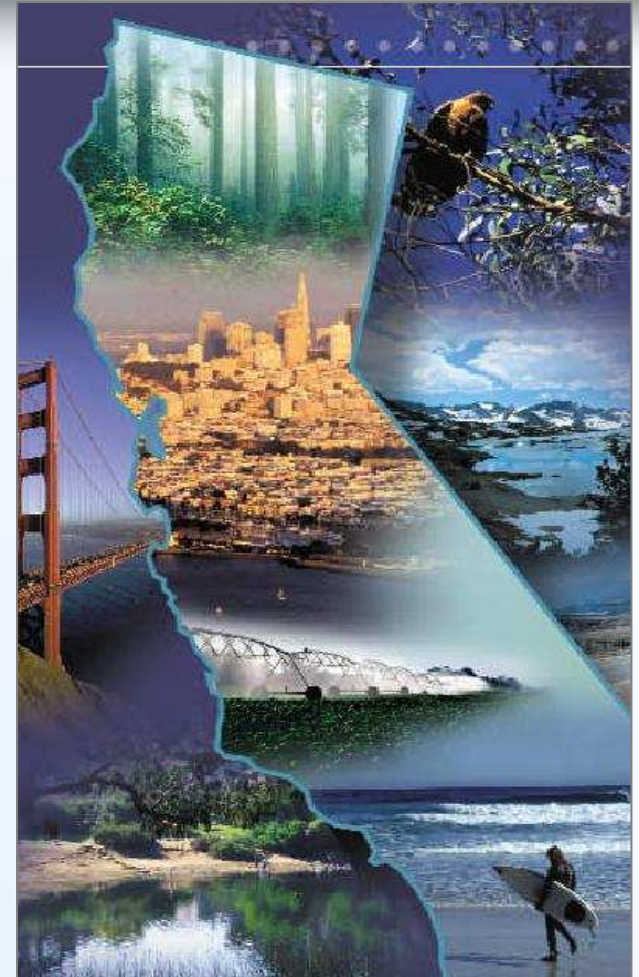




Public Hearing to Consider Amendments to New Passenger Motor Vehicle Greenhouse Gas Emission Standards

Diamond Bar, California
September 24th, 2009





AB 1493 (Pavley) Regulations

- Regulations approved by Board September, 2004, adopted in final form August, 2005
- Maximum feasible and cost-effective reduction of greenhouse gases from new motor vehicles
- Regulations apply to 2009 and subsequent model years
- Waiver granted July 8, 2009



Pollutants Included

- Combined GHG emissions
 - (CO₂, CH₄, N₂O, HFCs)
- All vehicular GHG sources
 - (tailpipe, air conditioner)
- “CO₂-equivalent” emissions
 - (weighted according to “global warming potential”)



