

## PROPOSED REGULATION ORDER

### Staff's Suggested Modifications to the Original Proposal

**Note:** The text of the originally proposed amendments is shown in underline to indicate additions and ~~strikeout~~ to indicate deletions. Proposed modifications to the originally proposed text are shown in double-underline to indicate additions and ~~double-strikeout~~ to indicate deletions. In sections 1900(b)(19) and 1962(b)(4), title 13, California Code of Regulations, changes approved by the Air Resources Board at a January 25, 2001 hearing, but not yet finally adopted or in effect, are shown in dotted underline to indicate additions and ***bold italic strikeout*** to indicate deletions.

1. Amend section 1900(b)~~(17)~~(18) and 1900(b)~~(18)~~(19), title 13, California Code of Regulations, to read as follows:

(b)(18) "Small volume manufacturer" means, with respect to the 2001 and subsequent model-years, a manufacturer with California sales less than 4,500 new passenger cars, light-duty trucks, medium-duty vehicles, heavy-duty vehicles and heavy-duty engines based on the average number of vehicles sold for the three previous consecutive model years for which a manufacturer seeks certification; however, for manufacturers certifying for the first time in California model-year sales shall be based on projected California sales. A manufacturer's California sales shall consist of all vehicles or engines produced by the manufacturer and delivered for sale in California, except that vehicles or engines produced by the manufacturer and marketed in California by another manufacturer under the other manufacturer's nameplate shall be treated as California sales of the marketing manufacturer. For purposes of compliance with the zero-emission vehicle requirements, heavy-duty vehicles and engines shall not be counted as part of a manufacturer's sales. For purposes of applying the 2003 and subsequent model year zero-emission vehicle requirements for small-volume manufacturers under section 1962(b), the annual sales from different firms shall be aggregated in the case of (1) vehicles produced by two or more firms, each one of which either has a greater than 50% equity ownership in another or is more than 50% owned by another; or (2) vehicles produced by any two or more firms if a third party has equity ownership of greater than 50% in each firm.

(b)(19) "Intermediate volume manufacturer" means any pre-2001 model year manufacturer with California sales between 3,001 and ~~35,000~~ 60,000 new light- and medium-duty vehicles per model year based on the average number of vehicles sold by the manufacturer each model year from 1989 to 1993; any 2001 through 2002 model year manufacturer with California sales between 4,501 and ~~35,000~~ 60,000 new light- and medium-duty vehicles per model year based on the average number of vehicles sold by the manufacturer each model year from 1989 to 1993; and any 2003 and subsequent model year manufacturer with California sales between 4,501 and ~~35,000~~ 60,000 new light- and medium-duty vehicles based on the average number of vehicles sold for the three previous consecutive model years for which a manufacturer seeks certification. For a manufacturer certifying for the first time in California, model year

sales shall be based on projected California sales. For purposes of applying the 2003 and subsequent model year zero-emission vehicle requirements for intermediate-volume manufacturers under section 1962(b), the annual sales from different firms shall be aggregated in the case of (1) vehicles produced by two or more firms, each one of which either has a greater than 50% equity ownership in another or is more than 50% owned by another; or (2) vehicles produced by any two or more firms if a third party has equity ownership of greater than 50% in each firm.

**[Commentary: The changes in subsection numbering correct errors in the original Proposed Regulation Order, which did not accurately reflect the existing numbering in Barclays California Code of Regulations.]**

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Note: Authority cited: Sections 39600, 39601, 43013, 43018, 43101, and 43104 Health and Safety Code. Reference: Sections 39002, 39003, 39010, 39500, 40000, 43000, 43013, 43100, 43101, 43101.5, 43102, 43104, 43106, and 43204, Health and Safety Code.

2. Amend section 1962(b)(4), title 13, California Code of Regulations, to read as follows:

(b)(4)(5) Changes in Small Volume, Independent Low Volume, and Intermediate Volume Manufacturer Status.

(A)(1) In 2003 and subsequent model years, if a small volume manufacturer's average California production volume exceeds 4,500 units of new PCs, LDTs, and MDVs based on the average number of vehicles produced and delivered for sale for the three previous consecutive model years, or if an independent low volume manufacturer's average California production volume exceeds 10,000 units of new PCs, LDTs, and MDVs based on the average number of vehicles produced and delivered for sale for the three previous consecutive model years, or if an intermediate volume manufacturer's average California production volume exceeds 60,000 units of new PCs, LDTs, and MDVs based on the average number of vehicles produced and delivered for sale for the three previous consecutive model years, the manufacturer shall no longer be treated as a small volume, independent low volume, or intermediate volume manufacturer, as applicable, and shall comply with the ZEV requirements for independent low volume, intermediate volume or large volume manufacturers, as applicable, beginning with the ~~fourth~~ sixth model year after the last of the three consecutive model years. The lead time shall be four rather than six years where a manufacturer ceases to be a small or intermediate volume manufacturer in the 2003 or subsequent years due to the aggregation requirements in majority ownership situations.

