



State of Oregon Department of Environmental Quality

Notice of Proposed Rulemaking

Sept. 28, 2022

Advanced Clean Cars II Rulemaking

This package contains the following documents:

- Notice of Rulemaking
- Draft Rules – Edits Highlighted
- Draft Rules – Edits Included (final clean version)

Note for Readers:

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Introduction

DEQ invites public input on a proposed new rule and rule amendments to chapter 340 of the Oregon Administrative Rules to adopt and implement California's latest vehicle emission standards for light-duty vehicles and trucks, the Advanced Clean Cars II standards

Request for Other Options

During the public comment period, DEQ asks for public comment on whether there are other options for achieving the rules' substantive goals while reducing the rules' negative economic impact on business.

DEQ also requests specific comment on whether to conduct a review of the Low Emission Vehicle (LEV)/Zero Emission Vehicle (ZEV) Program in 2030, to be submitted to the Environmental Quality Commission. The purpose of the review is to provide an update of the program's implementation and compliance by manufacturers. We request comment on whether DEQ should consider a different year to conduct the review and why.

Overview

This proposed rule and rule amendments (the "proposed rules") will enable Oregon to adopt California's latest vehicle emission standards for light-duty vehicles and trucks for the 2026 to 2035 model year vehicles, also known as the Advanced Clean Cars II (ACC II) Rule. Section 177 of the federal Clean Air Act ("Section 177") allows states to adopt vehicle emission standards that have been adopted by the State of California and that are more stringent than the federal standards. Oregon has a long history of adopting many of California's vehicle emission standards in order to meet national and local air quality standards. Adopting the ACC II rules would significantly reduce tailpipe criteria pollutant and greenhouse gas emissions and is a foundational strategy to decarbonize Oregon's transportation sector.

The proposed rules require light-duty vehicle manufacturers to sell zero emission vehicles (ZEVs) as a certain percentage of total sales, beginning with a 35% requirement for the 2026 vehicle model year and culminating with a 100% ZEV sales requirement for the 2035 vehicle model year. In addition to the ZEV sales requirement, the proposed rules also require manufacturers to meet minimum technology requirements including a minimum range, parts and battery warranty, data standardization, battery labeling, charging cord and durability requirements. The proposed rules also provide flexibilities for manufacturers to comply with the ZEV sales percentages mandates.

The proposed rules also include Low Emission Vehicle (LEV) requirements to ensure gasoline vehicles sold up until 2035 are as clean as possible. These changes clarify both existing

definitions and testing requirements and reduce cold-start emissions and lowers the maximum exhaust and evaporative emission rates.

Procedural Summary

More information

Information about this rulemaking is on this rulemaking's web page: [Advanced Clean Cars II](#)

Public Hearings

DEQ plans to hold two public hearing(s) via webinar.

Hearing 1:

Date: Oct. 18, 2022

Start time: 6:30 p.m.

Call in and web connection information:

[Join online via Zoom](#)

Join by phone

Call-in number: 1-253-215-8782

Meeting ID: 872 5685 8105

Passcode: 274275

Hearing 2:

Date: Oct. 19, 2022

Start time: 10 a.m.

Call in and web connection information:

[Join online via Zoom](#)

Join by phone

Call-in number: 833-548-0276, US Toll-free

Meeting ID: 846 6176 8619

Passcode: 341424

Instructions on how to join webinar: [Instructions](#)

How to comment on this rulemaking proposal

DEQ is asking for public comment on the proposed rules. Anyone can submit comments and questions about this rulemaking. A person can submit comments through email, by regular mail or at the public hearing.

Comment deadline

DEQ will only consider comments on the proposed rules that DEQ receives by 4 p.m., on Oct. 21, 2022.

Submit comment by email to:

Levzev2022@deq.oregon.gov

Note for public university students:

ORS 192.345(29) allows Oregon public university and OHSU students to protect their university email addresses from disclosure under Oregon's public records law. If you are an Oregon public university or OHSU student, notify DEQ that you wish to keep your email address confidential.

By mail

Oregon DEQ
Attn: Rachel Sakata
700 NE Multnomah St., Room 600
Portland, OR 97232-4100

At hearing

Oct. 18, 2022 or Oct. 19, 2022

Sign up for rulemaking notices

Get email or text updates about this rulemaking by either:

- Signing up through this link: [GovDelivery](#);
- Signing up on the rulemaking web site:
<https://www.oregon.gov/deq/rulemaking/Pages/CleanCarsII.aspx>

What will happen next?

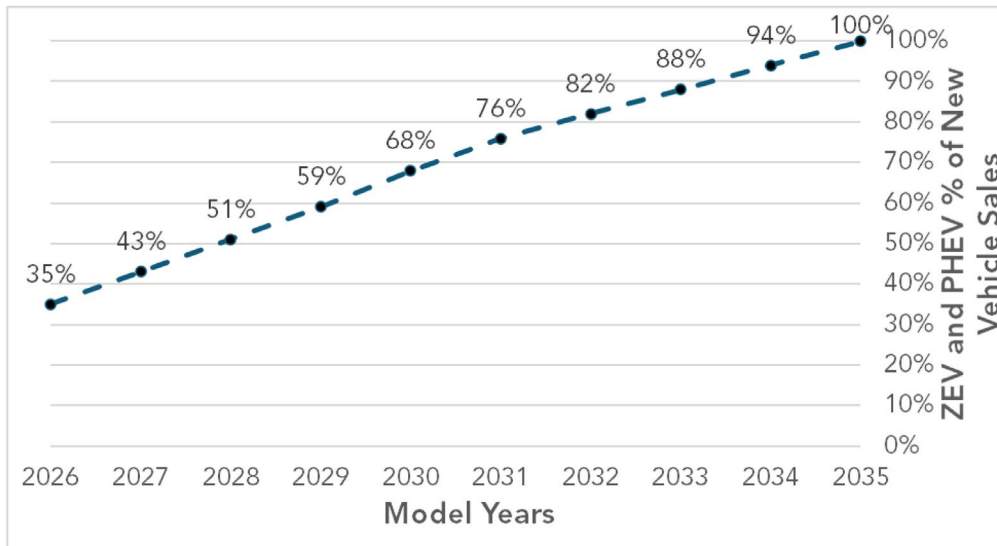
DEQ will include a written response to comments in a staff report DEQ will submit to the Environmental Quality Commission. DEQ may modify the rule proposal based on the comments.

