Advanced Clean Cars II Regulation Adoption

August 25, 2022
Sacramento, CA
Outline

• Recap of Advanced Clean Cars II Key Components
• Summary of Amendments in 15-Day Changes
• Staff Recommendation & Next Steps
Process To Date

• First Board Hearing: June 9
  • Staff Proposal and Suggested Modifications
  • Board direction:
    • Re-evaluate battery durability requirements in early years
    • Increase OEM participation in EJ vehicle values

• 15-Day Modifications and Comment Periods:
  • July 12 – 28
  • August 8 – 23
Revolutionizing Passenger Vehicles

- Continue emission reductions from combustion vehicles
- Maximize ZEV sales
- LEV Regulations
- Benefit equity and environmental justice
- Ensure ZEVs are full replacements for combustion vehicles

ZEV Stringency

High-Quality ZEVs

CARB
ACC II regulations keep combustion engine vehicles on the right path

- Require manufacturers to meet criteria emission fleet average requirements without including ZEVs
- New light-duty vehicle standards to reduce tailpipe emissions during aggressive driving and cold-starts
- More stringent evaporative emission standards
- Better emission control for medium-duty vehicles
ACC II: ZEV Requirement Proposal

Model Year

Sales

ZEV and PHEV % of New Vehicle

2026  2027  2028  2029  2030  2031  2032  2033  2034  2035

35%  43%  51%  59%  68%  76%  82%  88%  94%  100%
ACC II regulations will result in improved ZEVs to reduce emissions

- Range
- Added Durability
- Warranties
- Capable charging cords
- Streamlined fast charging
- Standardized Data
- Repair Information
- Battery Labeling

**OEM**

- Chemistry: NCA
- Rated: 1000 cycles @ 200A
- Specifications: 28.8V
- Composition: (8 x 3.65V / 56.3Ah)
Environmental justice values to incentivize direct automaker action

Option 1
Discounted ZEVs in Community Programs

Option 2
Lower MSRP ZEVs

Option 3
More Used ZEVs to Participating Dealerships
Advanced Clean Cars II Benefits
Californians

- Greenhouse gas emissions from passenger vehicles reduced by more than 50% in 2040
- Smog-forming emissions from passenger vehicles reduced by more than 25% in 2037

- Avoided health impacts worth nearly $13B
- Consumer savings as much as $7,900 in first 10 years
15-day Modifications: Expand EJ Opportunities

• Values can be earned as early as 2024 MY for discount given to community car share programs
• Additional (0.15) value given for used ZEVs and PHEVs that are sold to financial assistance program participants
Additional 15-day Changes: Cumulative Cap and EJ Participation

Background: ACC I Credits can be used, under a cap in ACC II through 2030 MY, if shortfall

1. Annual Cap Option: Up to 15%

2. Cumulative Cap Option
   - If continued EJ participation: 15% for Cumulative Cap (up to 75% over a 5 year period)
   - Default: Equivalent to 10% for 5 years (50% over a 5 year period)
15-day Modifications: ZEV Durability

- Durability Standard for 10 years/150,000 miles:

<table>
<thead>
<tr>
<th>Useful Life</th>
<th>ISOR Proposal</th>
<th>15-Day Proposal</th>
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</thead>
<tbody>
<tr>
<td>10 years /150,000 miles</td>
<td>No change</td>
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<thead>
<tr>
<th>Phase 1</th>
<th>ISOR Proposal</th>
<th>15-Day Proposal</th>
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<tbody>
<tr>
<td>2026-2030: 75% on average</td>
<td>2026 – 2029: 70% for 70% of fleet</td>
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<tr>
<th>Phase 2</th>
<th>ISOR Proposal</th>
<th>15-Day Proposal</th>
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<td>2031+: 80% on average</td>
<td>2030+: 80% on average</td>
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- Phase in enforcement standards
Resolution 22-12

• Track and report on ZEV market development:
  • Annual compliance with ZEV Regulation
  • Analysis of EJ Vehicle Values
  • Deployment of ZEVs in California, particularly in low-income and
disadvantaged communities

• Work with manufacturers, public interest organizations,
EJ groups, and equity groups to promote access to ZEVs

• Coordinate with Heavy-Duty Low-NOx to assure
alignment on MDVs
CEQA Environmental Analysis

• Draft Environmental Analysis (EA) completed
  • Beneficial and potentially significant impacts found for some resource areas
• Released for public comment
  • April 15, 2022 – May 31, 2022
• CARB prepared the Final EA and written responses to comments received on the Draft EA
  • Released in August 2022
The Pathway to Success

• ZEV Market Development Strategy: Partnering with sister CA agencies
• 2022 – 2023 California Budget: $2.7 Billion + $3.9 Billion over 3 years
• Recent Federal Infrastructure and Climate Legislation
• Section 177 State adoption expected over next 18 months
Staff Recommendation: Approve Resolution 22-12

• Certify the Final EA, including the written responses to comments on the CEQA EA, and make the required CEQA findings of overriding considerations
• Adopt the proposed ACC II Regulations as proposed and modified
Next Steps

• Prepare written responses to public comments in the Final Statement of Reasons
• Submit to CA Office of Administrative Law
• Request waiver from U.S. EPA to enforce regulations