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Descriptions of the proposed changes to the regulations and the reasons for making them. This discussion does not address non-substantive modifications to correct typographical or grammatical errors, changes in numbering or formatting, addition of or edits to internal regulatory cross-references, or similar revisions that improve clarity.

Proposed Modifications to Section 1962.8, Warranty Requirements for Zero Emission and Batteries in Plug-in Hybrid Electric 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks

1. Subsection (a)(1) and (2). Staff is proposing modifications to this subsection necessary to make clear how section 1962.8 applies to plug-in hybrid electric vehicles to clarify the intended applicability of warranty requirements to these vehicles. Staff proposes changes necessary for clarity to make explicit that plug-in hybrid electric vehicles certified to earn values under California Code of Regulations (CCR), title 13, section 1962.4 are subject to the minimum battery warranty requirements, contained in subsection (c), but are not subject to propulsion-related part warranty requirements because they continue to be subject to emission-related warranty requirements in existing CCR, title 13, sections 2035 through 2149.
2. Subsection (b). Staff is proposing to incorporate the definitions in proposed CCR, title 13, section 1962.7, as several of the terms defined therein are also used in this section 1962.8. Staff is proposing to change the definition for “propulsion-related part” to expand and make clear the types of components that are covered by this provision in response to stakeholder comments. Staff is proposing to amend the definition of “propulsion-related part” to make explicit that the term applies only to a system, component, or part that is integral to any of the listed processes, such that its failure directly impedes the process, rather than a part with tangential, non-integral interaction with a listed system. Staff is also proposing to make explicit the breadth of the terms “propel the vehicle” and “the power electronics, electronic control units, and thermal management systems” of the included components and systems. Additionally, staff included language that advanced driver assistance systems and safety-related components are not considered “propulsion-related parts”, as these fall outside of the intent of covering parts whose failure would hinder the propulsion of the vehicle. Staff also added a note to make explicit that the exclusion of the battery from this definition applies only to this section. The distinction is made because this section includes separate warranty provisions for the battery and for propulsion-related parts, while other sections that use the term treat them as a unified category, as reflected in the definitions of “propulsion-related parts” in those

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sections (CCR, title 13, sections 1962.5 and 1969). These amendments are necessary to clarify the scope of the definition and the applicability of this section's requirements pertaining to propulsion-related parts.

Staff is also proposing to add additional explanation to the definition for "warranty period" to clarify the meaning of included industry terms for non-industry stakeholders in order to clarify the overall definition. Finally, staff is proposing to remove the definition for "warrantable condition" because the term is not used in the regulatory text and is unnecessary to define. Staff is also proposing to remove the definition for "vehicle owner" because that term is defined in section 1962.7, which is proposed to be incorporated by reference into this section, and therefore becomes duplicative. These changes are also necessary for clarity and consistency.

3. Subsection (c)(2)(A) through (C). Staff is proposing to simplify this section by replacing the detailed instructions for calculating a high-price parts list for warranty with a reference to existing regulatory text in CCR, title 13, section 2037 that explains the same cost threshold calculation. In addition to simplifying regulatory text, this replacement clarifies for manufacturers that the proposed calculation under this section is identical to the existing calculation under section 2037, with which manufacturers are familiar. These changes are necessary to promote clarity to facilitate compliance with the warranty requirements for zero-emission vehicles (ZEVs), which themselves are necessary to ensure emissions are reduced as intended for the reasons described in the initial Statement of Reasons (ISOR). See ISOR, p. 81, et seq., and App. F-10.
4. Subsection (c)(4)(L). Staff is proposing to add language to make explicit that the Executive Officer may only obtain the described documents for the purpose of verifying a manufacturer's compliance with section 1962.8 and that the Executive Officer must request these documents when reasonably necessary for compliance verification. This proposal is necessary to promote clarity and certainty to the regulated industry as to the conditions under which the Executive Officer will request these documents. Additionally, staff is proposing text to make explicit that a manufacturer must provide the requested documents to the Executive Officer and to identify a 30-day deadline for this response. A 30-day period for manufacturers to provide records in response to the California Air Resources Board's (CARB) request is necessary to reasonably balance the manufacturer's need for time to collect the relevant records with CARB's need for reasonably timely review of the manufacturer's compliance with the section.
5. Subsection (d)(2)(A) and (d)(2)(B). Staff is proposing to modify "warranty claim" with "unscreened" as necessary to promote clarity and ensure emissions are reduced as intended by making explicit that the requirements for a Zero-Emission Vehicle Warranty Information Report (ZWIR) apply to warranty claims prior to any screening.