Proposed rules only become effective if the Environmental Quality Commission adopts them. DEQ's intended action is to present the proposed rule changes to the EQC as soon as possible after the earliest date on which the rule changes could take effect. DEQ intends to submit the proposed rule changes to the EQC on or after Nov. 18, 2022.

Summary of proposed changes

ZEV Requirements

The proposed rules require an increasing number of zero-emission vehicles sales, expanding to 100% ZEV by the 2035 model year. The annual percentage requirements for manufacturers to deliver ZEVs and PHEVs for sale in Oregon are as follows:



In current ZEV regulations, adopted in OAR chapter 340, division 257, which apply to the 2018-2025 model year vehicles, vehicles earn “credits” based on vehicle range and power. Under the proposed rules, however, instead of earning variable “credits” for each vehicle produced as in the current regulations (up to 4 credits per vehicle), manufacturers would earn one “value” per vehicle, aligning better to actual vehicle sales. Under the proposed rules, for the manufacturer to earn a value per vehicle, the manufacturer must meet minimum technical requirements for ZEVs and PHEVs to be eligible to count toward the annual percentage requirement. For example, to earn credit for a battery electric vehicle, manufacturers must ensure the ZEV has a 150-mile real world range, have direct current (DC) fast charge capability, standardized charging inlets, a larger on-board charger to allow for faster charging times, and be equipped with a 20-foot convenience cord capable of both level 1 and level 2 electrical charging. For PHEVs, they must have a minimum 50-mile all electric EPA label range and have an extended warranty on emission related components for 15 years or 150,000 miles, and include similar charging capabilities, inlets, and charging cords as that of ZEVs.

Additionally, manufacturers would be required to comply with the durability, warranty, service information, and battery label requirements to earn credit for the vehicles. These ZEV assurance measures, ensure ZEVs can serve as true replacements to conventional gasoline vehicles. Previously, manufacturers were not required to include many of these

warranty and durability requirements. With the proposed rules, manufacturers are required to provide:

- A minimum warranty on the emission control systems, such as maintaining 80% of certified combined city and highway test range for 10 years or 150,000 miles.
- Batteries in ZEVs and PHEVs with a minimum 8 year or 100,000-mile 80% state of health warranty requirement.
- Vehicles equipped with onboard diagnostics (OBD) to track and diagnose emission failures over the defined useful life of the vehicle.
- Repair information and make available the necessary tooling to allow for repairs by non-dealer repair shops.

Environmental Justice Allowances

The proposed rules include requirements and provisions for manufacturers to increase affordable access and exposure to ZEV technologies for environmental justice communities, low-income households, and disadvantaged communities. Manufacturers may meet 5% of their annual compliance obligation with environmental justice (EJ) allowances. These allowances, or values would be awarded to manufacturers where vehicle values earned can be banked, traded, and used in the 2026 through 2031 model years. The programs include:

- ZEVs and PHEVs sold to a community-based clean mobility program at a discount. For each new 2024 through 2031 model year ZEV or PHEV sold at a discount to qualifying community-based clean mobility programs, a manufacturer could earn 0.5 value for each ZEV and 0.4 value for each PHEV.
- ZEVs and PHEVs coming off-lease and delivered to an Oregon dealership for purposes of participating in a low-income used ZEV financial assistance program. For ZEVs and PHEVs originally leased in Oregon with a manufacturer's suggested retail price (MSRP) of less than or equal to \$40,000 when new, adjusted for inflation, can earn an additional 0.15 vehicle value, if the vehicle is subsequently sold to a dealership participating in a financial assistance program for used ZEVs.
- Low MSRP ZEVs and PHEVs. Manufacturers can earn a 0.10 vehicle value for 2026 through 2028 model-year ZEV or PHEV delivered for sale with an MSRP less than or equal to \$20,275 for passenger cars and less than or equal to \$26,670 for light-duty trucks. These values would be recalculated to adjust for inflation on an annual basis.

Compliance Flexibilities

The proposed rules provide many pathways for manufacturers to comply with the proposed annual percentage requirements. For one, it allows manufacturers to fulfill up to 20% of their annual requirement with PHEVs. Next, if the manufacturer over complies with their annual requirement based on ZEVs and PHEVs produced within the same model year, the manufacturer will be allowed to bank credits for use for up to 4 additional model years. However, for manufacturers that fail to produce an adequate number of ZEVs and PHEVs in a given model year, the proposed rules allow manufacturers to fulfill their requirement through:

- Historical credits. Many manufacturers are expected to over-comply with current ZEV requirements through the 2025 model year and are accruing significant credit banks that could be carried over. The proposed rules allow manufacturers to utilize these earlier credits, after applying a conversion factor due to the differing values

assigned under the previous regulation. These credits are capped to where no more than 15% of a manufacturer's annual compliance obligation can be used with historical credits. Additionally, these converted historical credits expire after the 2030 model year.

- Early compliance credits – awards credits for producing and placing ZEVs and PHEVs early, prior to when the requirements kick in with the 2026 model year. It awards values depending on sales averages in states with greater or lesser current market development. Manufacturers who deliver for sale more than 20% new vehicle sales on average two years prior to the ZEV requirements (2024-2025 model years), in a state that has a total sales average above 7% ZEVs and PHEVs in 2020 through 2022, such as Oregon, may optionally bank values associated with those vehicles above 20% sales for use in 2026 through 2028 model year. These early compliance values may meet up to 15% of a manufacturer's annual ZEV requirement.
- Pooled credits. This provision allows manufacturers to move excess ZEV and PHEV values earned in California or individual Section 177 States for use in another state where there is a shortfall relative to the requirement. Manufacturers could use such pooling to meet up to 25-percent of their annual requirement in 2026 model year, declining thereafter to 5% in 2030.

All of the compliance flexibilities would be available until the 2030 model year, after which the expectation is for manufacturers to produce and deliver actual ZEVs for sale in Oregon, ensuring they make progress toward future requirements rather than accumulating large compliance banks.

Low Emission Vehicle Requirements

The proposed rule amends the low-emission vehicle regulations to include increasingly stringent standards for gasoline cars and heavier passenger trucks to continue to reduce smog-forming emissions as the requirements for electric vehicles increases to 100% by 2035. First, it would prevent emission backsliding of conventional gasoline vehicles as more ZEVs are sold in Oregon by applying the exhaust and evaporative emission standards exclusively to combustion engines. Second, it would lower maximum exhaust and evaporative emission rates. Third, it would reduce cold start emissions (starts after the vehicle engine has been shut off for more than 12 hours) by applying the emission standards to a broader range of in-use driving conditions.

