Comments on Zero Emission Vehicle Rule Amendments

Proposed by the California Air Resources Board

Submitted by:

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January 26, 2012

Good morning Chair Nichols and members of the Air Resources Board. I am Andrew Ginsburg, Air Quality Administrator of the Oregon Department of Environmental Quality. I am here today to offer comments on the proposed rule amendments to the motor vehicle emission standards designated ZEV 2.0. The focus of my remarks will be to express Oregon’s support for the optional Section 177 ZEV compliance path available for intermediate and large volume manufacturers proposed by ARB staff.

Oregon is one of the states that opted into California’s LEV program. As you know, the Clean Air Act preempts states other than California from establishing emission standards for new vehicles, but Section 177 allows us to opt into your standards provided we do so identically. In 2005, Oregon did just that as an important part of our strategy to meet our greenhouse gas reduction goals and to support development of advanced technology zero emission vehicles.

I’d like to first acknowledge and thank you for the trailblazing work your agency has done in developing the LEV program and the ZEV requirements. We are indebted to you for establishing these programs, and we consider ourselves partners in your agency’s longstanding commitment to the development of vehicles that do not harm human health and the environment. That said, we are also inextricably linked to your decisions because our regulations must be identical to yours. Our strong interest is that the rule amendments support our goal of early introduction and a smooth increase in of the number of ZEVs in Oregon and the other opt-in (or Section 177) states.

Oregon is serious about encouraging the widespread use of battery-electric and plug-in hybrid vehicles. Oregon joined with California and Washington to implement the West Coast Green Highway to allow electric vehicles to travel effectively from Canada to Mexico. We’ve established the Transportation Electrification Executive Committee to oversee and coordinate the installation of electric vehicle charging systems, and we currently have well over 100 publically available electric chargers installed and operating with many more planned in the coming year. Our Public Utilities Commission recently concluded a two year investigation into how private utilities can assess tariffs for the electric vehicle charging, thereby resolving significant questions about how utilities should handle issues raised by vehicle charging. In addition, Oregon’s Building Codes Division is evaluating what changes should be made for new construction projects in order to accommodate electric vehicle charging, and local and regional governments are investing in ways to stimulate the acceptance and use of electric vehicles.

These and other considerations allowed Oregon to be chosen by several automakers and the US Department of Energy as one of the states for the early introduction of electric vehicles, and to secure several grants to augment the introduction of this new technology.

While Oregon supports the intent of the originally proposed changes to the ZEV program, we share the general concern that the large increase in ZEV requirements in 2018 is a sizable discontinuity that could be unnecessarily challenging in transitioning to larger numbers of electric vehicles. As a result, Oregon participated in discussions between automakers and other Section 177 states to ensure that air quality goals are achieved. We are pleased that both states and automakers were able to agree to an optional compliance path that provides a more gradual increase in zero emission vehicles in states outside California while ensuring early introduction of battery electric vehicles in our states.

I want to highlight a few key provisions of the agreement that we urge you to include in the final rule. First, automakers that choose the optional compliance path must make the selection by September 1, 2014 and must opt-in to the alternative in its entirety. Automakers that opt in would be bound by the optional compliance path from 2015 to 2021.

Second, the agreement calls for a gradual phase in of battery-electric vehicles with credit obligations lower than those in California in some years. It is important that any reduced obligations in Section 177 states do not create a “windfall” of credits that could be used to meet other obligations through the travel provisions of the rules.

Last, the agreement provides manufacturers with the flexibility of “pooling” their compliance obligations among states. The agreement calls for two pools – one in the east and one in the west – to allow ZEV obligations to be met in the locations where they are most accepted by car buyers while maintaining a regional balance. This two-pool configuration includes the additional feature that ZEV compliance obligations may be traded between the two pools, but only at a premium of 30 percent. That is, if a manufacturer is short 100 ZEV credits in one pool, it is allowed to meet that obligation by providing 130 ZEV credits to the other pool. This feature allows regulated parties more freedom in where ZEVs are actually sold while maintaining a strong incentive for ZEVs to be distributed to each of the pooled regions.

Again, Oregon supports the optional compliance path as agreed with the automakers and proposed by ARB staff today. These changes will allow a smoother phase-in of the zero emission vehicle requirements that should benefit all parties affected by these pivotal regulations.

Thank you for the opportunity to provide these comments.