NESCAUM
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Northeast States for Coordinated Air Use Management
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Arthur N. Marin, Executive Director

May 5, 2015

Chairman Nichols and Board Members
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Minor Modifications to the Zero Emission Vehicle Regulation

Dear Chairman Nichols and Honorable Board Members:

On behalf of the states of Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island, and Vermont, the Northeast States for Coordinated Air Use Management (NESCAUM) offers the following comments on the revised amendments to the Zero Emission Vehicle (ZEV) Regulation requirements for intermediate volume manufacturers (IVMs) proposed by the Air Resources Board (ARB) staff. Each of the aforementioned states has adopted California's ZEV Program using the authority provided by Section 177 of the Clean Air Act, and is a party to an eight-state Memorandum of Understanding (MOU) with California intended to accelerate adoption of ZEVs in our states. NESCAUM serves as facilitator and technical advisor to the Multi-State ZEV Task Force established to implement the goals of the ZEV MOU.

In the Section 177 ZEV MOU states, the transportation sector is collectively the largest source category of greenhouse gas emissions and ozone-forming pollutants. Electrification of the transportation sector is essential to achieve our long-term climate, energy and air quality goals, and will not occur without a robust ZEV program. Maintaining the overall stringency of the ZEV requirements, therefore, is a high priority for the Section 177 ZEV MOU states.

The Section 177 ZEV MOU states support the proposed modifications to the ZEV Regulation amendments presented to the Air Resources Board on October 23, 2014. The proposed modifications improve on the original October 2014 proposal by addressing the challenges IVMs face without relaxing the ZEV percentage requirements for new car sales for this group of manufacturers.

The current ARB staff proposal continues to recognize that vehicle sales are not the sole indicator of a manufacturer's ability to bring ZEVs to market, and accordingly retains the $40 billion global revenue test. The proposal retains important flexibilities for IVMs, notably: (1) extended lead-time; (2) a regional pooling option; and (3) three-year credit recovery with ARB approval. These proposed changes to the current rule, together with the fact that IVMs are not subject to a ZEV minimum floor, address equity concerns raised by the IVMs.

The Section 177 ZEV MOU states strongly support retaining the ZEV percentage requirements for IVMs as adopted in 2012, and urge ARB to reject any future requests that would weaken the regulation's fundamental purpose. Regulatory certainty going forward is essential to justify the level of investment needed to develop and bring new technology to market. Similarly, the Section 177 ZEV MOU states require assurance that manufacturers will increase their efforts to promote and place ZEVs in our states in order to justify continued spending on charging infrastructure, consumer incentives, outreach and other activities to accelerate widespread adoption of ZEVs in our states.

Thank you for the opportunity to comment on the proposed minor modifications to the ZEV Regulation. As climate leadership states, we value our partnership with California and look forward to continued collaboration in our joint effort to electrify the transportation sector.

Sincerely,

Arthur N. Marin
Executive Director
NESCAUM