Rules Summary

As OAR 166-500-0030(1)(e) requires, the following are included to provide a brief summary of the proposed new rules and existing rules affected by this rulemaking.

OAR chapter 340, division 257

Rule Number	Rule Title	Explanation
-0030	Definitions and Abbreviations	This rulemaking updates existing definitions and adds new definitions.
-0050	Incorporation by Reference	This rulemaking adopts California’s rules by reference. Please reference the “Summary of Proposed Changes” for a description of the rules that are being incorporated by reference.
-0070	Fleet Average Non-Methane Organic Gas (NMOG) Exhaust Emission Requirements, Reporting, and Compliance	This rulemaking incorporates the 2026 and subsequent model years to be subject to the fleet average NMOG +NOx emission requirements, credit and debit accumulation, compliance, and reporting requirements.
-0080	ZEV Sales Requirement	This rulemaking incorporates the 2026 and subsequent model year light-duty cars, trucks, and medium duty vehicles to be subject to the ZEV sales requirements.
-0090	ZEV Credit Bank and Reporting	This rulemaking incorporates the reference to the new California rules for ZEV vehicles to allow for calculation of and acquisition of ZEV credits.
-0095	ZEV Allowances for Environmental Justice Values	This rulemaking describes how manufacturers can earn ZEV values for placing lower priced or used ZEVs in environmental justice programs.
-0120	Warranty Requirements	This rulemaking updates the rule to incorporate a California rule and maintain identicality.

Statement of need

Proposed Rule or Topic	Discussion
Establish zero emission vehicle requirements for 2026 – 2035 model year vehicles (OAR 340-257-0030, -0050, -0070, -0080, -0090 and -0120)	

Proposed Rule or Topic	Discussion
What need would the proposed rule address?	Oregon has required zero emission vehicle requirements up through the 2025 model year. These rules establish requirements for future model years beyond 2025 to meet national ambient air quality standards and help Oregon achieve its goals of 90% of new motor vehicles sold annually to be zero-emission by 2035 (Senate Bill 1044, 2019 Legislature).
How would the proposed rule address the need?	The rule requires that 100% new vehicle sales be ZEV by 2035. Because there would be no tailpipe emissions emitted from these vehicles it would significantly reduce tailpipe criteria pollutant and greenhouse gas emissions and ensure areas are meeting air quality standards. Additionally, it ensures Oregon can meet its goal of 90% zero emission vehicles by 2035.
How will DEQ know the rule addressed the need?	Regulated parties are required to produce and deliver zero emission vehicles that meet the requirements. They submit annual reports which DEQ reviews to ensure compliance with the regulations.
Clarify how auto manufacturers can earn environmental justice values (OAR 340-257-0095, primarily)	
What need would the proposed rule address?	Ensures that disadvantaged, low-income, and other frontline communities can access zero-emission transportation, including new and used EVs.
How would the proposed rule address the need?	The rules provide compliance pathways for manufacturers to invest in community car share programs, produce low-cost ZEVs, and direct used ZEVs for purchase to communities needing financial assistance.
How will DEQ know the rule addressed the need?	Regulated parties are earning environmental justice values for participating in the environmental justice compliance pathways.

Proposed Rule or Topic	Discussion
Update existing LEV rules to ensure identity (OAR 340-257-0050 primarily)	
What need would the proposed rule address?	Oregon has opted-in to California’s vehicle emissions standards and, under Section 177, states that choose to adopt vehicle standards that are more stringent than the federal standards must follow California’s rules. If Oregon wishes to continue to be a Section 177 state, Oregon must update its rules to maintain conformity with California’s.
How would the proposed rule address the need?	The proposed rules would ensure Oregon’s rules are identical to California’s, as required under Section 177.
How will DEQ know the rule addressed the need?	DEQ’s rules will be identical to California’s rules and therefore will continue to set requirements for new vehicle sales in Oregon.

Rules affected, authorities, supporting documents

Lead division

Air Quality

Program or activity

Low emission vehicle and zero emission vehicle program

Chapter 340 action

Adopt				
340-257-0095				
Amend				
340-257-0030	340-257-0050	340-257-0070	340-257-0080	340-257-0090
340-257-0120				

Statutory Authority - ORS				
468.020	468A.025	468A.279	468A.360	

Statutes Implemented - ORS				
468A.010	468A.015	468A.025	468A.279	468A.360

Documents relied on for rulemaking

Document title	Document location
2020 OGWC Biennial Report to Legislature	https://static1.squarespace.com/static/59c554e0f09ca40655ea6eb0/t/5fe137fac70e3835b6e8f58e/1608595458463/2020-OGWC-Biennial-Report-Legislature.pdf

CARB Initial Statement of Reasons for the Advanced Clean Cars II rule	https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/accii/isor.pdf
CARB Standardized Regulatory Impact Assessment (SRIA)	https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/accii/appc1.pdf
Assessment of Technologies for Improving Light Duty Vehicle Fuel Economy 2025-2035	https://doi.org/10.17226/26092 .
Battery Pack Prices Cited Below \$100/kWh for the First Time in 2020, while Market Average Sits at \$137/kWh	https://about.bnef.com/blog/battery-pack-prices-citedbelow-100-kwh-for-the-first-time-in-2020-while-market-average-sits-at-137-kwh/
Bloomberg New Energy Finance. 2020. “Battery Pack Prices Cited Below \$100/kWh for the First Time in 2020, While Market Average Sits at \$137/kWh.”	https://about.bnef.com/blog/battery-pack-prices-citedbelow-100-kwh-for-the-first-time-in-2020-while-market-average-sits-at-137-kwh/
INAS 2021. National Academies of Sciences, Engineering, and Medicine. 2021. Assessment of Technologies for Improving Light-Duty Vehicle Fuel Economy—2025-2035. Washington, DC: The National Academies Press. March 31, 2021.	https://doi.org/10.17226/26092 .
Social Cost of Greenhouse Gases Annual Values, The White House, OMB, February 2021	https://www.whitehouse.gov/omb/information-regulatory-affairs/regulatory-matters/#scghgs
Technical Support Document: Social Cost of Greenhouse Gases for Regulatory Impact Analysis and Other Areas of Policy Decision-Making	https://www.whitehouse.gov/omb/information-regulatory-affairs/regulatory-matters/#scghgs
Modeling Expected Air Quality Impacts of Oregon’s Proposed Expanded Clean Fuels Program, UC Davis, 2022	https://escholarship.org/uc/item/6pz348mc

Fee Analysis

This rulemaking does not involve fees.

