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**ZEV MOU State Comments:
Proposed Modifications to California ZEV Regulation**

Good afternoon, my name is Matt Solomon. I'm the Transportation Program Manager at Northeast States for Coordinated Air Use Management, or NESCAUM. NESCAUM serves as facilitator and technical advisor to the 8-state ZEV Program Implementation Task Force, created to implement the goals of the ZEV MOU. In addition to California, the Task Force includes Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island, and Vermont.

With some reservation, these states support Staff's proposed modifications to the ZEV regulation.

The proposal would correct an imbalance that was created by the 2012 amendments. While a major focus of those amendments was to enhance flexibility for the large volume manufacturers, it is clear that some of the flexibilities enjoyed by these manufacturers are difficult options for many of the intermediate volume manufacturers (IVMs). As a result, the IVMs arguably face a greater challenge (because a relatively larger share of their vehicle sales must incorporate ZEV technologies), without the benefit of early credit banking or credit pooling.

We acknowledge that the proposal would likely result in fewer ZEVs deployed, which is a difficult consequence to accept. As the ZEV rule remains the primary motivation for most manufacturers to develop and improve ZEV technologies, any reduction in stringency is disappointing and something we wish could be avoided. However, the reduced requirements associated with the staff proposal are modest relative to the total number of vehicles required under the program. More importantly, these changes are necessary to ensure that the regulation applies more equitably to all parties, recognizing their unique

circumstances and perspectives. The Air Resources Board has long distinguished between large and intermediate volume manufacturers in recognition of the different challenges faced by each group. The staff proposal reflects this history while ensuring that the IVMs remain on track toward rapid development and deployment of zero-emission technologies. We hope and expect that the Board will remain vigilant to ensure adequate progress on this transition.

While we support the proposed amendments, we note the importance of regulatory certainty as the ZEV program moves into its next phase. Manufacturers need confidence in the regulatory landscape in order to develop cost-effective compliance plans. Similarly, states need evidence that manufacturers will increase their efforts to promote and place ZEVs in the Northeast market in order to most effectively implement the Action Plan and to justify increased spending on infrastructure and consumer incentives. With the proposed adjustments, the ZEV rules will be better calibrated and more equitable to all parties. We strongly urge the Board to avoid any additional modifications to the requirements.

In conclusion, the ZEV MOU states appreciate the Board's continued commitment to the ZEV program. We recognize that the decision before you today is difficult. This program is a critical part of our states' strategies to meet air quality, energy and climate goals. We look forward to ongoing cooperation and partnership with the State of California. Thank you.