



Public Hearing to Consider Advanced Clean Cars II Regulations

Final Statement of Reasons for Rulemaking, Including Summary of Comments and Agency Response

Appendix G Update to the Information in the Initial Statement of Reasons

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Supplemental Discussion of Purpose and Rationale

This Appendix G provides additional explanation of the California Air Resources Board's (CARB) purpose and rationale for proposing and adopting certain provisions of the Advanced Clean Cars II (ACC II) regulations. Though the subsection descriptions may describe the subsection more broadly, the explanations may be more narrowly tailored to specific parts of the subsection. This serves to supplement the purpose and rationale appendices to the Initial Statement of Reasons.

Section 1962.4.

Subsection 1962.4(e)(2)(A)2. This subsection provides that manufacturers may earn environmental justice values for placing new zero-emission vehicles (ZEVs) and plug-in hybrid electric vehicles (PHEVs) in a community-based clean mobility program at a 25 percent discount off the base manufacturer's suggested retail price (MSRP). It is necessary and appropriate for this minimum discount to apply equally to vehicle sales and leases (with lease terms developed or adjusted once the minimum 25 percent discount is applied to the vehicle cost) to ensure that application of the discount is straightforward and consistent, regardless of whether a program purchases or leases its vehicles, and that manufacturers' earning of environmental justice values is appropriately standardized.

Subsection 1962.4(l). This subsection defines "community-based clean mobility program" in part, as serving a project area in which at least 75 percent of the census tracts are a disadvantaged community, a low-income community, or a tribal community. The 75 percent threshold is necessary and appropriate for consistency with criteria for similar programs, such as the Clean Mobility Option grants and Sustainable Transportation Equity Project.

Subsection 1962.4(m)(2)(A), (B). These subsections provide that, within 20 days of the Executive Officer making an initial finding that a manufacturer obtained a ZEV or PHEV value based on incorrect information, the manufacturer may provide to the Executive Officer information or records to correct or validate the originally submitted information. A 20-day period for manufacturers to optionally provide records in response to CARB's initial finding is necessary and appropriate 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 this section. The Executive Officer must make a final finding whether a manufacturer obtained a ZEV or PHEV value based on incorrect information and notify the manufacturer within 50 days of making the initial finding. A 50-day period, which includes at least 30 days after the 20-day deadline for the manufacturer to optionally provide additional records or information, is necessary and appropriate to reasonably balance CARB's need for time to review available information, including any additional material submitted by the manufacturer, and make a final finding with the manufacturer's need for timely resolution.

Section 1962.5.

Subsection 1962.5(a)(1), (2). These subsections phase in the data standardization requirements of this section by requiring only 40 percent compliance with the data standardization requirements in the 2026 model year. A compliance requirement of 40 percent for the first year of a two-model year phase-in is necessary and appropriate to give manufacturers the opportunity to more cost-effectively plan for implementation of the

requirements across all of their ZEV models within the phase-in period. It also provides manufacturers with the opportunity to work through any challenges encountered in bringing vehicles into compliance before the majority of their new light-duty ZEVs must comply. A lower percentage compliance requirement for the first year of a two-model year phase-in period would not ensure that manufacturers produce enough compliant 2026 model year vehicles to discover and work through any challenges that may arise in the first model year.

Subsection 1962.5(a)(3). This subsection requires manufacturers to submit phase-in plans prior to submitting a certification application for any 2026 model year vehicle. The aim of this requirement is to ensure that the phase-in plan is submitted before the first certification application for the 2026 model year to allow certification staff to be able to verify, during their certification review, whether the submitted test group is part of the manufacturer's phase-in and thus subject to the requirements of section 1962.5. The subsection does not indicate a specific deadline for manufacturers to submit their phase-in plans in advance of the first certification application because verification of the compliance of the manufacturer's phase-in is a simple mathematical formula provided in the regulation and it does not require any more extensive review by CARB other than checking the math. And as noted above, it is necessary to have the phase-in plan in order to determine which test groups must be verified to comply with section 1962.5 during the certification review. However, it still does not require advance submittal of the phase-in plan as the certification staff simply need to use it to determine if a test group submitted for certification is in the phase-in or not. Therefore, a manufacturer may submit its phase-in plan just a moment before submitting its first application.