Statement of fiscal and economic impact

This proposed rule will enable Oregon to adopt California's latest vehicle emission standards for light-duty vehicles and trucks for the 2026 to 2035 model year vehicles, also known as the Advanced Clean Cars II (ACC II) Rule. Section 177 of the federal Clean Air Act allows states to adopt vehicle emission standards that are more stringent than the federal standards. Historically, the more stringent standards have been those adopted by the state of California and Oregon has a long history of adopting them in order to meet national and local air quality standards. Adopting the ACC II rules would significantly reduce tailpipe criteria pollutant and greenhouse gas emissions and is a foundational strategy to decarbonize Oregon's transportation sector.

The rule requires light-duty vehicle manufacturers to sell zero emission vehicles (ZEVs) as a certain percentage of total sales, beginning with a 35% requirement for the 2026 vehicle model year and culminating with a 100% ZEV sales requirement for the 2035 vehicle model year. In addition to the ZEV sales requirement, that standards also require manufacturers to meet minimum technology requirements including a minimum range, parts and battery warranty, data standardization, battery labeling, charging cord and durability requirements. The requirements also provide flexibilities for manufacturers to comply with the ZEV sales percentages mandates.

The rule also includes Low Emission Vehicle (LEV) requirements to ensure gasoline vehicles sold up until 2035 are as clean as possible. These changes clarify both existing definitions and testing requirements and reduce cold-start emissions and lowers the maximum exhaust and evaporative emission rates.

Affected parties

The parties likely economically affected by these rules are:

- Light-duty vehicle manufacturers. Under the rules, businesses that manufacture passenger cars and trucks that will be sold in Oregon must comply with the motor vehicle emissions standards, testing systems, reporting, and other requirements.
- Light-duty vehicle purchasers. Under the rules, manufacturers may pass on the costs of complying with the rules to vehicle purchasers. The rules' vehicle durability and warranty provisions may also economically affect vehicle purchasers.
- Automobile dealerships that sell light-duty vehicles and have service departments. Under the rules, dealers may be economically affected due to increased availability of electric vehicles and by likely differing service needs of electric vehicles.
- Automobile repair shops. Under the rules, automobile repair shops may be economically affected because electric vehicles generally do not require as much maintenance and repair work as internal combustion engine gas vehicles.

- Electric utilities. Under the rules utilities may be economically affected from increased use of electricity to charge the new electric vehicles.
- Electric charging suppliers. Under the rules, energy charging suppliers may be economically affected from the increased need to install electric chargers for the new vehicles.
- The public. Under the rules, the public may be economically affected because light-duty vehicles will be emitting fewer greenhouse gas and diesel emissions resulting in reduced health and environmental exposure impacts.
- State agencies and local governments. Under the rules, state agencies (other than DEQ) and local governments may be affected in the same manner that members of the public may be affected. In addition, DEQ may be affected due to limited additional implementation costs.

Fiscal and Economic Impact

General Assumptions

Much of this analysis of the fiscal and economic impacts of this proposal is based on the California Air Resources Board's (CARB) analysis for its rule. DEQ has reviewed the CARB analysis and concludes that, since the rules that DEQ is proposing are identical to those adopted and proposed in California, the fiscal and economic impacts described by CARB for California also describe the relative effect of the likely fiscal and economic impacts that will occur in Oregon if the EQC adopts identical regulations. DEQ has also conducted its own analysis to estimate emissions reductions that will be achieved in Oregon, based on Oregon demographics and vehicle miles traveled.

Overall Impact of the Rules

DEQ anticipates the proposed rulemaking will have a fiscal and economic impact. Automobile manufacturers will have to increase production of zero emission vehicles to meet the mandatory sales requirements, while ensuring these vehicles meet specific vehicle range requirements, vehicle durability, battery durability, and charging capability. For example, manufacturers must:

- Achieve 35% ZEV sales starting with the 2026 model year, increasing every year until the 2035 model year where 100% of vehicle sales must be ZEV
- Meet fleet average requirements, new light-duty vehicle emission standards for internal combustion engines
- Meet its compliance obligation with a certain percentage of environmental justice values, either through
 - Placing discounted ZEVs in community-based clean mobility programs
 - Providing lower priced ZEVs
 - Ensuring used ZEVs are available at dealerships participating in a low-income assistance program
- Meet minimum range, parts and battery warranty requirements, data standardization, charging cord requirements, and data standardization requirements for all EVs sold.

Overall, Oregon’s market for new vehicles is approximately 10 percent of California’s market; DEQ estimates the associated costs to be proportionate. CARB’s analysis evaluated the overall cost of compliance by assessing ZEV technologies available on the market today, the estimated expected technical advancements during the regulatory timeframe, and the costs to transition all gasoline vehicle models to electric. CARB estimated it would cost a total of \$30 billion dollars for manufacturers to comply with the vehicle requirements up through the 2040 model year.¹ DEQ estimates it could cost up to \$3 billion dollars for manufacturers to comply with these rules in Oregon. However, because manufacturers must already modify their vehicle fleet to comply with California’s rules, the cost to comply in Oregon could be less due to economies of scale.

While the required changes will have a fiscal impact on automobile manufacturers directly affected by the rule, overall, it will have a positive fiscal impact for the public. Shifting the vehicle fleet away from internal combustion engines to zero emission vehicles directly addresses both the effects of climate change by reducing greenhouse gas emissions and reducing emissions of other air pollutants that impair air quality. DEQ estimates the anticipated reductions in greenhouse gas and other air pollutant emissions and decreased fuel consumption will result in net economic benefits overall, resulting in up to \$5.8 billion in savings.

Impacts of greenhouse gas emissions

The overwhelming scientific consensus is that global warming is primarily caused by human activity, and that major reductions in GHG emissions are urgently needed across all sectors in order to avert the worst effects of climate change. In Oregon, the transportation sector accounts for almost 40% of GHG emissions.

