

**American Lung Association of California, California Electric Transportation Coalition,
California League of Conservation Voters, California Public Interest Research Group,
Coalition for Clean Air, Steven and Michele Kirsch Foundation,
Natural Resources Defense Council, Planning and Conservation League,
Union of Concerned Scientists**

January 17, 2003

Dr. Alan Lloyd, Chairman
Members of the Board
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Opposition to Proposed 2003 Amendments to the California ZEV Program

Dear Dr. Lloyd and Board Members:

As members of the California ZEV Alliance, a coalition of environmental, health and public interest groups that has long supported the ZEV Program, we commend the board and staff of the California Air Resources Board for your years of hard work to develop and preserve a strong California Zero-Emission Vehicle Program. Thanks to your perseverance and commitment, California's ZEV Program has successfully stimulated the technological and commercial development of zero-emission and near zero-emission vehicles.

Given the ZEV Program's record of success, we are extremely disappointed that the ARB staff is recommending changes that directly conflict with the position adopted by the Board in 2001—changes that significantly weaken the program. We vigorously oppose the staff's proposal. We urge the Board not to adopt regulatory changes that go beyond adjustments to address issues that were raised in the automaker lawsuit, unless they strengthen—not weaken—the program.

The key problem with the staff proposal is that it would cut the gold requirement in half, and at the same time, allow automakers to use their existing glut of early introduction credits to meet this reduced requirement. Cutting the gold in half further weakens the ZEV Program and absolves automakers from any responsibility to produce ZEVs in the near-term. The early introduction credit glut is exacerbated by the fact that some automakers have “gamed” the system by giving away large numbers of neighborhood electric vehicles to gain multiple ZEV credits. The result is that the staff proposal would result in a blackout of new ZEV product until the 2008 or 2009 model year. This type of extended product blackout would be a major blow to fledgling ZEV technologies and markets, and could be extremely difficult to reverse in later years.

To strengthen the program and build on its success, changes must present a clear pathway toward development and commercialization of long-term ZEV technologies, such as fuel cell vehicles, while still providing incentives and opportunities for advancement of short-term ZEV and near-ZEV technologies including battery electric vehicles, hybrids, and plug-in hybrids. This means that the Board must fix the blackout problem and ensure that new and increasing numbers of ZEV products are required in the 2005-2012 time frame.

In order to strengthen the ZEV program, address the product blackout problem in the early years, and encourage technology diversity, we recommend the following steps:

1. **Require new ZEV vehicles to meet pure Gold requirements in the 2005-2012 timeframe.** This means that “fresh credits” would have to be generated on an annual basis. To ensure product and market continuity, we recommend that CARB require that 50 percent of the credits used to comply with the pure Gold requirement actually be generated by ZEVs placed within a year or two of their credit use. This strategy would help address the product blackout while supporting a ramp-up of production to reach commercially viable levels in 2012.
2. **Provide stronger incentives for plug-in hybrids during a transitional period.** Plug-in HEVs are emerging as an important transition technology because they provide real “pure-ZEV” miles and are therefore a cleaner, more efficient alternative to conventional hybrids. Equally as important, they provide a bridge to fuel cells. Unfortunately, current incentives appear to be inadequate to encourage automakers to invest in this technology. We recommend that CARB create greater incentives for production of plug-in HEVs based on the pure-ZEV miles produced by these vehicles during the 2005-2011 timeframe.
3. **Require high-quality HEVs with strong linkages to pure ZEVs in the Silver Category.** The right kinds of hybrids (such as the Toyota Prius) that use a significant amount of electric drive power, is an important part of a strategy to accelerate the introduction of FCVs and BEVs. We recommend at the minimum, the 13 percent peak power requirement be retained for hybrids qualifying for AT PZEV credit.

Given the recent discovery that smog-forming emissions—especially from mobile sources—have been dramatically underestimated in air quality planning efforts, it is even more critical that the ZEV Program continue to push clean vehicle technology development in the short-term and the long-term.

The ZEV program needs to be a regulation that actually delivers real, clean cars to California streets and highways *in this decade*, not one that merely offers the hope of clean cars at some point in the future.

Sincerely,

Bonnie Holmes-Gen
American Lung Association of California

David Modisette
California Electric Transportation Coalition

Jon Rainwater
California League of Conservation Voters

Bernadette Del Chiaro
California Public Interest Research Group

Tim Carmichael
Coalition for Clean Air

Susan Frank
Steven and Michele Kirsch Foundation

Roland Hwang
Natural Resources Defense Council

Sandra Spelliscy
Planning and Conservation League

Jason Mark
Union of Concerned Scientists

cc:

Tom Cackette
Catherine Witherspoon