Subsection 1962.5(a)(4). This subsection describes an alternative phase-in schedule and provides a total compliance calculation, which must sum to at least 180 by the end of the 2027 model year. The total compliance calculation for the alternative phase-in multiplies the percent of vehicles meeting the specified requirements by 3 for the 2025 model year, by 2 for the 2026 model year, and by 1 for the 2027 model year, which are summed. The total must be at least 180 because that is the sum for the standard phase-in (40% compliance in 2026 plus 100% compliance in 2027), so a minimum sum of 180 ensures that the alternative phase-in is comparable when weighted by percent of total sales and years of implementation before the final year. The calculation multiplies compliance in 2025 by 3, compared to compliance in 2027 by 1, to properly value 3 years' worth of on-road operation of vehicles compliant to the requirement by the final year of the phase-in versus only 1 year's worth of operation for cars newly implementing the requirement in the final year.

Subsection 1962.5(c)(5)(B). This subsection requires a manufacturer to submit a report within 75 calendar days of the availability of a calibration/software update to affected vehicles. A period of 75 days is necessary and appropriate for consistency with the comparable provision of CCR, title 13, section 1962.8, with which manufacturers are already familiar. It is also necessary to provide an adequate period of time, after the manufacturer makes the update available to vehicles, for vehicle owners to elect to accept the software update at a convenient time, for manufacturers to accumulate the data, and for manufacturers to prepare the data and submit the report.

Section 1962.7

Subsection 1962.7(d)(2)(A). This subsection requires manufacturers to target data collection once vehicles have accumulated a nominal 36,000 miles of in-use operation, which typically happens by the end of three full years of operation of the car, when assuming the vehicle travels 12,000 annually over those first three years. It requires manufacturers to collect the data within four years of the end of production of a test group, which is necessary and appropriate to allow the manufacturer to procure and collect data from vehicles produced at any point during the production run. This includes vehicles produced near the very end of the production run, transported to a dealership, eventually sold and placed into service with a purchaser, and then operated for at least three years on-road. The 36,000 nominal mileage floor is necessary and appropriate as the intent of the data collection is to provide insight into how well the manufacturer may be meeting the 10-year, 150,000 mile durability standard at a fairly early point in the vehicle's life but not an insignificant amount of time and mileage relative to the full term of the durability standard. This data submission and mileage requirements also mirrors what is currently required for showing compliance with emissions durability for conventional vehicles.

Subsection 1962.7(d)(2)(B). This subsection requires manufacturers to target data collection once vehicles have accumulated a nominal minimum of 60,000 miles of in-use operation, which typically happens by the end of the fifth or sixth year of operation of the car. It requires manufacturers to collect the data within seven years of the end of production of the test group, which is necessary and appropriate to allow for the manufacturer to procure and collect data from vehicles produced at any point during the production run. This includes vehicles produced near the very end of the production run, transported to a dealership, eventually sold and placed into service with a purchaser, and then operated for at least six years on-road. Further, this subsection requires the collection from vehicles that have less than a maximum of 150,000 miles. This maximum is necessary and reasonable given the vehicles are only subject to the durability requirement that the data collection is being used to help verify compliance with for the first 150,000 miles of operation.

Subsection 1962.7(d)(4). This subsection requires manufacturers to submit sampling plans at least 12 months before data collection would begin for vehicles in the test group. The 12-month requirement is necessary and appropriate because of the potential complexity of the sampling plans, the time needed for CARB to review and evaluate the plans, and to ensure that, if CARB determines that a plan does not meet the approval criteria in this subsection, the manufacturer has time to revise and resubmit the plan for approval prior to the scheduled commencement of data collection. It is also necessary and appropriate for consistency with the in-use requirements for conventional vehicles with which manufacturers are familiar.

