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**Testimony on Proposed 2014 Amendments to the Zero Emission Vehicle Regulation**

**October 23-24 2014 – Diamond Bar, CA**

Good afternoon. I am Michael Hartrick, and I am here today representing Chrysler Group LLC. In addition to our other award winning cars, SUVs and trucks, we are also the manufacturer of the Fiat 500e electric vehicle which was featured as part of today's Zero Emission Vehicle Showcase.

Most of the proposed amendments before you are targeted at increasing flexibilities for intermediate volume manufacturers, and therefore have little direct impact on Chrysler. However, we wish to draw your attention to one of the proposed amendments which, based on the reasoning provided by staff, should also apply to large volume manufacturers.

Staff is proposing to allow IVMs to use TZEV credits as part of a carry back plan to cover a prior year shortfall. Staff reasons that because IVMs are permitted to use TZEV credits for compliance, they should have the same flexibility in making up a deficit. Large volume manufacturers are also permitted to use TZEV credits for compliance, albeit in a more limited fashion.

Chrysler therefore recommends that the same flexibility to carry back TZEV credits be granted to large volume manufacturers, but only to the limited extent that an LVM can make use of TZEV credits in the original compliance year. For example, if a manufacturer was allowed to apply one thousand plug-in hybrids for compliance for a given year, but only sold eight hundred, it should be permitted to sell an extra two hundred in a subsequent year to cover that original year's allowance. In so doing, the number of advanced technology vehicles would be maintained.

Others have spoken, or will speak to other considerations for the ZEV Regulation such as e-VMT and the market difficulties faced by manufacturers. We respectfully remind the Board that all manufacturers, not just IVMs will be challenged to meet aggressive zero emission vehicle, greenhouse gas, and criteria pollutant requirements simultaneously. We encourage the Board and staff to continue work with all manufacturers and to take their concerns into consideration through future rulemakings such as the midterm review.

In addition, Chrysler maintains that reducing emissions from vehicles is not enough to realize the 2050 greenhouse gas reduction goal. Reducing the upstream and downstream carbon content of all transportation fuels is absolutely necessary to achieve our common goal. The transportation fuels industry has a significant role to support the vehicle and fuel system needed for success.