

August 9, 2021



Delivered electronically

Ms. Elena Guilfoil
Department of Ecology
Air Quality Program
P.O. Box 47600
Olympia, WA 98504-7600

Subject: Washington Clean Cars – Proposed Regulatory Changes

Dear Ms. Guilfoil,

The Alliance for Automotive Innovation (Auto Innovators)¹ sincerely appreciates the opportunity to work with the Department of Ecology (hereafter, “Ecology”) as you adopt not only the existing California Zero Emission Vehicle (ZEV) regulations but also subsequent ZEV regulations which are expected to be finalized late next year.

Background

Auto Innovators, our predecessor organizations, and our members have long worked with regulatory agencies at the federal and state level to develop and implement regulations that reduce emissions, increase efficiency, and improve safety and reliability. As a result, today’s new vehicles are the cleanest, most efficient, safest, and most reliable in history. Our members have reduced criteria emissions from internal combustion engines (ICEs) to levels not measurable in the lab in the early 2000s, while also making tremendous advancements reducing greenhouse gas emissions from ICE vehicles.

Beyond ICE vehicles, our members are committed to net-zero carbon and electrification of the vehicle fleet. Virtually every automaker has announced broad electrification plans, with several setting aspirational targets of 100 percent ZEVs in the 2035 to 2045 timeframe. Automakers expect to bring over 130 electric vehicle models to the market by 2026, with industry

¹ Formed in 2020, the Alliance for Automotive Innovation members include vehicle manufacturers (BMW, FCA, Ferrari, Ford, GM, Honda, Hyundai, Isuzu, Jaguar Land-Rover, Karma, Kia, Maserati, Mazda, Mercedes-Benz, Mitsubishi Motors, Nissan, Porsche, Subaru, Suzuki, Toyota, and Volkswagen), original equipment suppliers, technology companies, and other automotive-related companies and trade associations. The Alliance for Automotive Innovation is headquartered in Washington, DC, with offices in Detroit, MI and Sacramento, CA. For more information, visit our website <http://www.autosinnovate.org>.

investment in electrification projected to reach \$250 billion by 2023.² Our goal is a vibrant, growing, and sustainable electric vehicle market.

However, automakers cannot meet these targets alone or without the active and full support of federal, state, and local governments, labor, commercial and residential builders, suppliers, dealers, utilities, battery manufacturers, hydrogen providers, and most importantly, customers. As you recognize, adopting new vehicle regulations is just the first step and far more work is needed by many other sectors if we hope to succeed. Auto Innovators is committed to working with Washington to develop, adopt, and implement the measures necessary for a successful electric vehicle market.

Auto Innovators provides the following comments on the proposed regulatory changes.

1. Proposed Changes to WAC 173-423-070

WAC 173-423-030 adopts California's Advanced Clean Car (ACC) regulations by reference. This includes Title 13 California Code of Regulations (13 CCR) §1961.2, Exhaust Emission Standards and Test Procedures – 2015 and Subsequent Model Passenger Cars, Light-Duty Trucks, and Medium Duty Vehicles. This section contains a pooling provision allowing manufacturers to meet a pool NMOG+NOx provisions across all Section 177 states (Option 2). Auto Innovators understands that most, if not all, automakers use Option 2 pooling.

WAC 173-423-070(2)(b) states: "Compliance must be based on the number of vehicles subject to this regulation delivered for sale in Washington." We assume that this provision simply implies that any manufacturer complying with Option 1 of the 13 CCR §1961.2 (i.e., manufacturers not pooling across all Section 177 states), must do so based on vehicle sales in Washington. A manufacturer complying with Option 2 would continue to comply by pooling its Section 177 state sales and reporting all data to the California Air Resources Board (CARB) with individual state sales identified.

Likewise, 13 CCR §1961.3(a)(5)(D), Option 2, allows manufacturers to pool vehicles across all Section 177 States. We assume WAC 173-423-070 allows pooling using Option 2 and reporting all sales to CARB, with a copy to Ecology.

2. Proposed New Section WAC 173-423-075: Zero-emission vehicle standards: These comments do not address changes that adopt California's Advanced Clean Truck rule.

Early and proportional credits provide a smoother transition when a state adopts California's ZEV regulations, preventing market disruptions that might otherwise

² See Alix Partners, *Betting Big in Electrification and Autonomous*, June 2018, Retrieved from https://iwk-cp.com/wp-content/uploads/2018/07/Automotive-Global-Outlook-2018-European-version_IWK_FINAL.pdf on May 13, 2021.

occur. Unfortunately, the proposed regulations provide neither early nor proportional ZEV credits.

Over the past few years, states adopting California's ZEV regulations have adopted differing requirements. For example, some states include early credits but no proportional credits, others proportional but no early credits, and still others a combination of both, and all of these with differing caps on the use of credits.

Varying requirements in each state make compliance difficult and require significant resources for all parties (stakeholders as well as the state agencies) during the rulemaking process. Consequently, Auto Innovators engaged in a dialogue with several non-governmental organizations (NGOs) – first in Virginia, then Minnesota and Nevada – to develop what we believe is a reasonable solution to address the concerns of stakeholders that could be used by any state adopting California's ZEV regulations.

We agreed on the following concepts, and support changes to the proposed regulations to incorporate these concepts and would be happy to work with Ecology and other stakeholders to do so.

1. **Early Credits**: Automakers would earn early credits from the time the regulations are adopted or at least two years prior to implementation (2023-2024MYs for Washington). These credits could be used without restriction.
2. **Proportional Credits**:
 - a. At the beginning of program implementation (2025MY for Washington), each automaker would get a starting balance of credits proportional to their CA ZEV credit banks.
 - b. These credits could not be used for any MY prior to when Washington updates its regulations to incorporate updated California Advanced Clean Cars 2 (ACC 2) requirements.
 - c. As part of Ecology's update to incorporate ACC 2, the regulations would set a cap on the use of these (proportional) credits to ensure equivalent credit stringency to California (i.e., if an OEM is required to deliver 25% ZEVs in CA, it would be required to deliver 25% ZEVs in NV – no more, no less).

We believe this is a reasonable solution to the concerns of stakeholders and would appreciate your consideration. We understand Ecology's intent to "adopt by reference" and thereby expedite adoption and implementation in the 2025 model year. Consequently, Ecology included neither proportional nor early credits.

We recommend Ecology reconsider including both early and proportional per the agreement above. However, as an alternative, we recommend Ecology consider establishing credit banks for both early and proportional credits but prohibit use of these

credits. This should not be “substantially different” from the proposed regulations. In fact, it would not be any different from the proposed regulations, since establishing credit banks that cannot be used would have neither environmental nor economic impact on the regulations. Finally, if neither of these alternatives can be adopted, we request these concepts be included in any updates to your regulations that incorporate ACC 2.

We sincerely appreciate Ecology’s work on these regulations and would welcome the opportunity to talk to you and your staff further about these. In the meantime, if you have any questions, or need any additional information, please do not hesitate to contact me. We look forward to working with you.

Sincerely,

A handwritten signature in blue ink that reads "Steven P. Douglas". The signature is written in a cursive style.

Steven Douglas
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