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6. Subsection (d)(2)(B). Staff is proposing to add language necessary to promote clarity regarding the scope of the requirements in this subsection given that the definition of “unscreened warranty claim” includes adjustment and inspection as well as replacement and repair.
7. Subsection (d)(2)(C). Staff is proposing to modify the cumulative number of unscreened warranty claims that triggers a ZWIR to be required to be submitted by the manufacturer from 1 percent or 25 vehicles to 2 percent or 50 vehicles. While the originally proposed 1-percent threshold is consistent with that used for emission-related component warranty rates on internal combustion engine vehicles, failures of propulsion-related parts on ZEVs are generally not expected to immediately result in increased criteria pollutant emissions as can happen with emission-related components, allowing for an increased number of failures to occur without the same consequent air quality impact. However, consumer acceptance of ZEVs is necessary to transition the new and used car fleet and increasing consumer confidence in the new technology of ZEVs necessitates manufacturers are held accountable for failures that happen with sufficient frequency, making these requirements necessary to ensure emissions are reduced as intended. The 2-percent threshold was chosen as necessary to balance these needs for this first level of reporting of effectively raw unscreened warranty data that the manufacturer has already gathered in the course of carrying out warranty and reimbursing warranty stations for doing the work. This, like the other reporting under the proposed regulations, is necessary for the health, safety, and welfare of the people of the state because it helps ensure and allows verification of compliance with the emission standards.
8. Subsection (d)(3)(D). Staff is proposing to add language necessary to promote clarity regarding the scope of the requirements in this subsection given that the definition of “unscreened warranty claim” includes adjustment and inspection as well as replacement and repair.
9. Subsection (d)(4). Staff is proposing to remove a sentence as necessary because it is redundant to the default submittal information described in subsection (m).
10. Subsection (e)(1). Staff is proposing to replace the word “remedial” with “corrective” as necessary for clarity and consistency with section 1962.8 to use the correct term to describe the required action plan a manufacturer must submit. Staff is also proposing to modify the cumulative number of unscreened warranty claims that triggers a Zero-Emission Vehicle field information report (ZFIR) to be required to be submitted by the manufacturer from 4 percent or 50 vehicles to 6 percent or 75 vehicles. While the originally proposed 4-percent threshold is consistent with that used for emission-related component warranty rates on internal combustion engine vehicles, failures of propulsion-related parts on ZEVs are generally not expected to immediately result in increased criteria pollutant emissions as can happen with emission-related components allowing for an increased number of failures to occur without the same consequent air quality

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impact. However, consumer acceptance of ZEVs is necessary to transition the new and used car fleet and increasing consumer confidence in the new technology of ZEVs necessitates manufacturers are held accountable for failures that happen with sufficient frequency, making these requirements necessary to ensure emissions are reduced as intended. As described in the ISOR, propulsion-related component failures, beyond those that directly impact the amount of upstream emissions generated to provide energy for the vehicle, can and will have consequent air quality impacts by slowing down or preventing the needed transition of all new and used vehicles to zero-emission technologies if ZEVs are routinely experiencing high warranty rates without adequate manufacturer corrective actions. The 6-percent threshold was chosen as necessary to balance these needs for early enough detection and initial analysis by the manufacturer of the validity of the filed warranty claims, analysis of the root cause of the actual failures, and projected future failure rates with the allowance for reduced urgency based on a less likely immediate impact on air quality.

11. Subsection (e)(2)(C). Staff is proposing language necessary to promote clarity by stating that the other information required under this subsection is only information needed to distinguish the manufacturer's affected vehicles from its unaffected vehicles. This change clarifies the scope and boundaries of the required information.
12. Subsection (e)(2)(E). Staff is proposing language necessary to promote clarity by stating that manufacturers subject to the regulations must report numbers and percentages of both unscreened and screened warranty claims. This is necessary and appropriate because information about each type of claim plays a different important role. The number or percentage of unscreened warranty claims triggers the manufacturer's requirement to submit the ZFIR and subsequent quarterly updates, and unscreened claims statistics are needed to provide CARB with a full picture of the claims at this point in the claim and reporting process without waiting for the manufacturer to have screened every claim. Screened warranty claims would trigger the manufacturer's obligation to submit a ZIR and potentially to take corrective action. The quarterly updates to this information following initial submittal of the ZFIR are the basis for CARB to know the trajectory of the numbers and percentages of unscreened and screened warranty claims and whether and when the manufacturer is required to submit a ZIR and undertake corrective action.
13. Subsection (e)(2)(F). Staff is proposing to add the phrase "as identified under CCR, title 13, section 1962.4(d)(2)" as it is necessary to clarify the duration of the projection required by this subsection.
14. Subsection (e)(3). Staff is proposing to remove language, which is necessary because it is redundant to the default submittal information specified in subsection (m).

