



August 22, 2012

Clerk of the Board
Air Resources Board
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Sacramento, California 95814

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COMMENTS TO THE BOARD

Dear Members of the Board:

Re: Proposed Regulatory Amendments to the Verification Procedure, Warranty and In-use Compliance Requirements for In-use Strategies to Control Emissions from Diesel Engines

Clean Diesel Technologies (CDTi), headquartered in Ventura California, has obtained verifications of a number of retrofit devices through our Engine Control Systems heavy duty subsidiary. CDTi has catalyst manufacturing facilities in Oxnard California, as well as exhaust systems manufacturing units in Reno Nevada and Markham Ontario Canada. In the past eight years, CDTi has made significant investments in support of ARB's Diesel Risk Reduction Plan. Many of these investments were made with respect to the scope and forecasts based upon the original fleet rules. In addition, we have made significant investments in facilities and direct employment in the state of California.

CDTi thanks the Board for directing staff to incorporate relief provisions for VDECS providers due to the economic downturn and reduction in market opportunity which resulted from fleet rule revisions.

CDTi commends staff that has worked with stakeholders over the past 18 months to develop the proposed relief provisions.

In particular, CDTi also wishes to commend staff that review and process the actual verification applications. This is very time consuming, technically complex and meticulous work, and we appreciate the dedication and support of staff.

CDTi has had the opportunity to review the above mentioned proposed amendments to the verification procedure, warranty and in-use compliance requirements for existing on-road, off-road and stationary diesel-fueled vehicles and equipment. CDTi is pleased to indicate its public support for the vast majority of the proposed amendments which we feel bring value to device manufacturers and our customers.

CDTi also supports the comments made by the Manufacturers of Emission Controls Association (MECA).

CDTi appreciates the opportunity to provide the following additional comments on specific proposed changes and associated recommendations for the Board's consideration.

In December 2010, the original board direction to staff was to provide relief to device manufacturers. With regards to relief, CDTi appreciates and supports the proposed changes to in-use compliance requirements. In particular, the ability to demonstrate Phase 1 compliance through functionality in the field, rather than in a test cell, represents a significant cost reduction. The proposed Phase I changes also benefits device manufacturers by focusing the in-use compliance activity on practical in-use operation, inspection, field deployment and performance related issues. These changes also ultimately benefit end users.

However, other proposed changes represent additional costs and further re-investments to some or all manufacturers. We note that this is the fifth time that the verification regulation has changed over the past ten years. With each set of proposed changes, our company has typically had to re-invest resources to comply with the revisions and maintain verifications. These re-investments have typically resulted in delaying the submission and processing of other new verifications. During this same period, the development of the corresponding fleet rules were delayed multiple times- delaying the return on our investments.

We believe that several of the proposed new requirements impose additional costs and resource demands and do not benefit the performance, reliability, or safety of verified devices.

In particular, with respect to amendments to monitoring system requirements [Sections 2704 (e)(4), Section 2705 (c)(3), Section 2706 (f)(5)(B) and (C)], we feel that tightly regulating the format of logged data offers little true value to device manufacturers and end-users and that greater flexibility should be afforded. We believe this request for greater flexibility is justified as Section 2706 (f)(6) requires companies to provide related hardware and software to ARB needed to download all diagnostic data. We also advise that these changes have the potential to greatly impact costs to manufacturers and these costs are not accounted for in the cost methodology of Appendix C.

CDTi accepts the proposed structure to the application process in Section 2702 as it applies to device verification where mandatory fleet retrofit requirements exist. In general, our experience is that the verification application process takes too long - far exceeding the time it takes OEM's to certify a new engine or complete vehicle. Of particular note, we feel that the issuance of letters and verifications after final submission takes disproportionately too long. Given the transition to a proposed verification application process which includes the issuance of four different letters, we are apprehensive based upon our past company experience.

Given the elimination of mandatory retrofit requirements in the In-Use Off-Road Diesel Vehicle Regulation, CDTi believes that further substantial streamlining of related device verifications and harmonization or true reciprocity with the US EPA should be pursued by staff. A truly common or reciprocal process would further incentivize investments in the availability of products and services to the off-road market. Since both EPA and ARB programs are voluntary, there is little reason for California to continue to insist upon and bear the costs of a distinct verification process where only voluntary retrofit requirements exist. Harmonization would also aid to balance and reduce resource requirements between the US EPA and ARB. Harmonization and / or reciprocity should strive to ensure that both agencies have current information on verified devices that may be

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deployed in either jurisdiction. Lastly, it would ensure resources needed for timely review of verifications related to California fleet rules where mandatory retrofit requirements still exist.

Yours truly,

A handwritten signature in black ink, appearing to read "Lyndon Smith". The signature is stylized with a large, looped initial "L" and a distinct "S".

Lyndon Smith
Vice President and General Manager
Clean Diesel Technologies, Inc.