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

**RE: Comments and Concerns of Innovus Enterprise, LLC - UMDT
PROPOSED CALIFORNIA GREENHOUSE GAS EMISSIONS STANDARDS FOR MEDIUM- AND
HEAVY-DUTY ENGINES AND VEHICLES AND PROPOSED AMENDMENTS TO THE TRACTOR-
TRAILER GHG REGULATION**

Dear Board Members,

Innovus Enterprise, LLC and the Unimog Market Development Team is submitting comments and concerns on your proposed GHG regulation, dated December 19, 2017; more specifically, the Sales limits for “specialty” heavy-duty vehicles; all-terrain, low speed and amphibious vehicles. We applaud the ARB for keeping with their intent to harmonize with the EPA’s recently implemented provision pertaining to alternate emission standards for specialty vehicles. However, ARB’s proposal to reverse course on setting specific sales volume limits per qualifying manufacturer, and driving exceptionally low-volume (ELV) manufacturers to instead use what can be summarized as a first come-first served lottery system, presents a very high and unnecessary threat to our business model.

We acknowledge ARB’s stated concern that a potential disproportionate share of the EPA allotted 200 vehicles per manufacturer - per year sales limit could occur in California. It was also apparent during our participation in the 1st and 2nd GHG workshop held in February and August of 2017 respectively that ARB officials came up with a rational proposal to limit California sales to 25 vehicles per manufacturer - per year. Subsequent to the 2nd ARB workshop we raised a concern for the 177 States. Would there be a means to isolate any California sales volume limit to those sales within the state and allow a provision for CARB certification in those states which have adopted CARB certification rules – the 177 and Border States?

We feel strongly that this latest proposal to limit California sales by following procedures in 13 CCR section 1956.8(f)(1) is not conducive to a viable and predictable recurring engine certification path. These procedures are apparently a general exemption process and not truly an alignment with federal Phase 2 GHG provisions as ARB states. Furthermore, within clarification notes in the ARB proposal cited above, on page III-31 it states:

“Specifically, title 13 CCR section 1956.8(f)(1) does allow limited sales exemptions for vehicles installed with non-compliant engines for up to a total of 100 heavy-duty vehicles per year for all manufacturers combined, on a first-come, first-served basis....only if other vehicle manufacturers have not already claimed the 100 allowed annual sales exemptions.”

Oddly, section 1956.8(f)(1), does not mention the use of ‘non-compliant engines’. It states the “use of engines certified to meet federal emission standards or which are demonstrated to meet appropriate federal emission standards”. In our situation here, we would be using a compliant engine, certified to the newly implemented alternate emission standard. Also, this section does not state anything about the 100 heavy duty vehicles being “for all manufacturers combined on a first come, first served basis”, nor does it state “other vehicle manufacturers” as if referring to manufacturers in the plural. This interpretation is outside the traditional means of how manufacturer sales volume is normally regulated – and the wording in this specific section appears not to have changed going back so far as the early 1980’s. In all other cases of limiting vehicle manufacturer sales and certification, whether it be EPA, NHTSA or ARB, it is cited *per manufacture - per year* and not based on an aggregate of manufacturers competing with one another for limited certificates.

As an ELV manufacturer, it threatens our business model by not having a positive means to assure the ability to predictably certify the exceptionally low volume of vehicles we hope to produce throughout the year. The ARB proposed way-ahead is also primed for potential unfair treatment and would present unnecessary administrative burdens on the manufacturer and ARB officials. This being the case, we propose the following options for your consideration which will fulfill the stated concerns of ARB: Namely, ‘Ensuring California does not experience a disproportionate share of sales.’

1. Add to 13 CCR section 1956.8(f) a new item 4:

“4. Manufacturers certifying new all-terrain, speed-limited and amphibious heavy duty specialty vehicles using federal alternate emission standard provisions in 40 CFR 1037.605 shall each be limited to introducing no more than 25 vehicles per year into the state of California. This limit does not apply to those vehicles sold outside the state of California under the 177-State or Border State programs nor does this limit apply to the 100 vehicle limit cited in paragraphs 1 and 3 above.”

2. Reconsider your unusual interpretation of vehicle limits cited in section 1956.8(f) to apply to each manufacturer. No word changes needed.

Sincerely,



Michael D. Kearney
Principal