



SUBARU

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March 1, 2012
Ref. #GR12-030C

Clerk of the Board
Air Resources Board
1001 I Street
Sacramento, CA 95814

Ms. Analisa Bevan, Chief
Sustainable Transportation Technologies Branch
Mobile Source Control Division
California Environmental Protection Agency
1001 I Street
(P.O. Box 2815)
Sacramento, CA 95814

Dear Clerk of the Board and Ms. Bevan:

On behalf of Fuji Heavy Industries Ltd. ("FHI"), manufacturer of Subaru vehicles, and Subaru of America, Inc., the U.S. importer agrees with the January 20, 2012 comments submitted by Global Automakers concerning the January 26-27, 2012 Board's proposed and subsequently adopted Advanced Clean Cars rulemaking. In particular, Subaru is supportive of ZEV staff's proposed GHG-over-compliance ZEV offset option.

After reviewing CARB's 15-day notice, we are submitting this docket correspondence to be on record with our continuing concern over no changes to the ZEV Mandate definition of "Intermediate Volume Manufacturer" (IVM).

Subaru attended ZEV staff's July 23, 2010 and August 17, 2010 IVM group meetings as well as the "All" manufacturer proposed ZEV regulation modifications meeting held on August 31, 2010. In our September 23, 2010 correspondence, Subaru commented on the IVM/LVM threshold definition (i.e., IVM sales volume should be higher than 30,000) and the ZEV ownership rule. On November 16, 2011, California announced its Advanced Clean Car rules including ZEV package, which reduced the threshold from 60,000 annual sales to 20,000.

During the January 26-27, 2012 Advanced Clean Car Board public hearing, Mazda Motor Company submitted a comment proposal that a "manufacturer is classified as an IVM if it has average annual California sales for the three previous consecutive model years:

- Between 4,501 and 20,000 per year, or
- Between 20,001 and 40,000 per year and average annual global sales of less than 1.8 million vehicles per calendar year."

On February 8, 2012, Subaru notified CARB's Sustainable Transportation Technologies Branch by email that Fuji Heavy Industries, Ltd was supportive of Mazda's proposed ZEV secondary IVM criteria language. It is clear from staff's ZEV Initial Statement of Reasons (ISOR) proposal that CARB considers Subaru an IVM. In our February 14, 2012 filing of our 2011 model year NMOG fleet average report, ZEV staff is currently aware that Subaru has already exceed the staff's proposed 20,000 annual sales number. Subaru believes that Mazda Motor Company's proposed secondary IVM criteria language for the IVM definition is similarly sufficient to resolve our concerns.

On January 27, 2012, Board member Sandy Berg stated (page 52 extracted from Board transcript) the following:

"Now that we're bringing intermediates into a commitment, not pure ZEVs, but the next level in 2017, it seems to me we're asking everybody to do their part. I think we want to make sure there is no unintended consequences that we are lumping somebody who should be in the intermediate category into the large category because we have this hard line of 20,000 cars. So I would just like staff's review on that and take a look at should there be anything other criteria that we should be adding to that 20,000.

Clerk of the Board / Analisa Bevan (CARB)
Ref. #GR12-030C
March 1, 2012

Also on the intermediates, I understand there is a 15-day change. But one of the manufacturers had mentioned that they didn't have the flexibility as the large manufacturers in such things as the 177 states."

Subaru is not a Large Volume Manufacturer (LLM) nor do we possess the research resources necessary to achieve LLM ZEV compliance with the new Advanced Clean Cars regulations for 2017 model year. Subaru now finds itself in the scenario situation that Board member Berg described "***unintended consequences*** (*emphasis added*) that we are lumping somebody who should be in the intermediate category into the large category because we have this hard line of 20,000."

In our opinion the fact that Subaru as an IVM has already exceeded staff's proposed 20,000 annual sales number in 2011 model year strongly suggests that the hardline of 20,000 was set too low. It appears that CARB ZEV staff's direction from management is to "monitoring the issue" without making any definition changes from comments received during the 15-day notice period. We are deeply concerned that this direction will have a significant financial hardship impact on Subaru.

Thank you for the opportunity to comment on the ZEV portion of the Advanced Clear Car 15-day rulemaking notice.

Sincerely,



John H. Ruge, Jr.
Emissions Activities Manager

cc: Sandy Berg (CARB Board)
FHI
Global Automakers