Subsection 1962.7(e)(6)(B)4. This subsection requires the Executive Officer, in a notice of determination of nonconformance, to inform the manufacturer that it may provide the Executive Officer with any information contesting the findings set forth in the notice by a date no less than 90 days from the date of issuance of the notice. This 90-day minimum is necessary and appropriate to balance the manufacturer's need for time to prepare any information to contest the findings (pursuant to subsection 1962.7(e)(6)(C)) with CARB's need for reasonably timely review of the manufacturer's compliance with this section.

Subsection 1962.7(e)(6)(E). This subsection requires the Executive Officer to notify the manufacturer of any additional testing under the subsection within 60 days of receiving information submitted pursuant to subsection (e)(6)(C) to contest a determination of nonconformance. A 60-day deadline is necessary and appropriate to balance CARB's need for time to review the submitted information and make a determination regarding the need for additional testing, as described in this subsection, with the manufacturer's need for a timely final determination regarding any nonconformance.

Subsection 1962.7(e)(6)(G). This subsection provides processes for a manufacturer to request, and the Executive Officer to grant, extension of a deadline under subsection 1962.7(e)(6)(B). Extension of a deadline may be necessary and reasonable for effective implementation without undue burden when the manufacturer has exercised reasonable diligence to comply and is unable to comply with the applicable deadline. The subsection is necessary to define the process for a manufacturer to make the request, the Executive Officer to review the request and determine the duration of an extension, if granted, and the Executive Officer to issue a decision on the request. The information and documentation the manufacturer must provide is necessary for the Executive Officer to confirm that the manufacturer is unable to comply by the deadline despite exercising reasonable diligence and to allow the Executive Officer to determine the duration of any extension provided. The factors the Executive Officer must consider in making a case-by-case determination regarding the duration of any extension are necessary to allow for effective implementation that avoids undue burden on manufacturers that have exercised reasonable diligence while accounting for adverse impacts from delay. The deadlines for the manufacturer to make the request and for the Executive Officer to issue a decision are necessary to reasonably balance the needs to ensure that manufacturers prepare for deadlines well in advance, that the extension process can apply when (despite a manufacturer's reasonable diligence) compliance difficulties arise closer to the compliance deadline, and that the Executive Officer responds to an extension request in time so that a manufacturer whose request is denied can still comply with the original deadline.

Subsection 1962.7(f)(1). This subsection requires a manufacturer to notify CARB of corrective action at least 45 days before owner notification is scheduled and to submit a voluntary corrective action plan, as prescribed under subsection 1962.7(g)(1), at least 30 days before owner notification is to begin. These time periods are necessary and appropriate to reasonably balance the manufacturer's need for time to determine and prepare its corrective action with CARB's need for reasonably timely notice of corrective action and time to review the voluntary corrective action plan before owner notification begins.

Subsection 1962.7(f)(2). This subsection provides that, after Executive Officer notification of nonconformance, a manufacturer may elect within 45 days to conduct influenced corrective action, in which case the manufacturer has 90 days to submit an influenced corrective action plan for approval. These time periods are necessary and appropriate to reasonably balance the manufacturer's need for time to determine and prepare its corrective action, CARB's need for reasonably timely notice of corrective action and time to review the corrective action plan before owner notification begins, and the fact that influenced corrective action generally generates more voluminous test data and analysis for both manufacturers and CARB to assess.

Subsection 1962.7(f)(3)(B)1. This subsection provides the factors for the Executive Officer to consider in requiring corrective action, including whether the manufacturer or CARB initially identified and alerted the other party of the nonconformance. This consideration is necessary and appropriate to incentivize manufacturers to review their own regulatory compliance and to promptly report any identified nonconformance to CARB.

