

August 28, 2022

Ms. Liane Randolph
Chair
Air Resources Board
1001 I Street
Sacramento, CA 95814

Subject: Comments (BMW of North America) - Advanced Clean Cars II

Dear Chair Randolph and Members of the Board,

BMW of North America (BMW NA) is pleased to submit additional comments to California Air Resources Board's (CARB) Advanced Clean Cars Regulation (ACCR) following a previous submission on May 31. BMW NA commends the work of CARB staff and the board on the proposed regulation and for working with industry to address our concerns and for incorporating feedback since the last submission.

We would like to underscore the challenges in fulfilling the targets/regulations put forward. The product technology to achieve a 100% ZEV target in 2035 is available. The BMW Group is in the midst of a steep market ramp-up and fundamental technology focus towards battery electric vehicles. However, achieving this 100% target requires the following framework conditions that cannot be solely influenced by the automotive industry:

- Sufficient charging infrastructure (EV and hydrogen) that spans the nation (especially the 177 States) and the different customer needs (all residential solutions across all communities and public charging across all geographies)
- Robust supply chains with the right economic conditions → access to all relevant minerals and affordability
- Increased consumer education
- A fully trained and equipped workforce across all areas of EV delivery (inc. infrastructure)
- Broadly available, non-discriminatory incentives to ensure consumer confidence, engagement with the new technology and to facilitate long-term customer demand

Currently, we do not see a clear path to the necessary framework conditions being established in order to enable a 100% ZEV new vehicle market in just over a decade. It will be critical to create the mechanisms to secure the required implementation of these framework conditions and to ensure that this is tracking at the level necessary to fulfill the ambitious targets put forward.

We continue to urge CARB staff to consider all these components as we move through this regulatory process.

The proposed regulations are the most transformative and challenging to date. However, as mentioned above, we remain committed to making our contribution alongside all other players responsible for all framework conditions. The following are priority areas for BMW NA that merit comment.

Zero Emission Vehicles

I. Battery Durability

BMW NA is supportive of durability requirements to ensure performance over the lifetime of the vehicle. BMW NA also strongly supports Auto Innovator's position to align the Battery Durability requirements with the United Nations Global Technical Requirements (UN-GTR), or to initiate this requirement in 'data gathering' mode. This standard was developed over 2 years with input from a large consortium of stakeholders from both OEMs and government agencies.

II. Converted Historical Credits

Under the proposed regulation, converted credits that were based on credits earned prior to 2026 are limited to usage to fulfill 15% of the OEM's ZEV requirement (dependent also on EJ provision fulfillment). In addition, these credits can only be used to shore up a credit shortfall. BMW NA recommends allowing use of these credits to fulfill 15% of an OEM's ZEV requirement and remove the limitation that it can only be used to fulfill a shortfall. These credits represent vehicles sold above and beyond the requirement and in an earlier year. This flexibility will help to mitigate short-term market fluctuations in consumer demand as we build market momentum.

III. Environmental Justice Provisions

BMW NA is supportive of identifying innovative programs that will increase adoption of electric vehicles in underrepresented communities. These proposals must include components that will have clear metrics for success (raising awareness of ZEV and adoption/purchasing of ZEVs), proven feasibility/impact and defined timeframes. Furthermore, it is key to permit a scope that allows OEMs across all segments to participate with a range of solutions – also beyond the vehicle – within a viable economic model.

IV. Compliance Flexibilities

Compliance flexibilities such as Early Compliance Values are capped to a certain percentage of the ZEV requirement for a model year. Currently, this cap is applied on a Model Year basis. However, due to the market volatility and external factors outside of manufacturer control, a manufacturer may exceed the cap or not fully utilize the cap over the lifespan of the flexibility. To mitigate these factors, BMW NA supports making flexibility caps cumulative over the life of the flexibility rather than a discrete cap each model year. This change would maintain the overall benefits of the program while mitigating planning uncertainties for the industry.

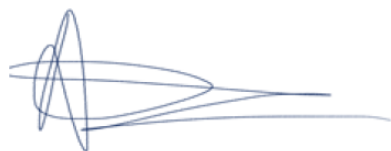
V. Reporting by VIN and Audit of Records

BMW NA agrees with Auto Innovators' comments that this VIN reporting requirement is unnecessary and yields no value, especially in the later years. The elimination of this requirement by 2028 model year or the latest by 2030 model year will reduce the regulatory complexity for vehicles that have zero emission. BMW NA recommends eliminating this requirement from the regulation.

With respect to audit of sales records, the proposed audit of records will add additional administrative burden on manufacturers with little benefit. BMW NA is supportive of audits and investigations only when significant sales discrepancies are apparent – more than 10 percent.

Thank you for taking the time to review our comments and we look forward to engaging with CARB staff and board members. As always, please feel free to reach out to any of our colleagues if you have any questions or need additional background.

Sincerely,

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Adam McNeill

Vice President Engineering USA

A handwritten signature in blue ink, featuring a stylized 'A' and 'S' followed by a long horizontal stroke.

Adam Sykes

Vice President Government &
External Affairs/Corporate
Communication, Americas