



Proposed Amendments to the Low-Emission Vehicle (LEV) III Greenhouse Gas Emission Regulation

September 28, 2018

Sacramento, California

What has happened since March 2017?

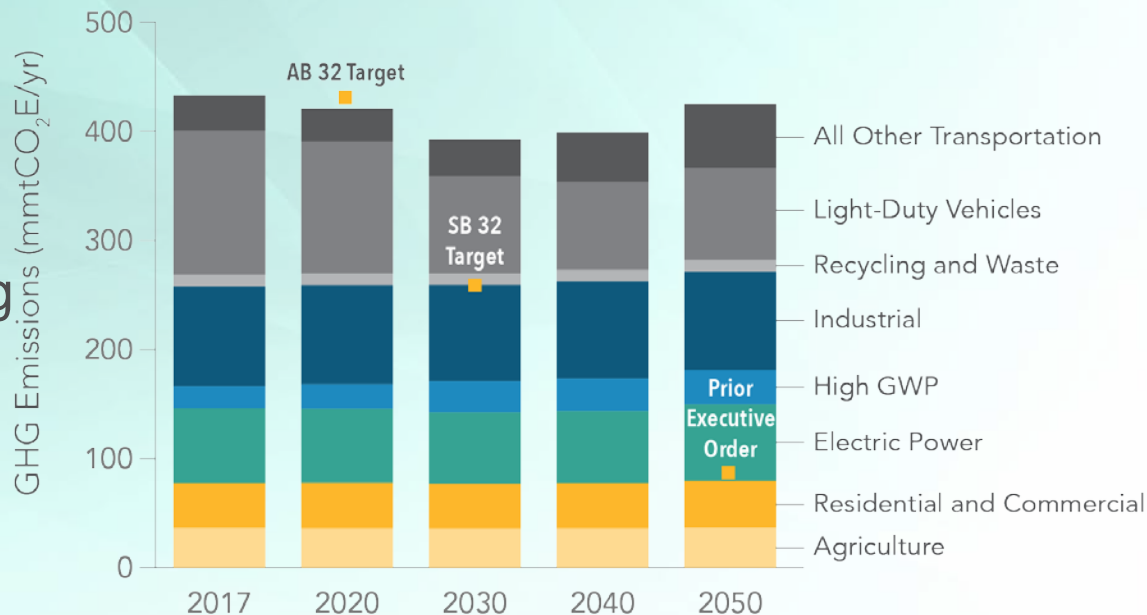
- March 2017 -
 - Board reaffirmed current vehicle standards through MY 2025
 - Board decided to continue Deemed to Comply option
 - U.S. EPA had recently announced decision to reconsider its January 2017 Final Determination
- April 13, 2018 - U.S. EPA published a revised Final Determination
- August 24, 2018 - U.S. EPA and NHTSA published a Notice of Proposed Rulemaking (NPRM) to dramatically weaken existing standards
- Accordingly, staff is proposing regulatory revisions to retain our existing standards to ensure needed GHG emission reductions

Aggressive GHG Emission Reductions Needed from Passenger Vehicles

Light duty vehicles:

