

UPDATED INFORMATIVE DIGEST

Adoption of Amendments to the Emission Control and Smog Index Labels Regulations

Sections Affected

Proposed amendments to title 13, California Code of Regulations, section 1965 (Emission Control and Smog Index Labels – 1979 and Subsequent Model-Year Motor Vehicles) and to the “California Smog Index Label Specifications for 2004 and Subsequent Model Year Passenger Cars and Light-Duty Trucks” a document adopted September 5, 2003 and incorporated by reference therein, and the proposed incorporation by reference in that same section 1965 of a new document “California Environmental Performance Label Specifications for 2009 and Subsequent Model Year Passenger Cars, Light-Duty Trucks, and Medium-Duty Passenger Vehicles.” Also, proposed amendments to title 13, California Code of Regulations, section 1961 (Exhaust Emission Standards and Test Procedures – 2004 and Subsequent Model Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles) and to the “California Exhaust Emission Standards and Test Procedures for 2001 and Subsequent Model Passenger Cars, Light-Duty Trucks, and Medium Duty Vehicles” a document originally adopted August 5, 1999 and last amended October 17, 2007 and incorporated by reference therein.

Background

To provide vehicle emissions information to consumers, the ARB has required a Smog Index label on new vehicles since the 1998 model year (MY). The Smog index label provides consumers with an indication of the relative emissions performance of new light-duty vehicles for smog forming exhaust emissions of non-methane organic gas, oxides of nitrogen, and evaporative hydrocarbons. Existing regulations, however, have allowed the manufacturers to vary the size and graphical representation of the Smog index. Some vehicle manufacturers have even incorporated the Smog Index information into the new vehicle’s Monroney sticker that includes the vehicle’s features, pricing, U.S. EPA fuel economy rating and other information. Today, many vehicle manufacturers have their own graphical representation of the scale. The many variations of labels from one manufacturer to the next make it harder for the consumer to compare vehicles.

Over the past several years there have been a number of studies using focus groups and market research to evaluate different types of vehicle labeling and ranking programs. In these studies, respondents preferred some kind of overall environmental score that they could have faith in and would be applicable across the country and across all vehicles. Respondents stated that the information needs to be presented in a way that consumers find simple and understandable. Unfortunately, consumers do not have a clear understanding of environmental factors as they relate to car choice and tend to assign responsibility for this issue to government or industry. However, there

appears to be growing public awareness of environmental issues. A recent California Field Poll indicates the majority of Californians consider global warming as a serious problem.

Consumer awareness of a vehicle's environmental footprint would help consumers make the cleanest purchasing choice possible when selecting a new vehicle. Ultimately, consumer decisions to buy cleaner cars could result in lower emissions than would be achieved from regulating vehicles alone.

In 2005 Assembly Bill (AB) 1229 was signed into law adding Health & Safety Code section 43200.1 which, among other things, requires ARB to develop a greenhouse gas index and label, and to review the existing Smog Index Label. The new label must include the use of at least one color in addition to black and is to be implemented beginning with 2009 model year passenger cars, light-duty trucks, and medium-duty passenger vehicles.

Description of the Regulatory Action

In preparing this proposal staff found noticeable differences in the way the Smog Index was presented by different manufacturers, making it difficult for consumers to compare emission or smog forming values from one vehicle to the next. As a result, staff proposed the phase out of the existing California Smog Index Label and introduction of a new California Environmental Performance (EP) label which incorporates color with enhanced label content and graphics. In addition to a Smog Index, the new EP Label will also display a Global Warming Index.

Prior market research by the United States Environmental Protection Agency (U.S. EPA), based on consumer focus groups, recommended a simple scale from 1 -10 for both Air Pollution and Greenhouse Gas (GHG) emissions. Staff also performed market research based on consumer focus groups and determined that using a simpler scale from 1-10 represents the optimal way to present emissions information. The scales should represent the entire population of vehicle choices for the consumer with 1 being the most polluting, 10 the cleanest available, and 5 the average.

For the Smog Index, staff developed a simple scale from 1-10 where 1 represents the dirtiest vehicle available and 10 the cleanest based on vehicle emission certification standards. This scale is consistent with the U.S. EPA scale currently used on their Green Vehicle Guide website. U.S. EPA found through focus groups that this scale was meaningful for prospective car buyers. While U.S. EPA provides these scores on its website, vehicle labeling using these scores is voluntary. Currently none of the auto manufacturers label their vehicles using U.S. EPA's program, although some manufacturers reference their vehicles' scores in product literature.

