

CARB Issues Midterm Review of Its Advanced Clean Cars Program and Invites Comments on the Program's Future

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Client Alert

On January 12, the California Air Resources Board (CARB) released a Midterm Review of California's Advanced Clean Cars program, which established Low-Emission Vehicle III (LEV III) standards for certain model year 2015-2025 vehicles, as well as zero-emission vehicle (ZEV) regulations requiring vehicle manufacturers to produce increasing numbers of ZEVs and plug-in hybrid electric vehicles (PHEVs).

The Midterm Review assesses whether changes to these standards are merited, and makes numerous findings and recommendations regarding the Advanced Clean Cars program. Stakeholders should be sure to submit comments on the Midterm Review by March 20, 2017, as the Review is an important roadmap that may guide the Advanced Clean Cars program well into the future. The CARB Board will consider the Midterm Review at a public hearing in Riverside, California on March 23-24.

CARB's Midterm Review

In adopting the Advanced Clean Cars program in January 2012, CARB committed to conducting a midterm review of the standards established by the program, including the LEV III emission standards and the ZEV regulations.

CARB also committed to participating in a joint-agency review with the United States Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA). This review was somewhat broader in scope, addressing the federal greenhouse gas (GHG) emission and fuel economy standards for 2022 through 2025 model year cars and light trucks. Consistent with this commitment, CARB issued a Draft Technical Assessment Report jointly with EPA and NHTSA in July 2016. On January 12, 2017, EPA issued a [Final Determination](#) that the federal GHG standards for model years 2022-2025 light-duty cars and trucks remain appropriate at this time.

CARB's Midterm Review makes numerous findings and recommendations regarding the Advanced Clean Cars Program. With respect to 2022 through 2025 model year GHG emission standards, the Midterm Review recommends that CARB:

- *Continue California's participation in the federal GHG regulations by maintaining the "deemed to comply" provision, which allows compliance with the adopted EPA GHG standards for 2022 through 2025 model years to satisfy California requirements.* CARB explained, however, that if the stringency of the national GHG standards were subsequently changed, California may need to determine whether compliance with national standards remains sufficient to address California's unique air quality challenges and its mandates to achieve aggressive GHG reductions to protect public health and the environment.

With respect to the Advanced Clean Cars Program's 1 milligram per mile particulate matter (PM) emission standard, the Midterm Review recommends that CARB:

- *Maintain the stringency and implementation schedule of the adopted 1 mg/mi PM emission standard applicable in the 2025 model year.* The Review explains that additional emission testing and review has shown that compliance with the 1 mg/mi emission standard by the 2025 model year is feasible and that manufacturers are on track to meet this standard.
- *Maintain the existing PM emission gravimetric measurement method for the 1 mg/mi standard.* This measurement is used to determine compliance with ARB's LEV III PM emission standard.
- *Develop more comprehensive PM emission standards to phase in with the 1 mg/mi standard in 2025 model year to ensure manufacturers implement robust control strategies that result in low PM emissions in the real world.* The Review explains that additional regulatory requirements are needed to ensure that the 1 milligram per mile particulate matter standard is actually achieved while cars are in use rather than only while in testing conditions.

With respect to California's ZEV regulation, the Midterm Review recommends that CARB:

- *Strengthen the ZEV program for 2026 and subsequent model years to meet California's 2030 and later climate change and air quality targets.* The Review recommends that the ZEV requirements be strengthened for 2026 and subsequent model years "in order to increase certainty on future vehicle volumes, technology improvement, and PHEV qualifications and other factors to maximize GHG and criteria pollutant reductions." The Review acknowledges that manufacturers have been exceeding the annual requirements of the ZEV regulation and expanding the market nationwide by delivering ZEVs and PHEVs in states that have not adopted California's ZEV regulation.
- *Maintain the current ZEV stringency, including the existing regulatory and credit structure, through model year 2025.* While it finds that strengthening the ZEV program for 2026 and subsequent model years is merited, the Review recommends maintaining existing ZEV standards through model year 2025.
- *Maintain the existing flexibilities, including as amended in 2014, for intermediate volume manufacturers (IVMs).* The Review finds that a reduction of the ZEV requirements applicable to IVMs is not warranted at this time.
- *Maintain the existing credit structure and caps for PHEVs through the 2025 model year.* The Review finds that PHEVs are appropriately credited less than pure ZEVs in the existing regulation.
- *Continue efforts by CARB and other stakeholders to accelerate and expand non-regulatory complementary policies that have been identified as successful in building market demand and removing remaining barriers to ZEV adoption.* The Review identifies several examples of such policies, including consumer rebates and tax credits, carpool lane access, availability of public charging infrastructure, and parking incentives.
- *Maintain the adopted flexibilities for the Section 177 ZEV states.* Finally, the Review recommends maintaining regulatory flexibilities and lead time that CARB has provided to allow manufacturers "a ramp into the 2018 and subsequent model year requirements for the states" that adopt California's ZEV regulation.

CARB's Hearing and Public Comment on the Midterm Review

CARB has invited stakeholders to submit written comments on the Midterm Review by 5:00 p.m. on March 20, 2017. The CARB Board will then consider the Midterm Review at a hearing to be held in Riverside, CA, on March 23-24. A [notice](#) posted by CARB states that CARB staff will present the Midterm Review to the Board at the hearing, provide recommendations on the Advanced Clean Cars program, "and obtain direction from the Board on future actions to develop and propose to the Board." Interested members of the public may also present comments orally at the hearing.