Higher temperatures, changing precipitation patterns, reduced snowpack, drier summers, and more frequent and damaging fires are being experienced in Oregon. Increased GHG emissions exacerbates drought, tree mortality and the frequency and magnitude of wildfire events. In 2019 alone, Oregon experienced 2,000 wildfires that burned roughly 665,000 acres of forest and rangeland. It cost the state nearly half a billion dollars to suppress these fires. Depending on the extent of GHG emissions released, average temperatures in Oregon are expected to increase by 4°F to 9°F (2.2°C to 5°C) over the course of the century. Within the next three decades, most locations in Oregon are likely to have more frequent heatwaves, often measured as consecutive days above a particular high temperature threshold. (OGWC Biennial Report, 2020). With the higher temperatures, it can result in reduced snowpack thereby limiting the amount of hydropower available when demand for electricity is high in the summertime and causing reduced streamflow that could threaten commercial and tribal fisheries. The costs of all these actions are significant and growing as it affects human health and safety, infrastructure, economic growth, crop production, water supplies, and fish and wildlife populations.

¹ Advanced Clean Cars II, Initial Statement of Reasons, CARB, 2022

Impacts of vehicle emissions

Emissions from motor vehicles harm human health, the environment, and the climate via emissions of pollutants such as fine particulate matter, air toxics, sulfur oxides and nitrogen oxides, a precursor to the formation of ground level ozone. Reducing these emissions will provide a benefit to low-income communities and communities of color, who are often disproportionately impacted by transportation pollution due to their proximity to roadways. Communities across Oregon, including the Portland-metropolitan area and the Rogue Valley have experienced increasing levels of ozone in recent years. Increasing levels of ozone – or smog – leads to a wide variety of health effects including cardiovascular and respiratory illnesses. The proposed ACC II rule will reduce ozone, PM2.5, and greenhouse gas emissions. DEQ looked at the anticipated health benefits using EPA’s CO-Benefits Risk Assessment (COBRA), and the result of on-road mobile source emission reductions while factoring electric generation emissions; these electric emissions, however, will be offset by 2040, due to an anticipated zero-emissions electrical supply. Overall, the net benefit of the emission changes is between \$5.35 - \$12.96 million dollars.² As a result of these reductions, Oregon can expect to see reduced mortality with up to 150 fewer premature deaths, 34 fewer hospital and emergency room visits and 8,760 fewer lost work days.

Overall, and for the reasons described above, the fiscal impact of Oregon adopting these proposed rules is expected to have a direct impact on light-duty vehicle manufacturers with an indirect impact on vehicle dealers, vehicle purchasers, auto repair shops, utility providers, electric charging providers, and the public. The proposed rules are also anticipated to provide air quality benefits, reduce exposure to harmful air quality pollutants and provide overall greenhouse gas reductions to achieve the state’s goals to address global warming.

Relationship to other programs

DEQ reviewed the potential effects of the proposed rule while factoring in the effects of the Advanced Clean Trucks Rule, which requires manufacturers of medium and heavy-duty trucks to produce and deliver certain percentages of ZEVs, resulting in a range of 40%-75% sales requirement by the 2040 model year. Additionally, any greenhouse gas emissions reductions achieved through the proposed rule is complementary to other greenhouse gas reduction programs and policies such as the Clean Fuels Program and the Climate Protection Program, which both set standards to reduce carbon pollution from transportation fuels including reductions from industry, commercial and residential settings.

Statement of Cost of Compliance

Public

Benefits of the regulations

The ACC II regulation will result in more light-duty ZEVs in use in Oregon, resulting in all new vehicle sales to be ZEV by 2035. As new light-duty ZEVs on the road replace older

² Benefits of Adopting California’s Advanced Clean Car II (ACC II) Standards in Oregon, NESCAUM, June 2022.

gasoline-powered conventional vehicles, it will reduce emissions of greenhouse gases and other air quality pollutants. The increased ZEV availability and use furthers Oregon's goals to reduce greenhouse gas emissions to 45 percent below 1990 levels in 2035 and to an 80 percent reduction below 1990 levels in 2050. Additionally, the ACC II rules ensure that the conventional gasoline vehicles produced and offered for sale up through the 2035 model year meet increasingly stringent emissions requirements.

CO₂ emissions reductions

One of the key benefits to these rules is the anticipated reduction in CO₂ emissions. As discussed earlier, impacts as a result of greenhouse gas emissions are significant and these rules will address some of the threats posed by increased GHG emissions. DEQ utilized CARB's analysis and methodology to estimate the emissions reductions and scaled them to fit Oregon's demographics and vehicle usage. A UC Davis report, which modeled the expected air quality impacts of an expanded Oregon Clean Fuels Program, also looked at the effect of a 90% ZEV requirement by 2035. While this is less than the 100% requirement of the ACC II regulation, the study estimated the CO₂ reductions in 2035 to be 6.9 million metric tons (MMT) per year.³ DEQ conducted its own analysis of the anticipated impacts and determined the proposed rules would result in cumulative CO₂ emissions reduction of 52.6 MMT by 2040. A NESCAUM study also looked at modeling results for Oregon and estimated it would result in cumulative avoided CO₂ emissions of 54.1 MMT by 2040.⁴

The proposed ACC II regulations account for GHG benefits in terms of carbon dioxide (CO₂) emissions avoided. The benefit of these GHG emission reductions can be estimated using the social cost of carbon (SC-CO₂), which provides a dollar valuation of the damages caused by one ton of carbon pollution and represents the monetary benefit today of avoiding those future damages by reducing future carbon emissions. The future damages could include effects on agricultural productivity, energy use, human health, property damage from increased flood risk, and other aspects of the economy. The social cost of carbon is also sensitive to the discount rate, which is a method of placing a present value on costs or benefits that will occur at a future date.

To analyze the social cost of carbon, DEQ utilized the Interagency Working Group (IWG) values to determine the social costs of actions to reduce GHG emissions.⁵ Because the SC-

³ Modeling Expected Air Quality Impacts of Oregon's Proposed Expanded Clean Fuels Program, UC Davis, 2022, <https://escholarship.org/uc/item/6pz348mc>

⁴ Benefits of Adopting California's Advanced Clean Car II (ACC II) Standards in Oregon, NESCAUM, June 2022.

⁵ We note that use of IWG's social cost of carbon likely underestimates the full economic value of reduced carbon emissions because those values do not include consideration of a wide variety of climate impacts, including the impact of the increased frequency and severity of wildfires, damages to culturally or historically significant assets, and the effects of ocean acidification. They also do not include any damages past the year 2300, though the impact of climate change will persist for millennia. With regard to the discount rate, the IWG itself noted in 2021 that when discussing intergenerational impacts, discount rates of 2% or lower (e.g., 1%) may be appropriate. *See* Technical Support Document: Social Cost of Greenhouse Gases for Regulatory Impact Analysis and Other Areas of Policy Decision-Making, at p. 4, (February 2021); accessible at:

CO₂ is highly sensitive to the discount rates applied, the range of discount rates from 2.5% to 5% was used to illustrate the varying magnitude of possible economic outcomes. Depending upon the discount rates applied, the benefits range from \$1.2 billion to \$5.2 billion through 2040.

