

Emily Wimberger
Chief Economist
California Air Resources Board
1001 I Street
Sacramento, CA 95814

July 10, 2018

Dear Ms. Wimberger:

Thank you for submitting the impact assessment and summary (Form DF-131) for proposed amendments to the Low-Emission Vehicle III Greenhouse Gas Emissions Regulation, as would have been required in California Code of Regulations, title 1, section 2002(a)(1) if this were a major regulation. Proposed text of regulatory amendments were not submitted, therefore comments are based solely upon the impact assessment and other publicly available information.

Current federal and California regulations put the state on track to reduce emissions from cars and light-duty trucks from around 113 million metric tons (MMT) in 2021 to 92 MMT in 2030 by requiring manufacturers to decrease their average fleet emissions, and the proposed amendments clarify that automakers can only count compliance with federal standards if those standards are as stringent as those in force as of April 2, 2018. On that date, the federal government announced its intention to weaken the standards. Impact assessments for major regulations purposes compare the proposed regulation to the current regulations, which in this case yields no impacts. However, should new federal standards for car model years 2022-25 be adopted, California's proposed amendments would keep emissions to around 92 MMT in 2030 versus around 103 MMT if automakers could use federal standards. Vehicle costs would be around \$600 higher in California, with direct costs proportional to the number of vehicles sold. Businesses and individuals would also benefit from lower operating costs of more efficient vehicles, and the emission reductions would help to meet California's overall goal of around 260 MMT per year by 2030.

Finance generally concurs with the methodology used to estimate impacts of proposed regulations. If the federal standards were to change, the timing and details would be important to model in order to assess any impacts to California. However, if the sensitivity analysis captures most of the components, only the magnitudes of estimates may change.

These comments are intended to provide sufficient guidance outlining revisions to the impact assessment if a SRIA is required. If new federal standards are adopted before the publication of the Notice of Proposed Action, the SRIA, a summary of Finance's comments, and any responses must be included in the rulemaking file that is available for public comment. Finance understands that the proposed regulations may change during the rulemaking process. If any

significant changes to the proposed regulations result in economic impacts not discussed in the SRIA, please note that the revised economic impacts must be reflected on the Standard Form 399 for the rulemaking file submittal to the Office of Administrative Law. Please let us know if you have any questions regarding our comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Irena Asmundson".

Irena Asmundson
Chief Economist

cc: Ms. Panorea Avdis, Director, Governor's Office of Business and Economic Development
Ms. Debra Cornez, Director, Office of Administrative Law
Mr. Richard Corey, Executive Officer, California Air Resources Board
Ms. Jessica Klobas, Manager, California Air Resources Board