(2) If a manufacturer's average California production volume falls below 4,500, 10,000 or ~~35,000~~ 60,000 units of new PCs, LDTs, and MDVs, as applicable, based on the average number of vehicles produced and delivered for sale for the three previous consecutive model years, the manufacturer shall be treated as a small volume,

independent low volume, or intermediate volume manufacturer, as applicable, and shall be subject to the requirements for a small volume, independent low volume, or intermediate volume manufacturer beginning with the next model year. In determining small volume manufacturer status, vehicles produced by one manufacturer and marketed in California by another manufacturer under the other manufacturer's nameplate shall be treated as part of the California production volume of the sales of the marketing manufacturer.

~~(B) The lead time provided in section (b)(5)(A) shall be four rather than six years where a manufacturer ceases to be a small or intermediate volume manufacturer in the 2003 or subsequent years due to the aggregation requirements in majority ownership situations.~~ Where a manufacturer experiences a change in ownership in a particular model year, the change will affect application of the aggregation requirements on the manufacturer starting with the next model year. The manufacturer's small or intermediate volume manufacturer status for the next model year shall be based on the average California production volume in the three previous consecutive model years of those manufacturers whose production volumes must be aggregated for that next model year. For example, where a change of ownership during the 2004 model year results in a requirement that the production volume of Manufacturer A be aggregated with the production volume of Manufacturer B, Manufacturer A's status for the 2005 model year will be based on the production volumes of Manufacturers A and B in the 2002-2004 model years. Where the production volume of Manufacturer A must be aggregated with the production volumes of Manufacturers B and C for the 2004 model year, and during that model year a change in ownership eliminates the requirement that Manufacturer B's production volume be aggregated with Manufacturer A's, Manufacturer A's status for the 2005 model year will be based on the production volumes of Manufacturers A and C in the 2002-2004 model years. In either case, the lead time provisions in section 1962(b)(5)(A) and (B) will apply.

**[Commentary:** (1) The text shown as ' 1962(b)(5)(A)(2) is existing text that was mistakenly omitted in the original Proposed Regulation Order. (2) Section 1962(b)(5)(A) is broken into two parts to make it more readable. The language that had comprised ' 1962(b)(5)(B) is moved to ' 1962(b)(5)(A)(1) for clarity. (3) The new language in ' 1962(b)(5)(B) makes clear how production volumes for the three previous consecutive model years are to be calculated in change of ownership situations; the approach taken is the most consistent with the preexisting regulatory principles.]

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Note: Authority cited: Sections 39600, 39601, 43013, 43018, 43101, 43104 and 43105, Health and Safety Code. Reference: Sections 39002, 39003, 39667, 43000, 43009.5, 43013, 43018, 43100, 43101, 43101.5, 43102, 43104, 43105, 43106, 43107, 43204, and 43205.5, Health and Safety Code.

3. Adopt section 1962.1, title 13, California Code of Regulations, to read as follows:

**1962.1. Electric Vehicle Charging Requirements.**

(a) This section applies to:

(1) all Battery Electric Vehicles which qualify for 1.0 or greater ZEV credit; and

(2) all extended range hybrid electric vehicles.

(b) Beginning with the 2006 model year, all vehicles identified in subsection (a) must be equipped with a conductive charger inlet port, which meets all the specifications contained in Society of Automotive Engineers (SAE) Surface Vehicle Recommended Practice: SAE Vehicle Conductive Coupler J1772 (SAE J1772, 2001 revision, currently in draft form). All vehicles must be equipped with an on-board charger with a minimum output of 3.3 kilovolt amps.

(c) This section does not apply to:

(1) Battery Electric Vehicles which qualify for less than 1.0 ZEV credit;

(2) Neighborhood Electric Vehicles;

(3) Battery Electric Vehicles which qualify for 1.0 or greater ZEV credit and which are only capable of Level 1 charging. "Level 1 charging" means "a charging method that allows an electric vehicle or extended range hybrid electric vehicle to be connected to the most common grounded receptacle (NEMA 5-15R)." A vehicle that is only capable of Level 1 charging is one that is equipped with an on-board charger capable of accepting energy from the existing AC supply network. The maximum power is 12 amps, with a branch circuit rating of 15 amps, and continuous power of 1.44 kilowatts.

(d) The following industry standard is incorporated by reference: SAE Surface Vehicle Recommended Practice: Conductive Coupler J1772 (2001 revision, currently in draft form). SAE Surface Vehicle Recommended Practice: Conductive Coupler J1772, as adopted in 1996, is not incorporated by reference.

Note: Authority cited: Sections 39600, 39601, 43013, 43018, 43101, 43104 and 43105, Health and Safety Code. Reference: Sections 39002, 39003, 39667, 43000, 43009.5, 43013, 43018, 43100, 43101, 43101.5, 43102, 43104, 43105, 43106, 43107, 43204, and 43205.5, Health and Safety Code.