



October 17, 2008

Ms. Mary D. Nichols, Chairman
California Air Resources Board
1001 I Street
Sacramento, California 95812

Dear Chairman Nichols:

Subject: ZEV Rulemaking – 2nd 15-Day Notice Comments on Travel Provision

The large volume manufacturers (LVMs) appreciate the ARB Staff's changes to the travel provision proportionality language to address cases where manufacturers are complying under the alternative path during the 2010 and 2011 model years, and providing an additional model year of lead-time before the proportionality provision takes effect.

The proportionality calculation in the travel provision will serve its intended purpose in cases where the sales ratio between a Section 177 State and California remains constant over time. It will also serve its intended purpose in cases where a manufacturer is not using any carry-forward or carry-back of credits. In these cases, a manufacturer that achieves compliance with the gold requirement in California (e.g., 0.79% in 2012-2014) will achieve compliance with the gold requirement in the Section 177 State at exactly the same percentage, i.e., 0.79% in 2012-2014, without any extra credits or any shortage of credits. However, this most likely will not be the norm, since production/sales plans will not exactly match compliance requirements.

Therefore, in most cases, manufacturers will use carry-forward or carry-back of credits while the sales ratio between the Section 177 State and California will change over time. This may result in a manufacturer achieving sufficient credits in California (e.g., 0.79% in 2012-2014) but not having sufficient credits in the Section 177 State. The LVM's comments for the 1st 15-day notice provided examples of such situations under both a carry-forward scenario and under a carry-back scenario.

Ideally, in situations where a manufacturer uses carry-forward/carry-back credits, the proportionality calculation would result in the same percentage of credits in both California and the Section 177 State for each model year for which those credits are used. In general, if the manufacturer generated sufficient credits in California to cover the gold requirement the manufacturer should be considered to have sufficient credits in the Section 177 State to cover the gold requirement. The LVMs request that CARB confirm that this is the intent of the travel provision proportionality calculation.

Very Truly Yours,

Chrysler LLC
Ford Motor Company
General Motors Corporation
American Honda Motor Company, Inc.
Nissan North America, Inc.
Toyota Motors North America, Inc.