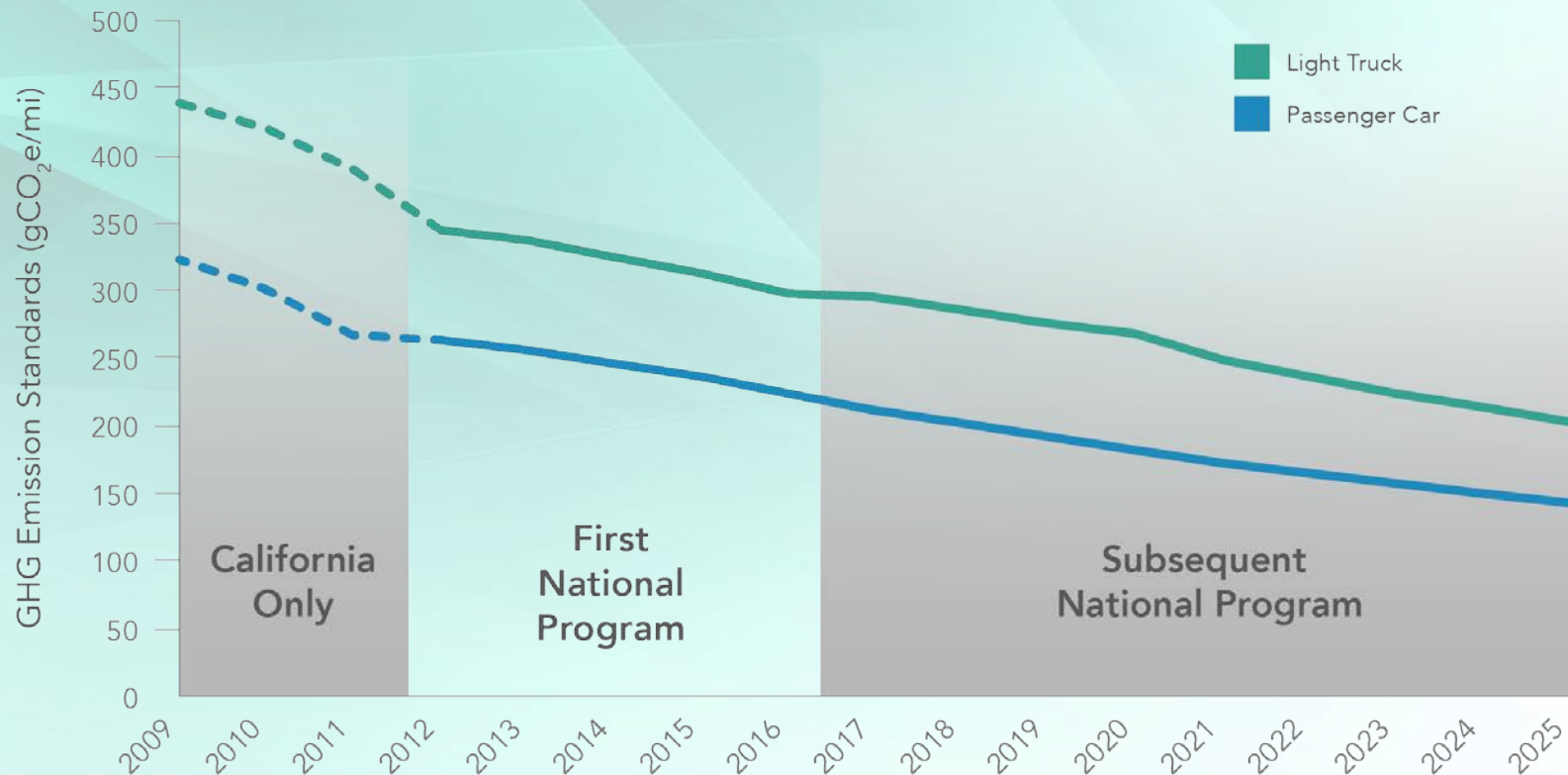
- 2016: ~28% of GHG inventory (70% of all transportation emissions)
- 2030: ~23% of projected baseline ***even with*** existing standards
- New 2045 GHG carbon neutrality target further accelerates need

Statewide GHGs (Under Current Programs)



Note: CARB 2030 Scoping Plan contains strategies for achieving 2030 GHG target, arb.ca.gov/cc/scopingplan/2030sp_pp_final.pdf