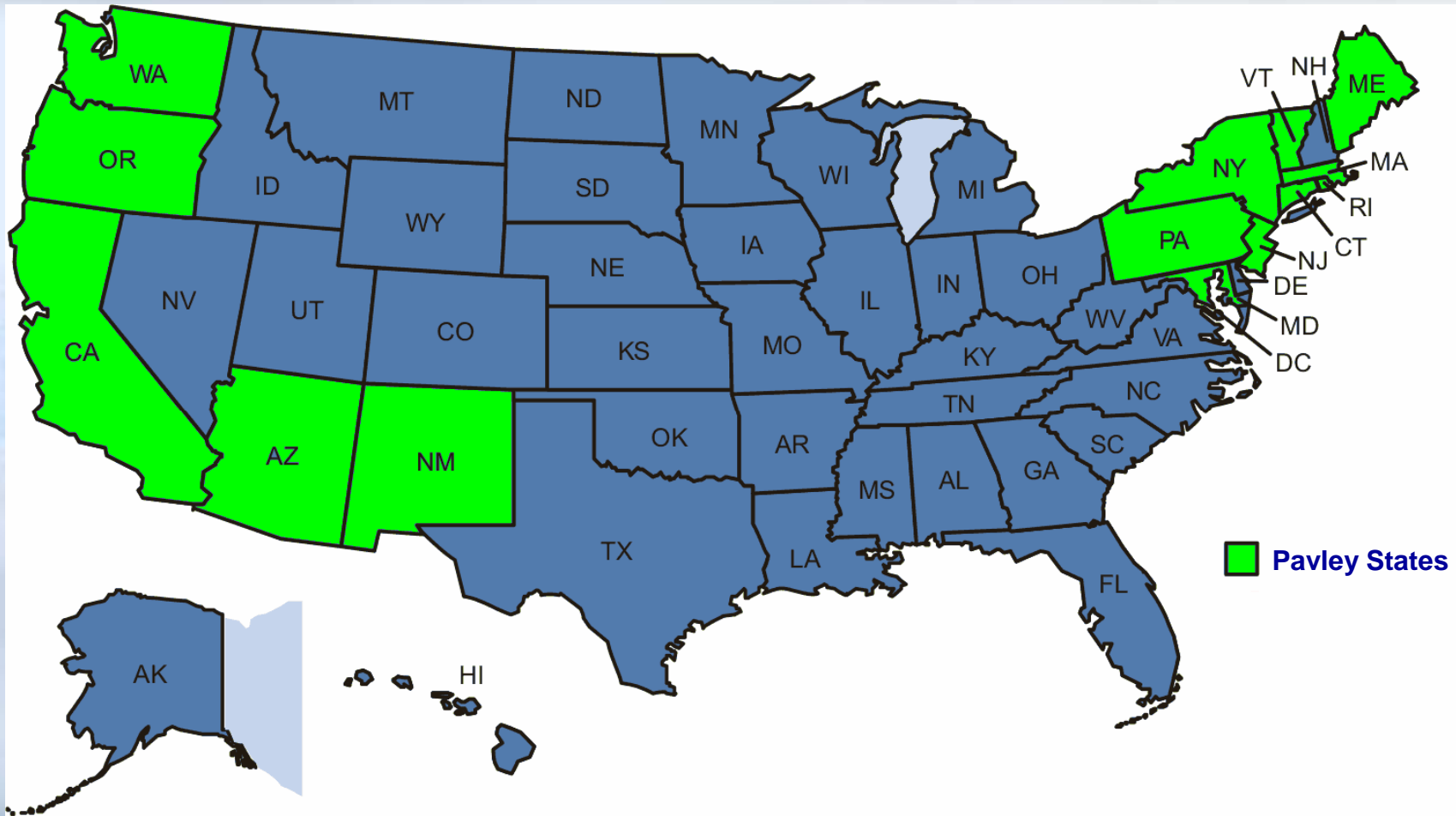


Issues

- Lawsuits
- Waiver
 - Manufacturer Opposition to Waiver
 - Denial of Waiver
 - Reconsideration and Granting of Waiver
- Manufacturer Concerns
 - “Patchwork” argument
 - Test burden



California and §177 States





Rose Garden Commitments

- Mutual commitments made between the Obama administration, the auto makers, and ARB.
- Announcement by President Obama on May 19, 2009.



Overview of the Commitments

- USEPA will develop national 50-state GHG standards.
- Start in 2012
- Equal or greater GHG reduction than California + 177 state program
- Federal notice of intent for joint rulemaking by the U.S. EPA and National Highway Traffic Safety Administration (NHTSA) provided additional detail.



Overview of the Commitments (con't)

- Automobile manufacturers will:
 - Drop lawsuits challenging the Pavley standards, and not challenge the waiver.
- California will:
 - Allow “pooling” of vehicle emissions in California, Washington D.C., and 177 states.
 - Allow use of CAFE data for compliance demonstration
 - Allow compliance with national GHG standard between 2012 and 2016 to be recognized as complying with the California requirements.
- California’s ongoing authority unaffected under Clean Air Act.

