

**State of California
Air Resources Board
Board Item Summary**

Item # 23-3-5: Public Hearing to Consider Proposed Amendments to the Procedures for Exemption of Add-On and Modified Part(s) for On-Road Vehicles/Engines Specific to Electric Vehicle Conversions

Staff Recommendation:

The California Air Resources Board (CARB or Board) staff recommends that the Board approve for adoption the proposed amendments to the Procedures for Exemption of Add-On and Modified Part(s) for On-Road Vehicles/Engines specific to electric vehicle conversions.

Discussion:

On June 29, 2021, the CARB adopted new Procedures for Exemption of Add-On and Modified Part(s) for On-Road Vehicles/Engines (Procedure) which provide a pathway for aftermarket parts manufacturers to receive an exemption from the anti-tampering prohibitions of section 27156 of the California Vehicle Code for add-on and modified parts or other modifications that affect emissions. The purpose of California Vehicle Code section 27156 is to ensure that the use of an aftermarket part does not reduce the effectiveness of a required motor vehicle pollution control device, and emissions from the modified or altered vehicle continue to comply with existing State or federal standards for that model-year of the vehicle being modified or converted.

An electric vehicle (EV) conversion is a set of parts that converts a previously certified gasoline-, diesel-, or alternative-fueled vehicle to an electric vehicle. EV conversions are unique when compared to other aftermarket parts as they completely replace the existing combustion engine, rather than being used in conjunction with it.

The unique nature of an EV conversion was not specifically addressed by the current procedures, as these did not account for issues and criteria that are specific to EV conversions. A new category of aftermarket parts specific to EV conversions and a corresponding new section identifying the requirements for EV conversion applications have been added. The proposed amendments, which were developed in consultation with EV conversion manufacturers, help to clarify, simplify, and streamline the application process for a manufacturer of EV conversions by clearly identifying the requirements for these types of conversions to receive a California Vehicle Code section 27156 exemption.

Summary and Impacts:

No changes are being proposed to the Procedure that impact smog-forming emissions, public health, or greenhouse gas emissions. The proposed amendments may have small but unquantifiable air quality benefits. While the aftermarket parts program does not recognize emission reductions and only grants exemptions that allow sales in California, the removal of each internal combustion engine and subsequent replacement with an EV conversion kit reduces emissions on a vehicle-by-vehicle basis. The modifications do not add any requirements to the Procedure, but the streamlining and clarification of the process is expected to facilitate EV conversion applications which may, in turn, lead to more total EV conversions. However, it is difficult to predict market changes based on the proposed amendments to the Procedure, as many considerations factor into manufacturers' business decisions. The actual air quality benefit will depend on other factors such as the market acceptance of the EV conversion kits; therefore, it is hard to quantify the emission benefit at this early stage.

The benefits of the proposed amendments to the Procedure are to provide a clearer path for manufacturers of EV conversions to receive an exemption from the prohibitions of the California Vehicle Code section 27156; the need for potentially fewer applications; and potentially facilitating the introduction of more EV conversions into the marketplace which, in turn, supports CARB's EV, climate, and air quality goals.

These proposed amendments directly affect businesses that are engaged in manufacturing aftermarket EV conversions. However, participation in this aftermarket program is voluntary from the perspective that no company is forced to do business in California. A business would presumably choose to participate in the California marketplace if it believed doing so would be financially advantageous. If an EV conversion company chooses to participate in the California marketplace, then it must ensure it complies with the requirements of California Vehicle Code section 27156 and would be subject to this Procedure. Because there are no new requirements in this proposal, there will be no increased costs to businesses. Over a five-year period, the potential total cost savings for a typical business is estimated to be \$5,000 and the potential cost savings for a California small business is also estimated to be \$5,000, as there may be fewer applications and associated fees as a result of the proposed amendments. The total direct statewide cost savings that businesses may incur as a result of the proposed amendments is estimated to be up to \$85,000 over the same 5-year period. No jobs are expected to be created or eliminated, including those for small businesses, and no effect is predicted for State agencies.

The proposed amendments are not expected to directly create any unquantified benefits such as ecosystem benefits, welfare, occupational exposure, etc. In addition, because the proposed amendments are not anticipated to have an impact on emissions, there are no anticipated environmental justice impacts. These amendments would preserve the emission reductions targeted by CARB's existing regulations for all communities, including environmental justice areas.