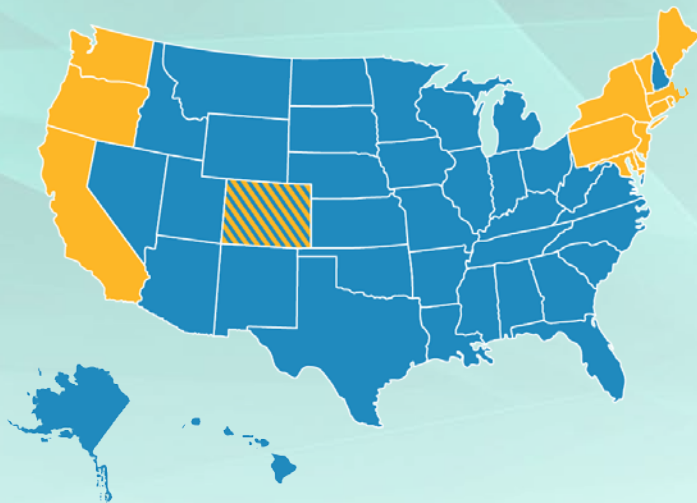
Existing Passenger Vehicle GHG Standards



What is the “Deemed to Comply” (DTC) Option?

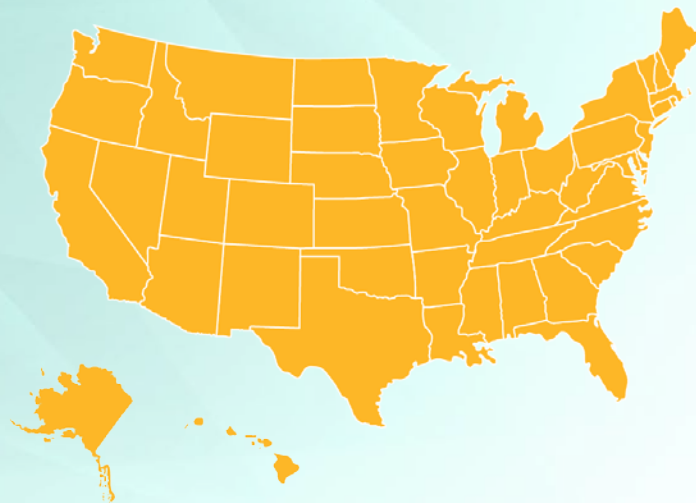
- Automakers that meet U.S. EPA standards are “deemed to comply” with CA standards
- California & Federal technical assessment formed basis of 2017-2025 MY GHG standards
 - Joint effort over two years
 - CA and U.S. EPA separately adopted standards
- Board subsequently added DTC option to CA regulation
 - Predicated on U.S. EPA standards providing equivalent GHG reductions to CA standards