Social Cost of Carbon by Discount Rate (in 2020\$ per Metric Ton of CO₂)⁶

Year	5% Discount Rate	3% Discount Rate	2.5% Discount Rate
2026	17	57	84
2027	18	59	86
2028	18	60	87
2029	19	61	88
2030	19	62	89
2031	20	63	91
2032	21	64	92
2033	21	65	94
2034	22	66	95
2035	22	67	96
2036	23	69	98
2037	23	70	99
2038	24	71	100
2039	25	72	102
2040	25	73	103

Avoided Social Cost of Carbon for the Proposed Rule

Year	GHG Emission Reductions (MMT)	Avoided SC-CO ₂ (Million 2020\$)	Avoided SC-CO ₂ (Million 2020\$)	Avoided SC-CO ₂ (Million 2020\$)
		5% Discount Rate	3% Discount Rate	2.5% Discount Rate
2026	0.15	\$ 3	\$ 9	\$ 13
2027	0.37	\$ 7	\$ 22	\$ 32
2028	0.66	\$ 12	\$ 40	\$ 57
2029	1.00	\$ 19	\$ 61	\$ 88

https://www.whitehouse.gov/wp-content/uploads/2021/02/TechnicalSupportDocument_SocialCostofCarbonMethaneNitrousOxide.pdf

⁶ Social Cost of Greenhouse Gases Annual Values, The White House, OMB, February 2021, <https://www.whitehouse.gov/omb/information-regulatory-affairs/regulatory-matters/#scghgs> , accessed 9/7/2022

2030	1.43	\$ 27	\$ 89	\$ 127
2031	1.97	\$ 39	\$ 124	\$ 179
2032	2.57	\$ 54	\$ 164	\$ 236
2033	3.21	\$ 67	\$ 209	\$ 302
2034	3.91	\$ 86	\$ 258	\$ 371
2035	4.66	\$ 103	\$ 312	\$ 447
2036	5.41	\$ 124	\$ 373	\$ 530
2037	6.15	\$ 141	\$ 431	\$ 609
2038	6.86	\$ 165	\$ 487	\$ 686
2039	7.55	\$ 189	\$ 544	\$ 770
2040	8.20	\$ 205	\$ 599	\$ 845
Total	54.1	\$ 1,241	\$ 3,720	\$ 5,293

Other air pollutant emissions reductions

A UC Davis study conducted modeling for the Clean Fuels Program rule expansion, which factored in scenarios considering the effect of a 90% ZEV requirement by 2035. While this is less than the 100% requirement of the ACC II regulation, the study estimated reductions of NO_x in 2035 to be a reduction of by 10.5 tpd in 2035 and a reduction in PM_{2.5} of 0.15 tpd.⁷ The NESCAUM analysis estimates a cumulative NO_x reduction of 3,693 tons and a cumulative PM_{2.5} reduction of 149 tons by 2035.⁸

Environmental Justice

Ensuring access to ZEVs and clean transportation options for low-income households and communities of color is critical in supporting equity and environmental justice while achieving emissions reductions. The ACC II rule reduces exposure to vehicle pollution, including low-income and disadvantaged communities that are often disproportionately exposed to vehicular pollution. The rule also includes provisions to ensure that as ZEVs enter the used vehicle market they are reliable, durable, and give assurances to consumers that these vehicles, including their emissions controls perform properly throughout their life. This is particularly important in the used vehicle market where the cost of ZEVs become more affordable to lower-income households. Further, the ZEV regulation incentivizes automakers to take actions to improve access to ZEVs for disadvantaged, low-income, and other frontline communities through investing in community carshare programs, producing more affordable ZEVs, and ensuring that more used ZEVs are available.

Anticipated costs of the regulation

Under the ACC II rule, there are no direct costs to the public, since the requirement is only on vehicle manufacturers to sell ZEV vehicles. However, there may be indirect costs on purchasers and the public. Manufacturers could pass on the costs to vehicle purchasers. For

⁷ Modeling Expected Air Quality Impacts of Oregon's Proposed Expanded Clean Fuels Program, UC Davis, 2022, <https://escholarship.org/uc/item/6pz348mc>

⁸ Benefits of Adopting California's Advanced Clean Car II (ACC II) Standards in Oregon, NESCAUM, June 2022.

vehicle purchasers the upfront purchase costs of ZEVs are higher than those of conventional vehicles due to the higher battery costs, the need to install or have access to charging infrastructure, and higher vehicle registration costs for electric vehicles. However, the overall costs of the vehicles are offset by decreased operations and maintenance costs, such as through fewer to no oil changes and little to no engine maintenance needed. It is also anticipated the initial cost of the vehicles will decrease over time, as battery costs decline and production costs decrease due to economies of scale.

The total costs of vehicle ownership vary depending upon when the vehicle is sold. The costs are higher for vehicles sold in 2026 at the start of the proposed regulatory requirement as opposed to the 2035 model year. This is because the price of the vehicles in the 2035 model year are lower due to technological efficiencies and improvements. Costs can also vary depending upon whether a vehicle owner has a home charger or must charge elsewhere. Home charging incurs an additional capital cost to install a charger and any necessary electrical upgrades but may experience lower fuel costs due to cheaper residential electricity. For those vehicle owners not having access to home charging, they can incur a higher charging cost than home charging because of needing to find and pay for public or private charging. When looking at the total costs of ownership, CARB analyzed the costs of ZEVs over a 10-year period and determined for a 300-mile range passenger car battery electric vehicle (BEV), the operational savings offsets any initial costs and would be realized within the first year of ownership and the savings could be between \$3,000-\$4,200 over ten years.⁹ These costs included the difference in purchase price of a ZEV versus a conventional gasoline vehicle, registration costs, charging costs as well as the savings from lower operational and maintenance costs. For a vehicle purchased in the 2035 model year, the cost savings is immediate, and the cumulative savings is between \$7,500-\$8,800 over ten years. For fuel cell EVs and plug-in hybrid EVs (PHEVs), neither type of vehicle will have a payback within a ten-year period. DEQ anticipates these cost savings in Oregon will be similar to or slightly higher than those realized in California because Oregon's electricity costs are lower than California's. Cumulatively, the total savings to car owners could total \$675 million over ten years through 2040, based on the projected vehicle turnover.

