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Gray Davis
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March 2, 2000

Mail Out #MSC 00-04

TO: ALL INTERESTED PARTIES

SUBJECT: PUBLIC WORKSHOPS TO DISCUSS (1) BACKGROUND INFORMATION BEING PREPARED FOR THE SEPTEMBER 2000 BIENNIAL REVIEW OF THE ZERO EMISSION VEHICLE (ZEV) PROGRAM, AND (2) THE ZEV REGULATORY STATUS OF MULTI-MANUFACTURER OWNERSHIP ARRANGEMENTS

A biennial review of the Air Resources Board's Zero Emission Vehicle (ZEV) program is scheduled for September 2000. The purpose of the biennial review is to update the Board on progress being made towards meeting the ZEV program requirements. Staff to the Board will be holding two workshops to present information related to the review, and receive public comment. Staff will also be holding a separate workshop to discuss how multi-manufacturer joint ownership arrangements may affect ZEV obligations.

Background Information for the September 2000 Biennial Review

At the first workshop, staff will present preliminary information regarding the biennial review process, manufacturer status, current vehicle technology, and compliance with the Memoranda of Agreement. Staff will seek comment on the content of the preliminary staff assessment, and will also invite comment on the experience of current EV drivers, and advances in ZEV drivetrains and other components. The workshop agenda and a preliminary staff assessment will be made available prior to the workshop on the ARB web site at www.arb.ca.gov/msprog/zevprog/2000review/2000review.htm or by contacting staff listed below. Details of the workshop are as follows:

Date: March 29, 2000
Time: 9:30 AM to 5:00 PM
Location: Air Resources Board
Board Room
2020 L Street
Sacramento, California
Staff Contact: Chuck Shulock, (916) 322-6964, cshulock@arb.ca.gov

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At a follow-up workshop, staff will present the draft Staff Report and Technical Support Document for the September Board meeting, with updated information on the topics referenced above, plus a discussion of costs, emissions benefits, and the EV market. Staff also will present findings from an assessment of battery technology and manufacturing cost, currently being conducted by an external review panel. The workshop agenda and related documents will be made available prior to the workshop on the ARB web site or by contacting the staff listed below. Details of this workshop are as follows:

Date:	May 31, 2000
Time:	9:30 AM to 5:00 PM
Location:	Air Resources Board Annex IV 9530 Telstar Avenue El Monte, California
Staff Contact:	Chuck Shulock, (916) 322-6964, cshulock@arb.ca.gov

ZEV Regulatory Status of Multi-Manufacturer Ownership Arrangements

In recent years, there have been many new multi-manufacturer arrangements, which have made it difficult to delineate individual companies. Through this workshop, ARB will work with automobile manufacturers and other interested parties to clarify the ZEV-related emission compliance liabilities of companies in multi-manufacturer arrangements. Appropriate lead-time would be provided before any changes become effective.

Attachment 1 describes how the small and intermediate volume manufacturer provisions are now applied in multi-manufacturer joint ownership situations. For the first time, the ARB's CAP 2000 regulations incorporate U.S. EPA's sales aggregation provisions as part of the durability demonstration requirements for small volume manufacturers in the certification and test procedures. In applying the durability demonstration requirements for the 2001 and subsequent model years and for 2000 model year vehicles certified under CAP 2000, sales from different firms are now aggregated in the following situations:

- i. Vehicles produced by two or more firms, one of which is 10 percent or greater part owned by another,
- ii. Vehicles produced by any two or more firms if a third party has equity ownership of 10 percent or more in each of the firms,

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- iii. Vehicles produced by two or more firms having a common corporate officer(s) who is (are) responsible for the overall direction of the companies,
- iv. Vehicles imported or distributed by all firms where the vehicles are manufactured by the same entity and the importer or distributor is an authorized agent of the entity.

In an upcoming rulemaking planned for 2001, ARB intends to propose amendments that would apply these sales aggregation provisions to the following instances in which a small volume manufacturer receives different treatment under the ARB program: (i) the fleet average requirements for passenger cars and light -duty trucks and the required mix of emissions categories for medium-duty vehicles, and (ii) application of the percentage phase-in requirements for the LEV II exhaust standards, the LEV II evaporative emissions standards, and the SFTP standards. Appropriate lead time would be provided.

In this current workshop, ARB seeks comment on how best to determine when sales volumes must be combined for purposes of compliance with the ZEV requirement. Specifically, ARB solicits input on the following issues:

- How various multi-manufacturer arrangements are established,
- Clarification of terms such as “partnership,” “joint venture,” “partial ownership,” etc.,
- Application of the “operationally independent” principle in 100 percent ownership situations,
- Whether or not ARB should amend its regulations to use the CAP 2000 sales aggregation provisions to determine whether a manufacturer is a small volume manufacturer exempt from the ZEV requirement, or an intermediate volume manufacturer exempt from the 60 percent limit on the use of credits from partial ZEV allowance vehicles, and
- Suggested alternate methods for determining how the ZEV requirement should apply in multi-manufacturer arrangements.

The workshop agenda will be made available prior to the workshop on the ARB web site or by contacting the staff listed below.

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Details of this workshop are as follows:

Date: March 30, 2000
Time: 9:30 AM to 5:00 PM
Location: Air Resources Board
Board Room
2020 L Street
Sacramento, California
Staff Contact: Elizabeth Wong (916) 322-1990, eswong@arb.ca.gov

ZEV Review List Serve

For your information, the Air Resources Board maintains a list serve area for the September 2000 ZEV Review. If you sign up for this list serve, you will receive an e-mail notice when new information has been posted to the September 2000 ZEV Review web site. To subscribe to the September 2000 ZEV review list serve, please send an e-mail to:

Majordomo@listserv.arb.ca.gov

In the message type:

subscribe 2000-zev-review jqpublic@anywhere.com
where "jqpublic@anywhere.com" is your e-mail address.

After authenticating this request, you will receive an automatic message confirming that you have successfully subscribed. If you have questions concerning the list serve, please contact Ms. Lisa Kasper at (916) 327-2932 or lkasper@arb.ca.gov.

Sincerely,

Robert H. Cross, Chief
Mobile Source Control Division

Attachment ([Word - 27K](#)) or ([Acrobat - 10K](#))