

FINAL REGULATION ORDER

**“LEV III” AMENDMENTS TO THE CALIFORNIA GREENHOUSE GAS AND
CRITERIA POLLUTANT EXHAUST AND EVAPORATIVE EMISSION
STANDARDS AND TEST PROCEDURES AND TO THE ON-BOARD
DIAGNOSTIC SYSTEM REQUIREMENTS FOR PASSENGER CARS, LIGHT-
DUTY TRUCKS, AND MEDIUM-DUTY VEHICLES, AND TO THE EVAPORATIVE
EMISSION REQUIREMENTS FOR HEAVY-DUTY VEHICLES**

Note: Set forth below are the proposed amendments to title 13 of the California Code of Regulations. Amendments to existing section proposed and subject to comment in this rulemaking are shown in underline to indicate additions and ~~strikeout~~ to indicate deletions. Subsections for which no changes are proposed in this rulemaking are indicated with [No change] or “* * * *”.

Note: The entire text of section 1961.2 and 1961.3 set forth below is new language and is shown in “normal type” proposed to be added to the California Code of Regulations.

Amend Sections 1900, 1956.8, 1960.1, 1961, 1961.1, 1965, 1968.2, 1968.5, 1976, 1978, 2037, 2038, 2062, 2112, 2139, 2140, 2145, 2147, 2235, and 2317, and Adopt new Sections 1961.2 and 1961.3, Title 13, California Code of Regulations to read as follows:

§ 1900. Definitions.

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(b) In addition to the definitions incorporated under subdivision (a), the following definitions shall govern the provisions of this chapter.

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(9) “Intermediate volume manufacturer” means any pre-2001 model year manufacturer with California sales between 3,001 and 60,000 new light- and medium-duty vehicles per model year based on the average number of vehicles sold by the manufacturer each model year from 1989 to 1993; any 2001 through 2002 model year manufacturer with California sales between 4,501 and 60,000 new light- and medium-duty vehicles per model year based on the average number of vehicles sold by the manufacturer each model year from 1989 to 1993; ~~and any 2003 and subsequent~~ through 2017 model year manufacturer with California sales between 4,501 and 60,000 new light- and medium-duty vehicles

for the three previous consecutive model years for which a manufacturer seeks certification as a small volume manufacturer; however, for manufacturers certifying for the first time in California model-year sales shall be based on projected California sales. A manufacturer's California sales shall consist of all vehicles or engines produced by the manufacturer and delivered for sale in California, except that vehicles or engines produced by the manufacturer and marketed in California by another manufacturer under the other manufacturer's nameplate shall be treated as California sales of the marketing manufacturer. Except as provided in the next paragraph, beginning with for the 2009 through 2017 model years, the annual sales from different firms shall be aggregated in the following situations: (1) vehicles produced by two or more firms, one of which is 10% or greater part owned by another; or (2) vehicles produced by any two or more firms if a third party has equity ownership of 10% or more in each of the firms; or (3) vehicles produced by two or more firms having a common corporate officer(s) who is (are) responsible for the overall direction of the companies; or (4) vehicles imported or distributed by all any firms where the vehicles are manufactured by the same entity and the importer or distributor is an authorized agent of the entity. Notwithstanding the provisions of this paragraph, upon application to the Executive Officer, a manufacturer may be classified as a "small volume manufacturer" for the 2015 through 2017 model years if the Executive Officer determines that it is operationally independent of the firm that owns 10% or more of the applicant or has a greater than 10% equity ownership in the applicant based on the criteria provided in the last paragraph of this subsection (b)(22).

For purposes of compliance with the zero-emission vehicle requirements, heavy-duty vehicles and engines shall not be counted as part of a manufacturer's sales. For purposes of applying the 2005 ~~and subsequent~~ through 2017 model year zero-emission vehicle requirements for small-volume manufacturers under sections 1962(b) and 1962.1(b), the annual sales from different firms shall be aggregated in the case of (1) vehicles produced by two or more firms, each one of which either has a greater than 50% equity ownership in another or is more than 50% owned by another; or (2) vehicles produced by any two or more firms if a third party has equity ownership of greater than 50% in each firm. Notwithstanding the provisions of this paragraph, upon application to the Executive Officer, a manufacturer may be classified as a "small volume manufacturer" for the 2015 through 2017 model years if the Executive Officer determines that it is operationally independent of the firm that owns 50% or more of the applicant or has a greater than 50% equity ownership in the applicant based on the criteria provided in the last paragraph of this subsection (b)(22).

Except as provided in the next paragraph, for the 2018 and subsequent model years, the annual sales from different firms shall be aggregated in the following situations: (1) vehicles produced by two or more firms, one of which is 33.4% or greater part owned by another; or (2) vehicles produced by any two or more firms if a third party has equity ownership of 33.4% or more in each of the firms; or (3)

material changes to any of the criteria occur. If there are no material changes to any of the criteria, the applicant must certify that to the Executive Officer annually. With respect to any such changes, the Executive Officer may consider extraordinary conditions (e.g., changes to economic conditions, unanticipated market changes, etc.) and may continue to find the applicant to be operationally independent. In the event that a manufacturer loses eligibility as a "small volume manufacturer" after a material change occurs, the manufacturer must begin compliance with the primary emissions program in the third model year after the model year in which the manufacturer loses its eligibility. The Executive Officer may, in his or her discretion, re-establish lost "small volume manufacturer" status if the manufacturer shows that it has met the operational independence criteria for three consecutive years.

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NOTE: Authority cited: Sections 39600, 39601, 43013, 43018, 43101 and 43104, Health and Safety Code. Reference: Sections 39002, 39003, 39010, 39500, 40000, 43000, 43013, 43018.5, 43100, 43101, 43101.5, 43102, 43103, 43104, 43106 and 43204, Health and Safety Code; and Section 27156, Vehicle Code.