

Jamie Krapp 07-5-5
May 24-25, 2007



May 23, 2005

The Honorable Robert F. Sawyer, Ph.D.
Chairman, California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Status Report on California Air Resources Board's Zero Emission Vehicle Program
May 24, 2007 Board Meeting, Agenda Item #07-5-5.

Dear Chairman Sawyer:

The undersigned organizations respectfully submit the following comments on Agenda Item 07-5-5, Status Report on ARB's Zero Emission Vehicle Program.

As we begin this review of California's landmark ZEV Program, we ask you to reflect upon this regulation's tremendous legacy. When your predecessors on the board passed this program 17 years ago, their vision was to bring zero-emission vehicles to California consumers, thereby advancing vehicle technology and delivering cleaner air to all. Over the years, as different boards and different staffs have reviewed the ZEV Program—usually under tremendous public and political scrutiny—changes have been made.

Some changes have attempted to respond to the pace of technology development at the time. Other changes have sought to accommodate the varying needs of the major automakers subject to the regulation. While some changes have succeeded in bringing cleaner vehicles (PZEVs) and advanced technology vehicles (AT PZEVs) to market, the majority of changes have weakened this world-leading program by cutting back the pure-ZEV component. To protect air quality and public health, our need to have a fleet of truly zero emission vehicles becomes more important each day. California cannot afford to see this program weakened once more.

We urge the board to not open the regulation for review at this time. California needs a strong ZEV program to meet our health-based air quality goals. The ZEV Program is succeeding in its goals to advance automotive technology and deliver cleaner air to Californians today. The ZEV Program is on course.

The April 13, 2007 Report of the ARB Independent Expert Panel: "Status and Prospects for Zero Emissions Vehicle Technology" and the April 20, 2007 "Status Report on the California Air Resources Board Zero Emission Vehicle Program" prepared by staff affirm the program's success:

- All manufacturers currently are in compliance with the regulation.
- One manufacturer has produced more fuel cell vehicles than required.
- The number of AT PZEVs, or "Silver" cars produced to date exceeds the current requirements under the regulation. In 2005 twice as many AT PZEVs were produced as were required.
- Manufacturers are producing more PZEVs than required. In 2005, manufacturers collectively produced 40% more PZEVs than the industry-wide requirement.
- The AT PZEV category advances technology development and accelerates development and deployment of ZEV technologies. R&D on hybrid batteries, for example, will improve the batteries needed in future ZEV technologies.
- Fuel cells are still promising for a future mass market ZEVs and car companies are investing heavily in the technology.
- Plug-in hybrids have the potential to provide significant direct benefits and to foster future mass market ZEVs. The technology may be very close to technical and economic feasibility and several carmakers are interested in developing the technology.

Given the pace of technological advancements spurred by this regulation, we strongly believe opening the regulation at this time is premature and would ultimately jeopardize the integrity of the current program.

We also would like to express our great concern over ARB's insistence that the credits for ZEV sales allocated to each automaker remain confidential. The system that ARB devised to track automaker compliance with the regulation should be open and transparent to the public. Currently, it is not. This information directly affects how many extremely low-polluting vehicles (i.e. ZEVs, AT PZEVs, and PZEVs) an automaker will produce, or not produce, in future years and, thus, how air quality and public health will be affected. The public interest in this critical compliance information clearly outweighs the private interest of automobile manufacturers in keeping it secret from California citizens.

The limited information that is available points to a disturbing credit glut; many automakers appear to have thousands of "banked" ZEV credits, meaning they would not have to produce any "silver" or "gold" category cars for several years. While we do not know the full extent of the glut or its implications (because the information is not publicly available), we believe the situation is very serious. **We urge the board to gain a better understanding of the implications of the glut on current and future ZEV program implementation before considering further changes to the ZEV program. We further ask the board to direct staff to develop and bring to the board for consideration as soon as possible a policy to make publicly available the credits earned per manufacturer and the method of calculating those credits.**

Finally, as you again consider whether to make changes in this landmark program that has successfully pushed cleaner vehicle technologies to market, placing better cars in consumers' hands, we urge the Board to look closely at the auto industry's history of claiming "can't do." Our governor recently told Detroit to "get off its butt." We agree. It's time for carmakers to step up and put their significant engineering capabilities to work.

Thank you for your consideration.

Sincerely,

Bonnie Holmes-Gen
American Lung Association of California

Emily Rusch
CalPIRG

John Shears
Center for Energy Efficiency and Renewable Technologies

Tom Plenys
Coalition for Clean Air

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Energy Independence Now

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