Benefits of National Program



CALIFORNIA & 12 OTHER STATES

~ 35% of U.S. passenger vehicle sales



NATIONAL PROGRAM

100% of U.S. vehicle sales
with larger GHG benefits

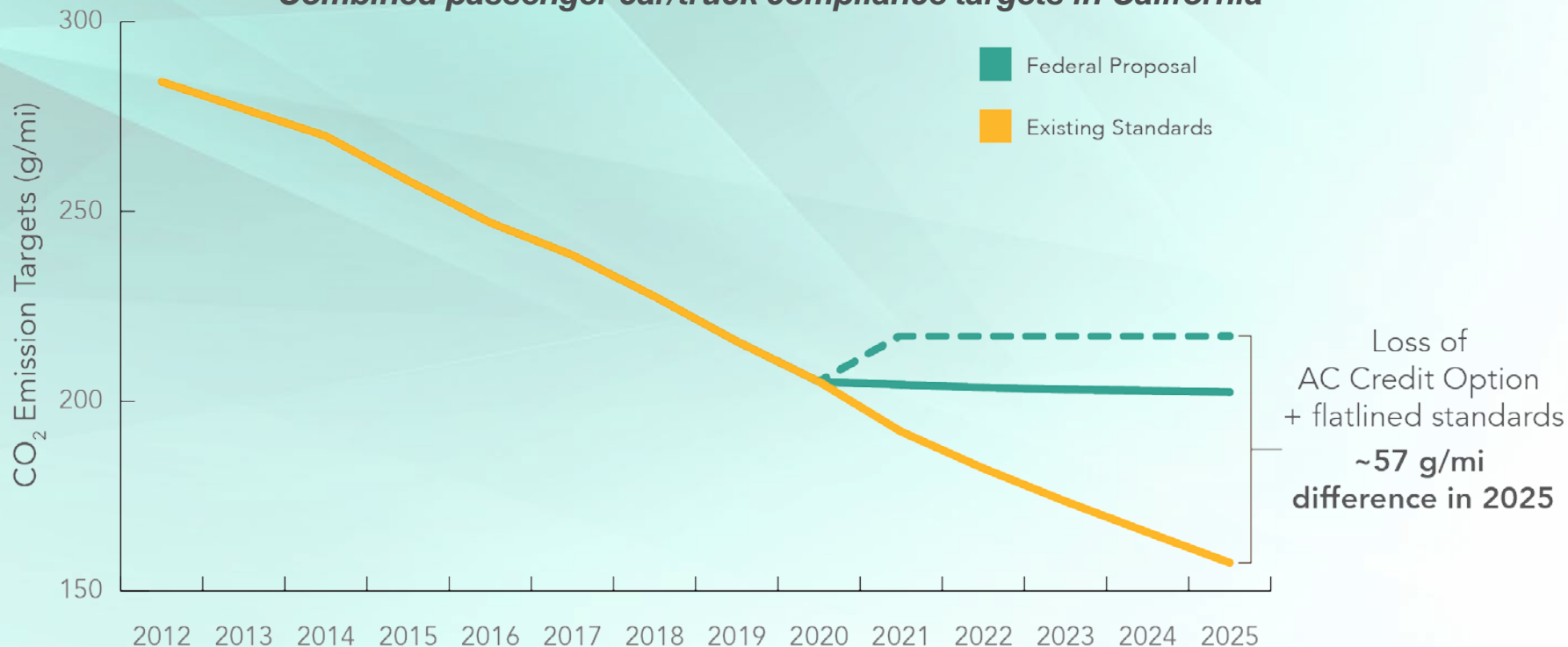
New Federal Proposal in Notice of Proposed Rulemaking (NPRM)

Joint U.S. EPA and NHTSA NPRM published August 24, 2018

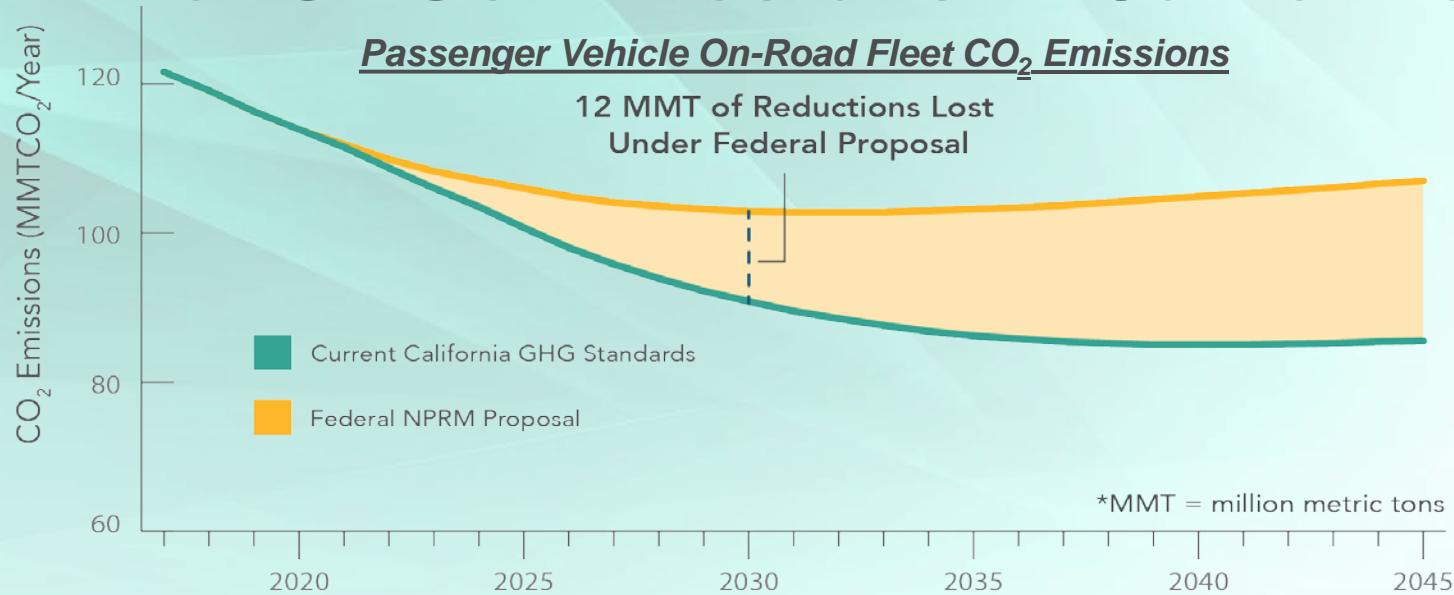
- Proposes to flat-line GHG and Fuel Economy standards at 2020 MY levels through 2026 MY
- U.S. EPA proposes to rescind waiver for current CA GHG regulation and zero-emission vehicle (ZEV) regulation
- NHTSA claims CA GHG and ZEV regulations are preempted by federal fuel economy statute

