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ACCII SVM GROUP COMMENT ON CARB
PROPOSED ACCII LEV-IV AND ZEV RULEMAKING
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I. INTRODUCTION

This comment is submitted by the ACCII SVM Group ("the Group"), an ad hoc alliance of the following small volume manufacturers (SVMs):

- Aston Martin
- Bugatti
- Czinger
- Gordon Murray
- Koenigsegg
- Lotus
- McLaren
- Pagani
- Rimac

The Group first wishes to express its appreciation of CARB's having:

- listened to SVM concerns regarding ACCII, and
- addressed in the ACCII proposals many of these concerns.

II. PROPOSED LEV-IV REGULATORY LANGUAGE

SVMs support the following SVM provisions
in the proposed LEV-IV regulations:

1. We support continuation availability of ULEV125 for SVMs through MY 2024

2. We support allowing SVMs to include ZEVs in their NMOG+NOx fleet average calculation

3. We support CARB's decision to provide additional lead-time for SVMs -- until MY 2030 -- as regards the following ACCII ICE provisions: [1]
   - PM US06 3mg requirement
   - US06 – final stand-alone standards under 1961.4 (c)(9)(A)1
   - Partial soak requirement
   - Quick drive away requirement
   - High power cold start requirement

Delaying the above new LEV IV requirements for SVMs until MY 2030 will give SVMs much needed additional time to achieve compliance. It will also implement a clear and simple SVM regulatory schedule. CARB's proposal has simplified matters greatly by setting a MY 2030 SVM effective date for most new LEV IV requirements.

[1] The MY 2030 SVM effective dates are important to SVMs because MY 2028 is a key turning point. Under EPA's already-existing Tier 3 rules, SVMs must meet a fleet average NMOG+NOx standard of 0.03 g/mi in MY 2028. Through MY 2027, SVMs can meet a fleet standard of 0.051 for both CARB and EPA (Bin 50 / ULEV 50). This means that starting in MY 2028, SVMs with one test group must certify to Bin 30 / SULEV 30 in order to build a 50-state car (economically very important) and to avoid a fleet NMOG+NOx deficit. Under CARB's proposal, SVMs can first meet the 0.030 requirement and then comply two years later with the above-noted LEV IV requirements.

III. ACCII PROPOSED REGULATORY LANGUAGE REGARDING ZEV VEHICLES

A. SVMs support the following CARB proposed ZEV provisions:

1. Requiring SVM compliance with ZEV fleet requirements beginning with 2035 model year
2. That no later than December 31, 2032, SVMs must submit to CARB a 2035 ZEV compliance plan, including technology and expected volumes

B. SVMs have concerns with certain ACCII proposed ZEV provisions

First and foremost, we point out that the ACCII ZEV proposals embody a significant new approach to ZEV regulation: Irrespective of whether an OEM wishes to receive ZEV credit for a given model, ALL 2026 and subsequent model year zero-emission vehicles and plug-in hybrid electric vehicles certified for sale in California under 13 CCR 1962.4 must meet certain new substantive ZEV requirements. This is the result of the following two 1962.4 subsections:

> (b) Zero Emission Vehicle Standard. The Executive Officer shall certify as zero emission vehicles (ZEV) under this regulation new 2026 and subsequent model year passenger cars and light-duty trucks that produce zero exhaust emissions of any criteria pollutant (or precursor pollutant) or greenhouse gas, excluding emissions from air conditioning systems, under any possible operational modes or conditions;. and
>
> (d) Requirements for ZEVs. ZEVs must meet the following requirements

(1) **Certification Range Value.** ZEVs must have a minimum certification range value greater than or equal to 200 miles, determined according to the "California Test Procedures for 2026 and Subsequent Model Zero-Emission Vehicles and Plug-In Hybrid Electric Vehicles, in the Passenger Car, Light-Duty Truck and Medium-Duty Vehicle Classes"

