers, and invalid claims in the screening process



# Issues

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“Defects not affecting emissions should be screened out”

- Response: Defective components with no conceivable impact on emissions would not count towards the corrective action trigger.



# Issues

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“ARB cannot order an extended warranty or extended warranties beyond useful life”

- Response: 43105 states ARB can order corrective action and does not limit this action to recall nor the extent of action; staff wants to ensure most defective components are replaced



# 15-Day Changes

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- Changes as outlined in the issues section
- HEV's battery warranty limited to 10 years/150,000 miles
- Light heavy duty extended warranty limited to 150,000 miles
- Other clarifying changes



# Recommendation

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- Staff recommends Board approval of proposed amendments with 15 day changes
- Result will be:
  - More effective recall program
  - Less costly recall program
  - Lower emissions