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15. Subsection (f)(1)(A). Staff is proposing to modify the cumulative number of screened warranty claims that triggers a Zero-Emission Vehicle information report (ZIR), after the submittal of a ZFIR, to be required to be submitted by the manufacturer from 4 percent or 50 vehicles to 6 percent or 75 vehicles. While the originally proposed 4-percent threshold is consistent with that used for emission-related component warranty rates on internal combustion engine vehicles, failures of propulsion-related parts on ZEVs are generally not expected to immediately result in increased criteria pollutant emissions, as can happen with emission-related components, allowing for an increased number of failures to occur without the same consequent air quality impact. However, consumer acceptance of ZEVs is necessary to transition the new and used car fleet and increasing consumer confidence in the new technology of ZEVs necessitates manufacturers being held accountable for failures that happen with sufficient frequency, making these requirements necessary to ensure emissions are reduced as intended. As described in the ISOR, propulsion-related component failures, beyond those that directly impact the amount of upstream emissions generated to provide energy for the vehicle, can and will have consequent air quality impacts by slowing down or preventing the needed transition of all new and used vehicles to zero-emission technologies if ZEVs are routinely experiencing high warranty rates without adequate manufacturer corrective actions. The 6-percent threshold was chosen in order to balance these needs for early enough detection and detailed analysis by the manufacturer of the root cause, projected future failure rates, and resultant impact on the ability to use and service the ZEV as originally designed with the allowance for reduced urgency based on a less likely immediate impact on air quality.
16. Subsection (f)(1)(B). Staff is proposing to amend the timeframe from “within 45 days of” to “within 45 days after” as it is necessary for consistency with the 90-day timeframe language in subsection (f)(1)(A) and to avoid the potential implication of an intended distinction between the terms. Staff is also proposing to remove the unnecessary word “any” from this subsection to simplify the language and avoid potential unintended implications from the word’s use.
17. Subsection (f)(2). Staff is proposing to replace the word “remedial” with “corrective” as it is necessary to use the correct term to describe the required action plan a manufacturer must submit.
18. Subsection (f)(3)(C). Staff is proposing language that is necessary to clarify that the other information required under these subsections is only information needed to distinguish the manufacturer’s affected vehicles from its unaffected vehicles. This change clarifies the scope and boundaries of the required information.
19. Subsection (g)(1). Staff is proposing two changes to this subsection. The first change is to clarify that the trigger for this process is screened warranty claims, as defined. The second change is to modify the number of failures that triggers

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corrective action from greater than 4 percent or 50 vehicles to 8 percent or 100 vehicles. While the originally proposed 4-percent threshold is consistent with that used for emission-related component warranty rates on internal combustion engine vehicles, failures of propulsion-related parts on ZEVs are generally not expected to immediately result in increased criteria pollutant emissions as can happen with emission-related components allowing for an increased number of failures to occur without the same consequent air quality impact. However, consumer acceptance of ZEVs is necessary to transition the new and used car fleet and increasing consumer confidence in the new technology of ZEVs necessitates manufacturers being held accountable for failures that happen with sufficient frequency, making these requirements necessary to ensure emissions are reduced as intended. As described in the ISOR, propulsion-related component failures, beyond those that directly impact the amount of upstream emissions generated to provide energy for the vehicle, can and will have consequent air quality impacts by slowing down or preventing the needed transition of all new and used vehicles to zero-emission technologies if ZEVs are routinely experiencing high warranty rates without adequate manufacturer corrective actions. The 8-percent threshold for a finding of nonconformance was chosen in order to balance these needs for an early enough decision on the need for corrective action with the allowance for reduced urgency based on a less likely immediate impact on air quality.

20. Subsection (g)(2)(D). Staff is proposing to narrow the scope of the information that the Executive Officer will consider from any other relevant evidence of the failure to other information that indicates that corrective action is unnecessary. This change is logical given that the purpose of the Executive Officer's consideration of this factor is only to determine whether corrective action is unnecessary, but the change is necessary because it provides additional clarity and certainty.
21. Subsection (g). Staff proposes to change the word "Finding" to "Determination" in the subsection title as necessary for consistency with the language used in subsection (g)(5), as proposed in the 45-day notice, and the proposed 15-day change to subsection (g)(4).
22. Subsection (g)(3). Staff is proposing to replace the word "recall" with "corrective action" as it is necessary to use the correct term to describe the action that will not be required for the failures listed in the following subsections, which applies to all corrective action and is not limited to recalls.
23. Subsection (g)(4). Staff proposes to change the process for the Executive Officer to approve limiting corrective action to an appropriate subgroup from a standalone determination with its own deadline to inclusion in the Executive Officer's determination of nonconformance. This change is necessary for consistency and to promote clarity because it streamlines the Executive Officer's response process and avoids a potential situation in which the Executive Officer

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must approve limiting corrective action to a subgroup before the Executive Officer has even determined nonconformance for that subgroup.

