



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

Mary D. Nichols, Chair
9480 Telstar Avenue, Suite 4
El Monte, California 91731 • www.arb.ca.gov

Edmund G. Brown Jr.
Governor

Note: This letter, but not the attachment containing confidential business information, is public.

July 13, 2016

Reference No. IUC-2016-014

Porsche AG
Porsche Cars North America, Incorporated

Through:

Mr. Walter J. Lewis
Manager, Regulatory Affairs
Porsche Cars North America, Incorporated
980 Hammond Drive, Suite 1000
Atlanta, Georgia 30328

SUBJECT: NOTICE OF REJECTION OF PORSCHE CARS NORTH AMERICA, INCORPORATED'S DIESEL 3.0L V6 ENGINE INFLUENCED EMISSION RECALL PLAN

Dear Mr. Lewis:

As you know, the California Air Resources Board (CARB) has been investigating the failure of Porsche AG and Porsche Cars North America, Inc. (Porsche) vehicles to comply with State emission standards, test procedures, on-board diagnostic (OBD) system requirements, and other regulatory requirements. Audi AG (Audi) stated, and Porsche confirmed, that Audi designed, built, and supplied the 3.0 liter (3.0L) diesel engines for inclusion in Porsche's 3.0L diesel vehicles. In November 2015, Audi admitted to CARB that its 3.0L diesel engines, including those supplied to Porsche, were equipped with undisclosed Auxiliary Emission Control Devices (AECDs), which ARB later determined to be defeat devices that bypass, defeat, or render inoperative elements of the vehicles' emission control systems. These defeat devices were installed on Porsche's 3.0L diesel vehicles manufactured for model years (MY) 2013-2016 (Generations 2.1 and 2.2), in order to circumvent CARB's and the United States Environmental Protection Agency's (EPA) emission test procedures, so that Porsche could obtain Executive Orders from CARB and Certificates of Conformity from EPA. These documents were required before these vehicles could legally be introduced into

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California Environmental Protection Agency

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commerce in California. Porsche applied for Executive Orders from CARB, and in those applications, Porsche stated that the vehicles met the applicable emission standards. However, the vehicles were equipped with defeat devices and did not meet the applicable emission standards. In the applications for certification, Porsche also stated that the production vehicles would be in all material respects the same as the vehicles for which approval was granted. However, approval was granted for vehicles without defeat devices, while the production vehicles contained defeat devices.

As a result of Audi's disclosures and CARB's investigation, in conjunction with EPA and Environment Canada, on November 25, 2015, CARB issued Porsche an in-use noncompliance letter covering these Porsche 3.0L diesel vehicles (Reference No. IUC-2015-012). CARB's in-use noncompliance letter, among other things, directed Porsche to return those vehicles to the claimed certified configuration. Pursuant to California Code of Regulations, title 13, section 2113(b), Porsche had until February 2, 2016, to submit a proposed influenced emission recall plan ("recall plan" or "proposed plan") to CARB that met the elements prescribed in California Code of Regulations, title 13, section 2114. Porsche's recall plan was required to correct the nonconformities of its MY 2013-2016 (Generations 2.1 and 2.2) 3.0L light-duty diesel vehicles in an expeditious manner.

Porsche submitted an incomplete draft recall plan on February 2, 2016. After the February 2, 2016, deadline, VW and Audi submitted additional significant information and data, both in writing and orally, to CARB relating to the Porsche vehicles' (containing Audi engines) nonconformities. CARB informed Porsche in a confidential letter dated February 17, 2016 (Reference No. IUC-2016-006), that Porsche's recall plan failed to address the basic requirements outlined in California Code of Regulations, title 13, sections 2113-2119. This letter also reiterated some of what was needed to fully meet the regulatory requirements. After the February 17, 2016 letter, and as late as June 2016, VW and Audi continued to submit additional significant information and data, both in writing and orally, to CARB relating to the affected vehicles' nonconformities.

Porsche's submissions are incomplete, substantially deficient, and fall far short of meeting the legal requirements to return these vehicles to the claimed certified configuration. Porsche's proposed 3.0L influenced emission recall plan does not meet the requirements of California Code of Regulations, title 13, section 2113, subdivision (c), and fail to contain all of the required elements. Specifically, among other deficiencies, the proposed plan fails to do the following, as required under California Code of Regulations, title 13, section 2114, for all Generations 2.1 and 2.2 vehicles:

- Adequately describe the nonconformities and undisclosed AECDs/defeat devices on the affected vehicles;
- Sufficiently describe the remedial procedure for affected vehicles;
- Provide a meaningful estimated capture rate in California;
- Specify the system by which Porsche will ensure the availability of sufficient repair parts to institute the proposed fixes;
- Contain the impact of proposed fixes on fuel economy, drivability, performance and safety;
- Describe the impact of repairs on emissions, particularly average noncompliance emission levels, average emission reductions per pollutant, and an average emission level after proposed fixes;
- Demonstrate how the proposed fixes are designed to correct the nonconformities;
- Provide onboard diagnostic system demonstration data;
- Demonstrate how the plans are designed to correct the nonconformities in an expeditious manner; and
- Provide sufficient detail for CARB to evaluate the feasibility and success of the proposed plan.

CARB considers six of the deficiencies in Porsche's proposed influenced emission recall plan to be the most serious. First, Porsche has failed to disclose and provide a full description of all defeat devices and AECDs. Second, Porsche has failed to describe the nonconformities in sufficient detail for CARB to adequately understand them in the context of the recall plan, in order to determine whether the proposed fixes are feasible or would remedy each of the nonconformities or would not cause adverse impacts on the emissions durability. Third, Porsche failed to specifically and completely describe the fixes in its proposed recall plan in a manner that allows CARB to adequately evaluate whether they could be successful or are even technically feasible or would not cause greater emissions deterioration. Fourth, Porsche's proposed recall plan failed to provide required data to demonstrate that the affected vehicles will be returned to the claimed certified configuration including emissions durability during the useful life of the vehicles. Fifth, the proposed plan does not sufficiently address impacts the proposed fixes would have on the engine, the vehicle's overall operation such as drivability and fuel economy, and all related emission control technologies, including the OBD system, emissions durability, or the DEF system's dosing, warnings, and inducements. Lastly, the recall plan cannot be completed expeditiously, as certain required data will not be capable of completion until early August 2016 for the Generation 2.2 and mid-October 2016 for Generation 2.1. These six problems, as well as additional deficiencies with the proposed plan, are described in more detail in the confidential attachment to this letter.

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Therefore, CARB is rejecting Porsche's proposed 3.0L influenced emission recall plan for the Generations 2.1 and 2.2 diesel vehicles.

CARB, in conjunction with EPA, as part of their ongoing joint technical discussions with Porsche, will continue to evaluate Porsche's proposals, and will continue to work with Porsche through the enforcement action process to ensure a legally acceptable and expedited resolution to this matter. If you have any questions, I can be reached at (626) 450-6150.

Sincerely,



Annette Hebert, Chief
Emissions Compliance, Automotive Regulations, and Science Division

Confidential Attachment not to be released to public

Cc: (via email only)

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