The proposed rule includes ZEV assurance measures, which require manufacturers to provide battery and propulsion warranties. Battery warranties are currently not required for ZEVs; this rule provides consumers with the assurance ZEVs purchased in 2026 or later will be durable and lasting. ZEV purchasers have the knowledge their batteries will maintain a sufficient battery state of health for the useful life of the vehicle. These warranties give car owners a consumer protection benefit that might not otherwise be guaranteed for a ZEV not certified to meet the ACC II requirements.

Large businesses - businesses with more than 50 employees

Large businesses, specifically light-duty vehicle manufacturers, are directly affected by the proposed rules. But there are not any vehicle manufacturers operating in Oregon. Other

⁹ Advanced Clean Cars II, Initial Statement of Reasons, CARB, 2022

large business in Oregon, such as utilities, vehicle dealers, electric vehicle service providers and parts manufacturers may see benefits as a result of increased sales of electric vehicles and the parts, charging facilities and electricity needed to support these vehicles.

Vehicle Manufacturers

Per CARB’s analysis on the effect of the ACC II rules on large businesses, it is anticipated Oregon’s rules would affect the same entities. CARB estimates 17 manufacturers sell vehicles affected by the rules, and DEQ concludes that is also true for Oregon.

ZEV Requirements

Vehicle manufacturers must annually produce an increasing minimum percentage of their fleet that are ZEVs and PHEVs that meet specific requirements. Manufacturers will incur a cost for the battery and other non-battery ZEV components as well as a cost to reconfigure existing automobile production facilities or to build new ZEV factories, but not incur costs associated with the parts and engine for producing a gasoline vehicle. Battery costs, overall, represent the largest portion of a manufacturer’s costs to produce and deliver ZEVs. CARB’s analysis determined battery costs have continued to decline since 2010 and is expected to continue to decline due to improved and simplified battery cell and pack designs, new battery chemistries, new manufacturing techniques, and increasing production volumes.^{10,11} Manufacturers are also anticipated to experience cost reductions due to fewer parts to assemble in the production of ZEVs compared to gasoline vehicles. Additional costs incurred by the manufacturer include the requirements to meet the ZEV assurance measures such as battery warranty, battery labeling, durability, charging standardization, and convenience cords. Some of the manufacturers producing ZEVs or gasoline vehicles are already meeting these requirements and may not incur additional costs. Overall, the cost to manufacturers will be high per vehicle in the early years, but significantly decrease over time by 2035. Between 2026 and 2040, the proposed rule is estimated to result in additional costs to businesses of up to \$3 billion.

There are some vehicle manufacturers who may benefit from the proposed rules, such as manufacturers that already produce and manufacture ZEVs. ZEV-only manufacturers can benefit by generating additional ZEV credits through overcompliance. These credits can be sold to other manufacturers who need to meet their compliance obligations.

LEV Requirements

Manufacturers who continue to produce gasoline vehicles are anticipated to incur minimal costs. This is due to the fact that the fleet average requirements remain the same and have been accounted for in previous LEV rulemakings. Additionally, the requirement to clean up

¹⁰ Bloomberg New Energy Finance. 2020. “Battery Pack Prices Cited Below \$100/kWh for the First Time in 2020, While Market Average Sits at \$137/kWh.” December 16, 2020. Accessed March 22, 2022. <https://about.bnef.com/blog/battery-pack-prices-citedbelow-100-kwh-for-the-first-time-in-2020-while-market-average-sits-at-137-kwh/>

¹¹ NAS 2021. National Academies of Sciences, Engineering, and Medicine. 2021. Assessment of Technologies for Improving Light-Duty Vehicle Fuel Economy—2025-2035. Washington, DC: The National Academies Press. March 31, 2021. Accessed August 1, 2022. <https://doi.org/10.17226/26092>.

the highest emitting vehicles in the fleet affects only a small percentage of the fleet as over 90% of the overall vehicle fleet meet the emission targets. Per California's analysis, any additional controls, hardware, or calibration needed to ensure compliance with the emissions standard is anticipated to incur a combined average incremental cost of \$3 per vehicle to upgrade the vehicle technology. These costs are likely to be passed down to the consumer.

ZEV components and infrastructure businesses

Vehicle service providers, such as those that supply parts and batteries to auto manufacturers could benefit from the proposed regulation due to increased demand for their equipment. EV battery suppliers will see their sales continue to increase as more and more vehicles switch from gasoline powered engines to battery powered engines. Conventional gasoline vehicle providers may see a decline in business as new gasoline vehicles are phased out but could transition their business to include electric vehicle components to supply ZEVs.

Electric utilities will benefit from the proposed rules through the increased use of electricity required to power the vehicles. According to CARB, electricity generation and installation of infrastructure needed to charge BEVs and PHEVs represents the single largest growth area for electric utility companies.¹² Utilities can also earn credit under Oregon's Clean Fuels Program and monetize those credits for future EV infrastructure development or vehicle purchase.

ZEV infrastructure businesses may also benefit from the proposed regulations. This includes companies that manufacture, install, operate, and maintain EV charging stations and hydrogen dispensing equipment. Electric Vehicle Supply Equipment (EVSE) providers, and hydrogen station operators will all benefit from increased demand for their equipment with home and public fueling stations. The proposed rules will result in increased use of charging stations, thus generating revenue for these businesses. Additionally, infrastructure providers could also earn credit under Oregon's Clean Fuels Program and be able to monetize those credits for future electric vehicle purchases or charging station installations.

Vehicle Fleet Owners

Large businesses with vehicle fleets may also be indirectly impacted from the proposed regulations. Vehicle fleet owners will incur initial costs through potentially higher vehicle prices, depending upon whether they purchase the vehicle in the early or later years of the regulation. Additionally, the fleet owner may incur a cost if they choose to install charging infrastructure. However, the total cost of ownership for ZEVs results in savings for the fleet owner, resulting in almost \$5,500 in savings after 10 years of ownership. The ZEV assurance measures would help owners of small fleets by reducing costs for vehicle repairs during the time the vehicle is under warranty. The durability requirements for ZEVs would also ensure the vehicles have fewer breakdowns and result in less downtime for fleet owners. Lastly, the costs for charging infrastructure may be mitigated through existing grants to assist with charging installation or if they choose to install and register their chargers under Oregon's Clean Fuels Program. Through the CFP program, these fleet owners could monetize any earned credits for future electric vehicle purchases or charging

¹² CARB SRIA for the ACC II, March 2022

station installations or utilize the advance crediting feature to defray the immediate installation costs.