Subsection 1962.7(f)(4)(B)4. This subsection provides the process and substance for the Executive Officer to notify a manufacturer of ordered corrective action, including a period of at least 45 days for the manufacturer to submit a corrective action plan and a process for a manufacturer to request, and the Executive Officer to grant, extension of this deadline. A minimum of 45 days for the manufacturer to submit a corrective action plan is necessary and appropriate to balance the manufacturer's need for time to prepare the plan with CARB and the public's need for timely action to correct nonconformance. Extension of a deadline may be necessary and reasonable for effective implementation without undue burden when the manufacturer has exercised reasonable diligence to comply and is unable to comply with the applicable deadline. The subsection is necessary to define the process for a manufacturer to make the request, the Executive Officer to review the request and determine the duration of an extension, if granted, and the Executive Officer to issue a decision on the request. The information and documentation the manufacturer must provide is necessary for the Executive Officer to confirm that the manufacturer is unable to comply by the deadline despite exercising reasonable diligence and to allow the Executive Officer to determine the duration of any extension provided. The factors the Executive Officer must consider in making a case-by-case determination regarding the duration of any extension are necessary to allow for effective implementation that avoids undue burden on manufacturers that have exercised reasonable diligence while accounting for adverse impacts from delay. The deadlines for the manufacturer to make the request and for the Executive Officer to issue a decision are necessary to reasonably balance the needs to ensure that manufacturers prepare for deadlines in advance, that the extension process can apply when (despite a manufacturer's reasonable diligence) compliance difficulties arise closer to the compliance deadline, and that the Executive Officer responds to an extension request in time so that a manufacturer whose request is denied can still comply with the original deadline.

Subsection 1962.7(g)(1)(B)3. This subsection provides that, when the Executive Officer disapproves an ordered corrective action plan, the manufacturer must submit a revised corrective action plan within 10 days. This deadline is necessary and appropriate to reasonably balance the manufacturer's need for time to revise the corrective action plan in a manner that fully addresses the reasons for disapproval with CARB and the public's need for timely resolution of the nonconformance.

Subsection 1962.7(g)(1)(B)5. This subsection provides that, when the Executive Officer disapproves a voluntary or influenced corrective action plan, the manufacturer must submit a revised corrective action plan within 30 days. This deadline is necessary and appropriate to reasonably balance the manufacturer's need for time to revise the corrective action plan in a manner that fully addresses the reasons for disapproval with CARB and the public's need for timely resolution of the nonconformance. It is appropriate for the time period to resubmit a disapproved voluntary or influenced corrective action plan to be longer than the timeframe to resubmit a disapproved ordered corrective action plan because ordered corrective actions

generally reflect more severe and consequential nonconformance, in accordance with subsection 1962.7(f)(3), which necessitate quicker resolution.

Subsection 1962.7(g)(4)(C)(9). This subsection requires manufacturers, in case of corrective action involving recall, to provide additional information in the notice to vehicle owners required under subsection 1962.7(g)(4)(C). The additional required information is necessary and appropriate to adequately alert vehicle owners to the importance of presenting their vehicles for recall, which vehicle owners are more likely to find inconvenient than many non-recall corrective action measures. It is also necessary and appropriate for consistency with existing in-use regulations for conventional vehicles with which manufacturers are familiar.

Section 1962.8.

Subsection 1962.8(g)(3). This subsection provides an exception to the corrective action requirement of subsection 1962.8(g)(2) where the manufacturer submits evidence with the ZEV information report (ZIR) establishing that the failure is both limited to an early life issue and likely to be identified by the vehicle owner and corrected during the warranty term. This exception is necessary and appropriate to avoid requiring the manufacturer to institute corrective action where a vehicle owner is likely to pursue a remedy under warranty, as such a corrective action requirement would be a burden that provided only limited marginal benefit.