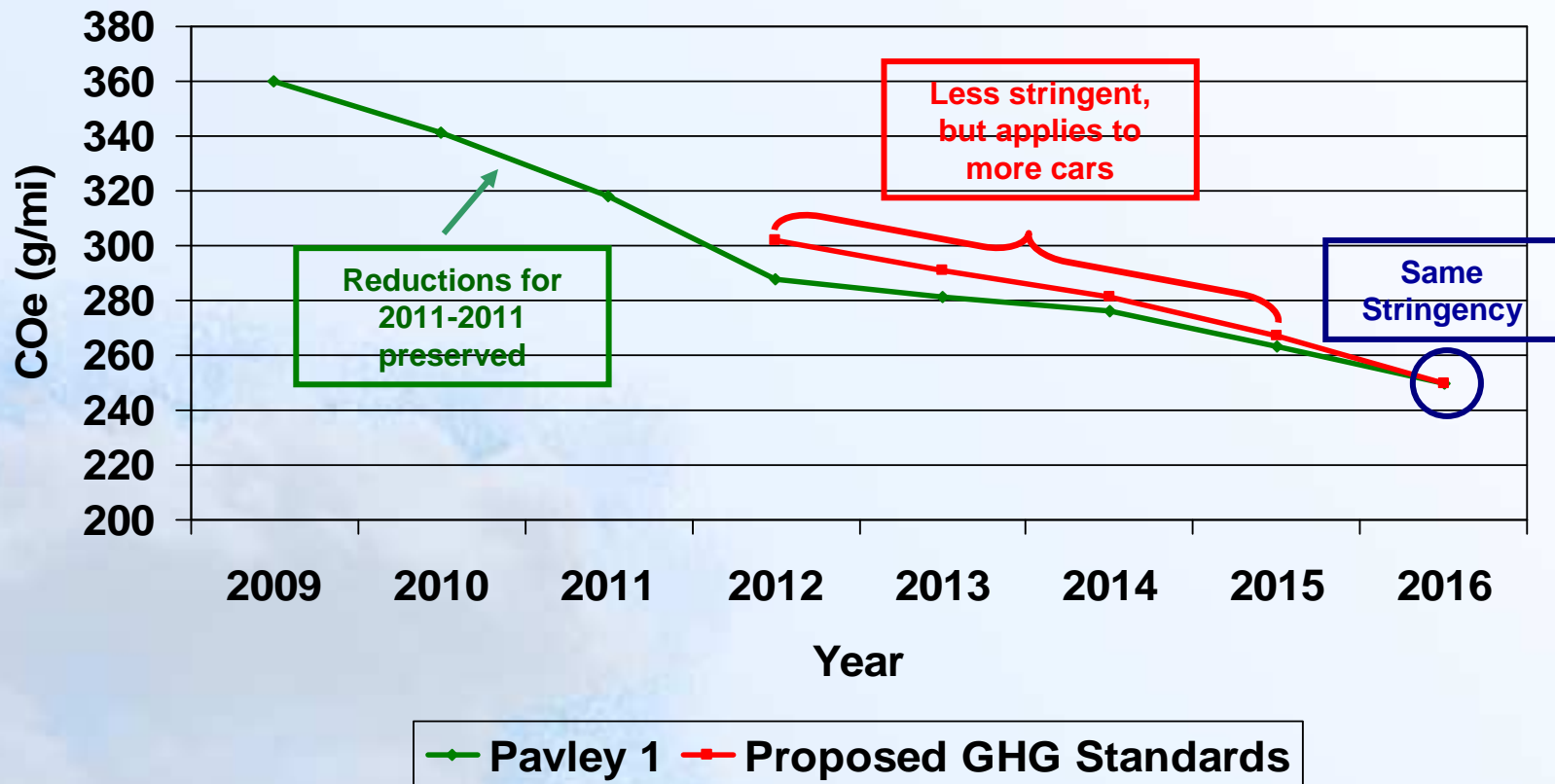


Program Implementation

- California will enforce its GHG standards for model-years 2009 to 2011
- For model-years 2012 to 2016, compliance with the national GHG standards may be deemed compliance with California's requirements



2012 – 2016 Fleet Average GHG Emission Standards





Staff Proposal

- “Pooling Amendment”
 - Allows manufacturers to demonstrate compliance with the fleet average GHG requirement based on the combined sales of vehicles produced and delivered for sale in California, the District of Columbia, and §177 states.



Staff Proposal (cont.)

- Use of CAFE Data
 - Use data to demonstrate compliance with California's regulations.
 - Reduces costs to the manufacturers, by reducing the number of additional tests.
- Reporting requirements
 - Aggregate and state-by-state data
- Non-substantive test procedure changes

ARB/Industry Discussions

- Late May/Early June 2009
- June 15, 2009
- June 23, 2009
- July 15, 2009
- July 16, 2009
- July 22, 2009
- July 23, 2009



15-Day Changes

- Compliance based on number of vehicles “produced and delivered for sale” rather than actual sales
- Change is consistent with LEV and ZEV Program requirements



Summary

- Proposal implements two commitments made by California in May agreement
- No significant environmental or economic impact of proposal
- Staff recommends that the Board adopt the staff proposal