(2) **ZEV Durability Requirement for Useful Life**. ZEVs must be designed to maintain 80 percent or more of the certification range value for a useful life of 10

years or 150,000 miles, whichever occurs first, and comply with data reporting requirements in 13 CCR **1962.7.**[2]
(3) **Battery Labeling Requirements**. ZEVs meet the requirements set forth in 13 CCR **1962.6**.
(4) **ZEV Data Standardization**. ZEVs meet the requirements set forth in 13 CCR **1962.5**.
(5) **ZEV Service Information Requirements**. ZEVs must meet the information for the aftermarket requirements set forth in 13 CCR **1969**.
(6) **ZEV Warranty Requirements**. ZEVs must meet the ZEV minimum warranty requirements set forth in 13 CCR **1962.8**.
(7) **Charging Requirements**. Battery electric vehicles *and plug-in hybrid fuel cell electric vehicles* must meet the charging requirements set forth in title 13 CCR **1962.3**[3]

This means that even though SVMs are not required to meet the minimum fleet ZEV requirements in 13 CCR 1962,4(b) until MY 2035, they still must meet the above new substantive requirements if <u>they wish to certify a ZEV in California</u>. This is a big change, especially for SVMs. Some SVM flexibility is therefore essential.

We acknowledge that:

- proposed 13 CCR 1962.5 (ZEV Data Standardization) provides additional lead-time to SVMs -- until MY 2028 --as well as a "deficiency" provision for MY 2026-2029.

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[2] The ACCII proposal specifies in amended section 13 CCR 2112 that: Useful life" means, for the purposes of this article:

> (18) For those passenger cars, light-duty trucks, and medium-duty vehicles certified to the standards in section 1961.2, 1961.3, or 1961.4, the useful life shall be 15 years or 150,000 miles, whichever first occurs. For 2024 and subsequent model-year engines certified to the standards in section 1956.8 for use in medium-duty vehicles with a GVWR from 10,001 to 14,000 pounds certified to the standards in section 1961.2 or 1961.4, the useful life shall be 15 years or 150,000 miles, whichever first occurs.

[3] We also note that proposed sections 1962.3 and 1962.5-1962.8 all have language under the "Applicability" subsection stating that "This section shall apply to 2026 and subsequent model year zero emission vehicles and plug-in hybrid electric vehicles certified for sale in California."

- proposed 13 CCR 1962.7 (ZEV In-Use Compliance, Corrective Action and Recall Protocols) provides that a small volume manufacturer may, in its sampling plan, propose an alternative minimum sample size for a test group.

But, unfortunately, most of the proposed ACCII ZEV proposed rules do not provide sufficient flexibility for SVMS. This is inequitable and inconsistent with established CARB policy on SVMs.

Indeed, SVMs do not fully know today the implications of the various new ZEV requirements being proposed, and the implications could be significant, including the potential need to identify new suppliers (particularly as regards battery / vehicle warranties, vehicle charging, and Data Standardization requirements). SVMs, because of their low volume production, often find it challenging to find suppliers, a significant factor contributing to the need for additional lead-time.

Consistent with the CARB LEV-IV proposals, we request that CARB provide extra lead-time for SVMs in the new ZEV rules -- until MY 2030.

IV. REQUEST FOR NEW SVM HARDSHIP EXEMPTION REGULATION

SVMs also request a new regulation which would allow Ultra-Small Volume Manufacturers (USVMs) to petition, on a case-by-case basis, for an extension of a compliance deadline for bona fide hardship reasons. USVMs would be defined as SVMs with California sales not exceeding 300 vehicles per MY, based on the average number of vehicles sold by the manufacturer in the previous three consecutive MYs.

EPA regulations 40 CFR 86.1811-17(h)(3) and 40 CFR 1068.250 already provide a mechanism for an SVM to request, on the basis of hardship, an extended compliance deadline (note that this mechanism is available to all SVMs, rather than, as we propose here, just to USVMs). Under the EPA rules, to obtain extra lead-time, an SVM must show as follows:

(1) that meeting a given standard would cause severe economic hardship,

(2) that the burden of compliance costs prevents the SVM from meeting applicable requirements, and
(3) that no other allowances are available under the regulations to avoid an impending violation.

We strongly believe that CARB's adoption of a similar rule would be fair and just. It would provide a USVM the opportunity to obtain extra lead-time in cases where there were a bona fide exigent need, while at the same time keeping such hardship relief limited to the smallest companies, thereby avoiding a negative environmental impact.

Respectfully submitted,
ACCII SVM GROUP

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