

# Ferrari North America, Inc.



BEFORE THE AIR RESOURCES BOARD OF THE STATE OF CALIFORNIA

FERRARI COMMENT ON THE PROPOSED AMENDMENTS TO NEW  
PASSENGER MOTOR VEHICLE GREENHOUSE GAS EMISSION  
STANDARDS FOR MODEL YEARS 2017-2025 TO PERMIT COMPLIANCE  
BASED ON FEDERAL GREENHOUSE GAS EMISSION STANDARDS AND  
ADDITIONAL MINOR REVISIONS TO THE LEV VIII AND ZEV REGULATIONS

David M. Wertheim  
Vice President & General Counsel  
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Dated: November 14, 2012

SUBMITTED TO:  
Clerk of the Board State of California, Air Resources Board  
1001 I Street, 23rd Floor  
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### **I. Introduction and Proposal**

Ferrari SpA and Ferrari North America (collectively, Ferrari) respectfully submits comments on the “Initial Statement of Reasons for the Proposed Amendments to New Passenger Motor Vehicle Greenhouse Gas Emission Standards for Model Years 2017-2025 to Permit Compliance Based on Federal Greenhouse Gas Emission Standards and Additional Minor Revisions to the Lev III and ZEV Regulations” (GHG ISOR) released by the California Air Resources Board (ARB) on September 13, 2012. Ferrari is a manufacturer of high-performance motor vehicles based in Maranello, Italy. Total world-wide annual production is approximately 6,000 - 7,000 vehicles, with annual U.S. sales of about 1,500-2,000 vehicles, and approximately 400-500 in California.

In January of 2012, Ferrari submitted comments to ARB suggesting proposed regulatory language that allows a manufacturer to qualify as a “small volume manufacturer” (SVM) on the basis of its own sales if it can show that it is “operationally independent” from related manufacturers with which its sales would otherwise be aggregated (January 2012 Comments.) ARB adopted Ferrari’s proposal. Under the current GHG ISOR, ARB proposes a minor revision to the definition of an SVM in 13 CCR § 1900(22). This revision would allow a manufacturer to be classified as an SVM for the 2013 through 2017 model years (MYs). Ferrari strongly supports ARB’s proposal because it will ensure consistency between the California and the federal GHG programs.

Ferrari also proposes a minor change in the regulatory language at 13 CCR § 1900(22) that outlines the criteria to be used for showing operational independence. Ferrari’s proposed change will remove redundant language in the California regulations and also facilitate harmonization of the California and federal GHG programs.

### **II. Ferrari Supports the Proposed Revision to the Definition of “Small Volume Manufacturer.”**

The GHG ISOR proposes to expand the time period for which a vehicle manufacturer may qualify as an SVM, based on a showing of “operational independence.” The current regulations state that “a manufacturer may be classified as a ‘small volume manufacturer’ for the 2015 through 2017 model years if the Executive Officer determines



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that it is operationally independent...”<sup>1</sup> ARB has proposed to allow vehicle manufacturers to be classified as SVMs for MY 2013 through 2017.

Ferrari supports this regulatory revision because it is consistent with the recently published federal rule establishing a national program of regulations to reduce greenhouse gas emissions and improve the fuel economy of light-duty vehicles for MY 2017-2018 (Final EPA GHG Rule).<sup>2</sup> In that rule, EPA finalized provisions allowing manufacturers that otherwise would not be eligible for the GHG SVM provisions due to federal aggregation requirements to demonstrate that they are “operationally independent,” based on several criteria that are virtually identical to the criteria adopted by ARB. EPA stated in the preamble to the rule that “if the Administrator determines that a manufacturer is operationally independent, that manufacturer will be eligible for the alternative SVM CO<sub>2</sub> standards as well as the remaining years of the MY 2012-2016 exemption even if the manufacturer is more than 10 percent owned by another firm.”<sup>3</sup> In addition, the federal regulations promulgated by the Final EPA GHG Rule do not place a time limit on the application requesting treatment as an operationally independent manufacturer.<sup>4</sup> Thus, EPA showed its willingness to accept applications requesting SVM status effective during the first phase of the GHG rules.

As Ferrari noted in its January 2012 Comments, one of the goals of the current regulatory activity in California and at the federal level is to synchronize the two regulatory programs to the maximum extent possible. The consistency of the two regimes should be a high priority for all agencies involved, so that vehicle manufacturers can look to clear standards that will allow them to adequately focus their resources in order to achieve maximum reduction of criteria pollutant and GHG emissions from new motor vehicles. ARB’s proposed regulatory revision extending SVM eligibility to MY 2013 will further facilitate the consistency of the two regulatory regimes. Manufacturers will be able to submit an application requesting status as an operationally independent manufacturer in California simultaneously with the application to EPA, beginning in MY 2013. This streamlined application process will provide savings in both time and administrative costs.

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<sup>1</sup> See 13 CCR § 1900 (22).

<sup>2</sup> Environmental Protection Agency, *2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards*, 77 Fed. Reg. 62,624 (Oct. 15, 2012).

<sup>3</sup> Final EPA GHG Rule at p. 62,794.

<sup>4</sup> See 40 C.F.R. § 86.1838-01(d) (2012); Final EPA GHG Rule at p. 63,162.



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### III. Proposed Regulatory Language

Ferrari notes that one of the criteria for operational independence in the revised section 1900(22) contains circular language and should be revised for clarity. Criteria number four currently reads: “related manufacturers do not use any vehicle powertrains or platforms developed or produced by related manufacturers.”<sup>5</sup> Ferrari proposes that criteria number four be revised to reflect the parallel criteria adopted in the Final EPA GHG Rule. Specifically, under 40 C.F.R. § 86.1838-01(d)(1)(iii), an applicant requesting federal treatment as an operationally independent manufacturer must show that “the applicant does not use any vehicle engines, powertrains, or platforms developed or produced by related manufacturers” (emphasis added). This language will provide clarity by removing the circular reference to “related manufacturers” currently found in the California regulations. In addition, this language will further facilitate harmony between the federal and California GHG programs, because it will be identical to the language contained in the Final EPA GHG Rule.

A handwritten signature in blue ink, appearing to read "David M. Wertheim".

David M. Wertheim  
Vice President & General Counsel  
Ferrari North America, Inc.

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<sup>5</sup> See 13 CCR § 1900(b)(22).