

Chrysler Group LLC Reginald R. Modlin Testimony on:

"LEV III" AMENDMENTS TO THE CALIFORNIA GREENHOUSE GAS AND
CRITERIA POLLUTANT EXHAUST AND EVAPORATIVE EMISSION STANDARDS
AND TEST PROCEDURES and THE 2012 AMENDMENTS TO THE CALIFORNIA
ZERO EMISSION VEHICLE REGULATION

January 26, 2012

Metropolitan Water District Headquarters
Los Angeles, California

Chrysler appreciates the opportunity to comment on California's Advanced Clean Cars (ACC) proposed rules. We support single, harmonized national greenhouse gas, fuel economy, and criteria pollutant performance standards that treat all manufacturers equally and contribute to meeting California's air quality and GHG objectives. We are here today to support, with one exception, the Staff's suite of proposed rules.

Chrysler takes exception with the provision that would give a select group of manufacturers the opportunity to avoid up to half of their ZEV obligation as a result of over compliance with the greenhouse gas provisions of the federal or California program.

Chrysler believes this provision is inconsistent with the Board's directive to move zero emission vehicles to commercialization, does a dis-service to the citizens of California by denying them the incremental air quality benefit that would be lost, creates an un-level playing field by providing a select group of manufacturers a significantly lower cost of compliance, and slows down market acceptance of electric drive vehicles.

This provision could reduce electric vehicle product entering the market by about 350,000 units. The variable cost avoided would be about \$4.5 billion. This would be at a time in the program when the vehicles will be at their most expensive point and the market least willing. The manufacturers taking advantage of the provision will be able to invest in conventional advanced spark-ignition technologies that will sell profitably in a willing market.

We ask that you not adopt the provision as part of future regulations.

Chrysler submitted written comments on the whole suite of proposed rules.

Thank you for your time and consideration.