

California Environmental Protection Agency



Public Hearing to Consider 2014 Amendments to the Zero Emission Vehicle Regulation

Sacramento, California

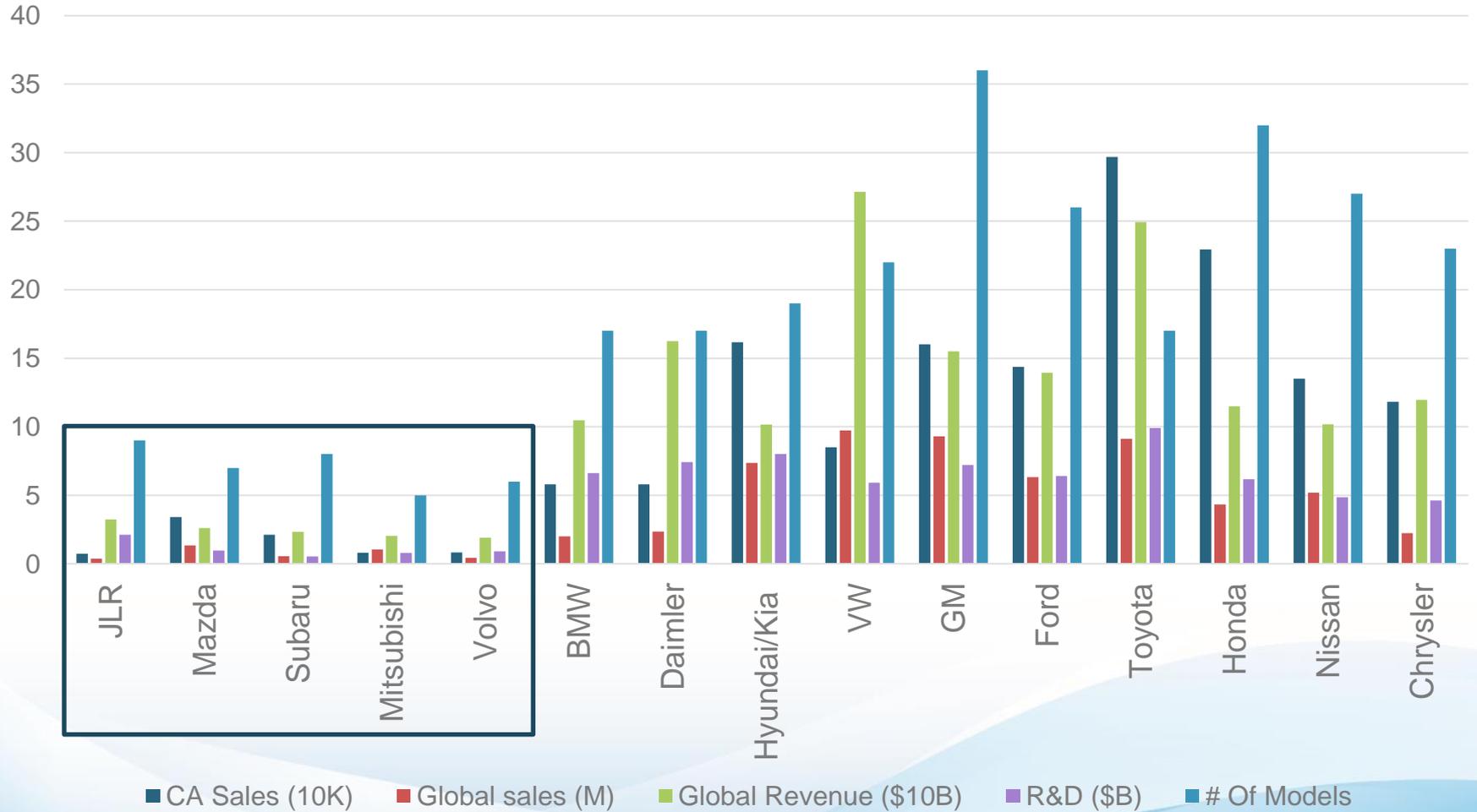
May 21, 2015

Overview

- Key Differences between IVM and LVM
- Actions To Date
- Today's Proposal (reflected in 15-day changes)
 - New definition containing Revenue Test
 - 5-Year Lead Time
 - Credit Recovery Period
 - Section 177 State Pooling
- Environmental & Cost Considerations
- Summary and Recommendation

Key Differences Between IVM/LVM

Comparison of Automakers



Actions To Date

- October 2014 Staff Proposal
- Board provided additional direction:
 - Recognize important differences between IVMs and LVMs
 - Retain program stringency
 - Evaluate program stringency as part of mid-term review
- Adjusted Proposal
 - Provides additional flexibility for IVMs only
 - Total ZEV requirements unchanged
 - Promotes market diversity due to flexibilities

Revenue Test & 5-Year Lead Time (Pure ZEV Introduction)

- If Automotive-Related Global Revenue \leq \$40B in 2018-2020 fiscal years
- Then Lead Time Clock not triggered (i.e., IVM continues to be treated as IVM)
- Lead Time Provision to deliver pure ZEVs extended
 - From 3 years to 5 years
- 2015 – 2017 is first three-year average that counts toward transition from IVM to LVM

Credit Recovery Period (No-penalty Period)

- Extend make-up period for IVMs to 3 years
 - only if they actually produce a ZEV/TZEV product
- Requires submittal of production plan
- Requires EO approval
- Allows IVMs to comply fully with TZEVs

Section 177 State Pooling

- IVMs may pool credits, but must earn that flexibility by placing extra ZEVs before the start of LVM requirements
- Allowed 2 additional years to deliver ZEVs once LVM
- Optional Compliance Path opt-in deadline:
 - September 1, 2016

ZEV Credit Requirement

- Retain requirements originally adopted in 2012
- Automakers must produce ZEVs in 2018+
- Considerations:
 - Need to retain program stringency
 - Other provisions allow additional flexibility
- Commit to revisit program stringency in late 2016 as part of mid-term review

Equally Protective of Air Quality; Costs Unchanged

- ZEV credit obligation remains unchanged
- Under 2012 likely compliance scenario →
 - Same number of ZEVs delivered
 - Same costs
- IVMs have many compliance options
 - Emission reductions protected by ACC fleet average
 - Costs may vary

Summary

- This proposal provides IVMs the flexibility needed to succeed in the ZEV market while maintaining the integrity and goals of the ZEV Program
- That flexibility includes providing:
 - Additional time to develop new technologies and deliver pure ZEV products prior to LVM transition
 - Appropriate credit recovery periods
 - Other flexibilities such as pooling

Recommendations

- Adopt the proposed amendments
 - Add Revenue Test to LVM Definition (\$40Billion)
 - Extend Lead Time
 - Extend Credit Recovery Period
 - Allow Section 177 State Pooling
- Direct staff to release second 15-day notice
 - Planned to address reference and textual errors