For the Global Warming Index, staff developed a scoring system also using a simple 1-10 scale. The scoring system incorporates all vehicle greenhouse gases emitted from vehicle operation and includes the greenhouse gas emissions associated from the up-

stream production and distribution of the fuel. Similar to Smog scores, U.S. EPA provides greenhouse gas scores on its website but does not require that scores be printed on new vehicle labels. U.S. EPA's greenhouse gas scores are based on different calculation methods and at this time are not aligned with staff's proposed scoring system.

In designing the new EP label, staff turned to market research specialists for help and sought out consumer-based input from focus groups to provide clarity and understanding of a newly designed label. The purpose of these focus groups was to build upon the work previously done and to obtain up-to-date information from California specific consumers. As a result staff designed a new label based on this research. The label best understood by respondents is shown in figure 1.

Figure 1: California Environmental Performance Label

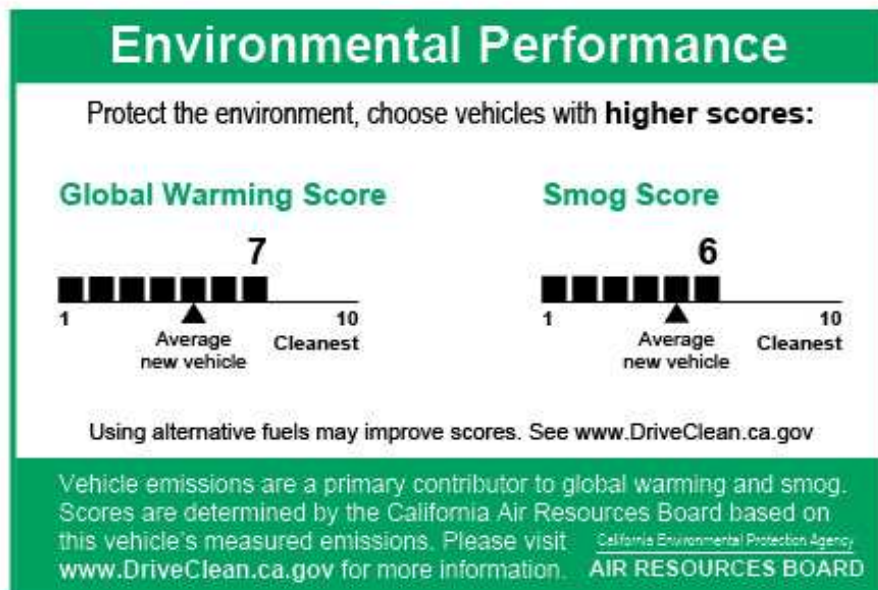


Figure 1 shows the Global Warming score on the left and the Smog Score on the right. The black boxes represent the score of the labeled vehicle. A triangle below the scale shows score of an average vehicle for comparison purposes. It was clear in the focus groups that with the word "cleanest" under the 10 and with the statement: "Protect the environment, choose vehicles with the higher scores" meant vehicles with more black boxes were cleaner vehicles. The statement at the bottom of the label describes the impact of motor vehicles on smog and global warming. It also points consumers to the ARB's www.DriveClean.ca.gov website which is a consumer oriented website with information about clean cars, alternative fuel and advanced technology vehicles.

Based on public testimony at the June 21, 2007 public hearing, the Board directed staff to initiate additional changes to the proposed regulations to allow the display of a

reduced label size, measuring no smaller than 2 ½ inches x 4 ½ inches, only if the reduced label and text size were still readable and recognizable by consumers and if the label is incorporated into the new vehicle Monroney sticker. Staff was able to recreate a reduced size 2 ½ x 4 ½ inch label to be used if the manufacturer was able to include it in the vehicle's Monroney sticker, similar to what is done with today's Monroney label.

The Board also agreed with staff recommendation that the scoring system be re-analyzed when 2012 MY California certification data become available. This recommended re-analysis is based on expected emission reductions which will alter the distribution of scores over time.

Comparable Federal Regulations

Currently there are no federal smog or GHG vehicle emission labeling requirements.

The pre-existing regulations

Existing law permits the State Air Resources Board to adopt a regulation to prohibit the sale and registration of a new motor vehicle unless a decal that discloses a Smog Index for the vehicle is affixed. Assembly Bill 1229 was signed into law (Chapter 575) on October 6, 2005 directing the Air Resources Board to review and revise the existing Smog Index Label and to develop a Global Warming Index to be incorporated in a newly-named label.

The amendments

On June 21, 22, 2007 the Board conducted a public hearing on the proposed amendments to revise the existing Smog Index Label and to develop a Global Warming Index and incorporate them into a new proposed Environmental Performance (EP) label. The new EP label uses color to attract consumer attention and scores the labeled vehicle emissions relative to all passenger car and light-duty vehicles on the market.