

Steven Douglas
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Emissions Warranty Reporting

Alliance of Automobile Manufacturers
March 22, 2006

Alliance Members

- BMW
- DaimlerChrysler
- Ford
- General Motors
- Mazda
- Mitsubishi
- Porsche
- Toyota
- Volkswagen

Why do we need a change?*

1. Proof required to demonstrate violations
2. Corrective actions available to ARB
3. Reporting of emission warranty information

*See ARB Initial Statement of Reasons, October 6, 2006, page ii

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Industry Issues

1. Emissions Impact
 2. Due Process
 3. Compliance Statement
 4. Extended Warranty
- No change**

Regulatory Costs miscalculated

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Summary

- Alliance recommends one of two alternatives:
 1. Change regulation to
 - Include the emission standards in the regulation
 - Provide manufacturers meaningful due process
 - Eliminate the unneeded compliance statement
 2. Revise the public hearing to provide due process
- OR direct the staff to work with industry to resolve our concerns

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Issues Summary – Dave Patterson

ARB issues

1. Proof of violations
2. ARB corrective actions
3. Reporting issues

Industry issues

1. Emissions Impact
2. Due Process
3. Compliance Statement
4. Extended Warranty

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Emissions Standards

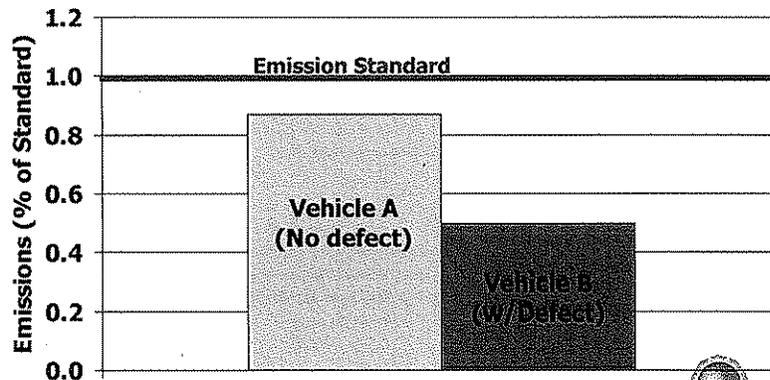
Existing Regulation →	Apr → Staff Proposal	Jun → Alliance Proposal	Oct → Staff proposal
Emission Standards Fleet avg. & useful life	Emission Standards No fleet or useful life	Emission Standards (Fleet avg. & useful life)	<i>Ignore emission standards</i>
Jan 16 → Alliance Proposal	Jan 23 → Staff proposal	Feb 8 → Staff proposal	Mar 12 → Staff proposal
Emission Standards No fleet or useful life	<i>Ignore emission standards</i>	<i>Ignore emission standards</i>	<i>Ignore emission standards</i>

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Emissions Impact

Why recall Vehicle B?



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Emission Standard

1. Certification
2. In-use verification
3. In-use compliance
4. On-Board Diagnostic thresholds

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Emission Standard Testing

1. Install defect component
2. Measure emissions
3. Compare measured emissions to emission standard

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Emission Standard

Recommendation:

- Adopt Alliance proposal OR
- Direct Staff to work with industry to incorporate emission standards.

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Issues Summary – Sara Rudy

ARB issues

1. Proof of violations
2. ARB corrective actions
3. Reporting issues

Industry issues

1. Emissions Impact
2. Compliance Statement
3. Extended Warranty
4. Due Process

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Compliance Statement

- Recalls allowed if: "...manufacturer has violated emission standards or test procedures"¹
- Test procedures: "...procedures necessary to determine whether the vehicles or engines are in compliance with the emission standards..."²
- Proposal does not meet statutory definition of "test procedure."

¹ See H&S Code Section 43105, "Violation of standards or test procedures – Recall of Vehicles"

² See H&S Code Section 43104, "Test Procedures"

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Compliance Statement

- Oct 06 ISOR: "manufacturers shall demonstrate" that no emission control device will exceed a valid failure rate of 4% or 50 vehicles
- Impossible to DEMONSTRATE
- Jan 23 Staff report: "manufacturers shall state" that no emission control device will exceed a valid failure rate of 4% or 50 vehicles

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Compliance Statement

Withhold certification unless manufacturer

- Predicts the future?
- Jeopardize certification?

Recommendation: Eliminate this provision from the test procedures

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Issues Summary – Tony Martino

ARB issues

1. Proof of violations
2. ARB corrective actions
3. Reporting issues

Industry issues

1. Emissions Impact
2. Compliance Statement
3. Extended Warranty
4. Due Process

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Extended Warranty

- Board directed staff to review at Dec. 7 hearing
- Extended warranty revised, limiting coverage to useful-life
- Authority to order extended warranties
- Revision is a step in the right direction

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Issues Summary – Alan Prescott

ARB issues

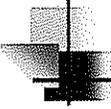
1. Proof of violations
2. ARB corrective actions
3. Reporting issues

Industry issues

1. Emissions Impact
2. Extended Warranty
3. Compliance Statement
4. Due Process

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Due Process

- Proposed regulations: "Notwithstanding any other provision in of law, including title 13 or title 17 of California Code of Regulations, the record in any public hearing conducted pursuant a request made under this section shall be limited to..."
- Proposed Regulation:
 - Abuse of discretion – **PROHIBITED**
 - Undue burden – **PROHIBITED**
 - Emission Standard – **PROHIBITED**
 - Failure unforeseeable – **PROHIBITED**

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A Fair Hearing - Jeff Clark

- Accept current proposal except hearing section (Section 2174)
- Judge allowed to preclude recall or other remedial action if
- Manufacturer demonstrates any or all of following by a preponderance of the evidence:
 - Emission Standard
 - Abuse of Discretion
 - Undue burden
 - Unforeseeable

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