24. Subsection (g)(5). Staff is proposing to add a deadline after a manufacturer submits a ZIR or a quarterly update to a ZWIR or ZFIR for the Executive Officer to make a determination of nonconformance. Such a deadline is necessary to provide clarity and certainty to stakeholders that a ZIR demonstrating nonconformance will result in a timely finding of nonconformance and that the Executive Officer's non-issuance of a determination of nonconformance by a certain date signifies that a finding of nonconformance will not be made. Staff is proposing a deadline of 90 days, which is necessary to balance CARB's need for adequate time to review a ZIR and determine conformance, manufacturers' need for a timely determination of any nonconformance, and the policy need for any corrective action needed to resolve nonconformance to be undertaken promptly. The addition of the quarterly update to a ZWIR or ZFIR is necessary to be comprehensive in all the possible mechanisms for the Executive Officer to know that the corrective action threshold has been reached. Staff is also proposing to remove the phrase "in writing" from this subsection because it is duplicative of the requirements of section 1962.7(e)(6), which this subsection references. Additionally, staff is proposing to replace the word "recall" with "corrective action" to use the correct term to describe the action to which the manufacturer will be subject.
25. Subsection (h)(1) and (2). Staff is proposing to make explicit the method and timeline for a manufacturer to submit a request to use alternative procedures for tracking, analyzing, and reporting warranty claims or to use warranty claim data from a sampling of representative California warrant stations in lieu of using data from all California warranty stations. Staff is proposing to make explicit that a manufacturer may obtain approval for either alternative by submitting a request to the Executive Officer. These changes are necessary to promote clarity. Staff is proposing a 30-day timeframe by which the Executive Officer shall approve or deny a request for either alternative procedure. A 30-day period for CARB to approve OEM's request is necessary to reasonably balance CARB's need for time to make a determination upon the request with manufacturers' need for a reasonably timely response to such request.
26. Subsection (i). Staff is proposing to change the California Warranty Statement text as is necessary for clarity to accurately identify the basis for warranty exclusion under subsection (c)(7), which is that abuse, neglect, or improper maintenance caused the need for repair and not that abuse, neglect, or improper maintenance occurred at all.
27. Subsection (j). Staff is proposing to make explicit the basis and timeline for the Executive Officer to request records maintained by the manufacturer under this subsection. Staff is proposing to make explicit that the Executive Officer shall request the retained records as necessary to verify the manufacturer's analysis.

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This addition is necessary and appropriate to require the Executive Officer to request and review documents as necessary to verify the analysis and to provide clarity that such testing will be conducted. Staff is also proposing a 30-day timeframe by which the manufacturer shall make the records available to the Executive Officer. A 30-day period for a manufacturer to comply with CARB's request is necessary to reasonably balance the manufacturer's need to gather the required records with CARB's need for reasonably timely review of the records in order to verify compliance.

28. Subsection (l). Staff is proposing to add the methods by which a vehicle owner may contact CARB, which are a toll-free phone number and email address. These standard and convenient methods are necessary to include because the default method to contact CARB under this section, CARB's electronic Document Management System, is not available for use by vehicle owners. Staff is also proposing to replace the term "authorized service network" with "warranty station" as necessary for clarity to more accurately describe an entity that may have an unresolved warranty dispute with a vehicle owner.
29. Subsection (n)(1). Staff is proposing a new subsection to make explicit the range of enforcement and penalties for violations of this section, including for submitting incorrect information, which is necessary to ensure emissions are reduced as intended. Enforcement and penalty decisions are made on a case-by-case basis and rely on statute, so the additional provisions are necessary to provide clarity and transparency to manufacturers and other stakeholders but do not create or change enforcement or penalty risks for violations of this section.
30. Subsection (n)(2). Staff is proposing to add this subsection as necessary to promote clarity to notify manufacturers and other stakeholders that CARB may require corrective action for violations of this section's requirements, which is necessary to ensure emissions are reduced as intended, for vehicles and accompanying materials that are not subject to testing-based corrective action under proposed section 1962.7.
31. Note. Authority and Reference sections were added as necessary to reflect the proposed enforcement and penalty provisions that are authorized by, and are implementing and making specific, the cited sections: Section 38580, 43016, 43023, 43154, 43211, and 43212 of the California Health and Safety Code. Additional Authority sections were added as necessary to reflect the proposed electronic reporting: Civil Code sections 1633.7 and 1633.8.