Proposed Standard = Significant Loss in Benefits

Combined passenger car/truck compliance targets in California



Federal Proposal Allows Millions of Tons of GHGs Emissions in California



- Full 2030 Program Benefits: 25 MMT per year, or ~15% of GHG reductions needed to get from 2020 target to 2030 target
- 12 MMT per year loss from NPRM would wipe out benefits of new LCFS changes

Risk to Public Health

- Increased criteria pollutant and toxic air contaminants
- Flat-line standards cause increased gasoline consumption with resultant emissions from fuel production, delivery, and vehicle refueling
 - Half of state refinery activity is in Los Angeles area where additional NOx emission *reductions* are still needed
 - Increased localized exposure to benzene and other toxics, especially in Disadvantaged Communities
- Loss of ZEV program and authority would eliminate only viable strategy to get emission reductions needed for SIP as well as 2030 and 2045 GHG targets

Staff Proposal

- Clarification that “deemed to comply” option is valid only with currently adopted U.S. EPA GHG standards
- If Federal standards change, automakers will be required to separately meet current CA GHG standards and changed Federal standards
 - Only for those model years that the Federal standards change beginning with the 2021 model year

Impacts on Section 177 State Partners

- 12 states have adopted CA GHG standards under Section 177 of the Clean Air Act
 - CA + Section 177 sales represent ~35% of national market
 - Colorado taking action to also become Section 177 state
- States are preparing rulemaking actions by year end that depend on CARB finalizing today's amendments

Stakeholder Comments on Staff Proposal

- 29 comments received, overall in support
- Automaker comments:
 - Maintain National Program; continue dialogue
 - Consider additional regulatory amendments to address compliance differences if Board acts
- Comments that CARB should continue to explore flexibilities

Staff Actions with Federal Rulemaking

- Currently preparing technical and legal comments opposing NPRM
 - Contrary to multiple statutes
 - Based on unreasonable assumptions and flawed modeling
 - Not safer and bad economics – costs jobs and raises fuel costs
- Participating in ongoing discussions with the Federal administration
 - CARB and automakers have expressed interest in maintaining National Program

Proposed Next Steps

- Board approve proposed amendments to the LEV III greenhouse gas regulation to clarify the DTC option
 - Direct Executive Officer to file rulemaking with OAL as appropriate, unless an understanding to maintain a protective national standard is reached
- Executive Officer to continue exploring options for a unified National Program
 - Apprise the Board of developments on a path that is in keeping with our air quality and climate goals