Automobile Dealers

Large automobile dealerships may be affected by the rules. Dealerships may experience a negative fiscal impact if vehicle purchasers who only want gasoline vehicles choose to purchase out of state. However, new gasoline vehicles will still be allowed to be delivered for sale in Oregon up until the 2035 model year and dealers can continue to offer these vehicles. Also, while gasoline vehicle choices in Oregon may become more limited as manufacturers prepare for the 100% ZEV requirement, there will be more ZEV vehicle choice overall. Determining the exact impacts on dealers is hard to assess as it is completely dependent upon consumer's choices. While some vehicle purchasers may choose to buy out of state, there are other costs associated with vehicle transport and sales tax that may deter them from those out of state purchases. Additionally, dealerships that sell both new and used vehicles may not experience a negative impact because they will still be able to sell used gasoline vehicles while providing new ZEVs for sale.

Overall, because vehicle manufacturers directly affected by this rule must already meet California's adopted ACC II program requirements, it is anticipated the additional direct cost of compliance in Oregon could be as much as \$3 billion. Additionally, not all manufacturers will be affected in the same way, as all ZEV-only manufacturers may benefit through overcompliance and subsequently monetize any credits earned. For other large businesses because these impacts are indirect and depend on the decisions of these businesses on their decisions regarding ZEV infrastructure, power supply, purchasing, and components. DEQ is unable to estimate the amount of these indirect costs.

Small businesses – businesses with 50 or fewer employees

a. Estimated number of small businesses and types of businesses and industries with small businesses subject to proposed rule.

Under the proposed ACC II rules, there are no small businesses directly affected by the rules, as all the vehicle manufacturers subject to the requirements have more than 50 employees. However, other small businesses, such as local auto repair shops, businesses that maintain vehicle fleets, or auto dealers may experience indirect costs as a result of the proposed rule.

Auto repair shops and gasoline station owners

DEQ estimates the number of auto repair shops that are small businesses in Oregon could be 1,883, based on industry information. ZEVs have fewer mechanical propulsion parts compared to their gasoline counterparts. Because ZEVs do not have valves, springs, gears or other systems that could wear down or break upon use they require fewer repairs and subsequently less potential business for vehicle repair shops. These vehicle shops could experience a negative fiscal impact including dealerships that have service departments, as ZEVs become a greater portion of the fleet. This trend would suggest that the number of

businesses providing the services may decrease along with the reduced demand, over time. However, if these vehicle shops transition to repair and maintenance for battery electric vehicles they may be able to mitigate such impacts.

Gas stations owned by small businesses will be affected by the proposed regulations. While gasoline vehicles will continue to be on the roads past 2035, there will be fewer and fewer gasoline vehicles needing to be refueled. These gas stations could experience a negative fiscal impact as a result. However, gasoline stations may choose to include or transition to ZEV charging stations, which could mitigate the overall impact. Charging infrastructure costs could be mitigated by Oregon's Clean Fuels Program, where credits generated by gas station owners could be sold to fund future infrastructure investments.

Small fleet owners

Small businesses may see indirect impacts as a result of the proposed rule if they choose to purchase ZEV vehicles. These impacts are anticipated to be the same as those described for vehicle fleet owners in the "Large Businesses" section.

Because these impacts are indirect and depend on the decisions of individual small auto repair shop owners as to whether they will transition to ZEV repair shops or whether small businesses will purchase vehicles for a new or existing fleet, DEQ is unable to estimate the amount of these indirect costs.

LEV Rule

Under the LEV rules, small businesses that manufacture components used for gasoline vehicles could be affected. These impacts on small businesses would be the same as the LEV rules impacts described in the impacts to large businesses section above.

b. Projected reporting, recordkeeping and other administrative activities, including costs of professional services, required for small businesses to comply with the proposed rule.

Under the proposed rules, no additional activities are required of small businesses to comply with the proposed rules. Only large automobile manufacturers are regulated.

c. Projected equipment, supplies, labor and increased administration required for small businesses to comply with the proposed rule.

Under the proposed rules, no additional activities are required of small businesses to comply with the proposed rules. Only large automobile manufacturers are regulated. The ACC II rules may result in benefits to small business as a result of more ZEVs being available. Infrastructure buildout, including the need for electricians, construction companies, EVSE suppliers, and maintenance companies could create a demand for jobs and services by small businesses.

d. Describe how DEQ involved small businesses in developing this proposed rule.

DEQ consulted with small businesses and included organizations that represented small businesses on the Advanced Clean Cars II Rule Advisory Committee that advised DEQ on the cost of compliance for small businesses.

State agencies

DEQ does not anticipate a direct fiscal impact to state agencies other than DEQ as a result of the rules. The proposed rule requires manufacturers to produce and deliver a certain percentage of ZEVs in Oregon and submit annual information on its sales reporting, credit transfer information and credit declaration. DEQ already tracks and reviews this information under the existing LEV/ZEV program and will continue to do so. There may be some initial additional work by DEQ to help establish and work with auto manufacturers to determine how they can earn environmental justice values. DEQ does not anticipate its fiscal impact to be beyond this limited additional work.

To the extent that these rules are successful in increasing the number of ZEV vehicles and it decreases the amount of motor vehicle fuel purchased in Oregon, this could impact state fuel tax revenues and the state agencies and programs that rely on them. It may lead to a negative impact because of decreased funding availability to maintain roadways, but these costs could be mitigated if agencies move towards a road-use tax to fund road improvements.

State agencies who purchase vehicles for their fleets may also experience initial costs from the proposed rules. State agencies may have to initially pay a higher upfront cost to purchase the vehicle, as well as incur costs to build out and install the infrastructure necessary to charge the vehicles, upgrade existing charging infrastructure to ensure it can meet charging capacity needs, workforce training, and maintenance. However, over the lifetime of the vehicle it is also estimated there are lower operating costs over time. Charging infrastructure costs could be mitigated by Oregon's Clean Fuels Program, where credits generated by fleet operators, if they own their chargers, could be sold to fund electric vehicle and future infrastructure investments.

Local governments

Impacts on local governments are expected to be the same as the impacts on state agencies with regards to any fleet purchases. The fuel tax revenue impacts could also affect local government revenues and programs that rely on that funding source.

Documents relied on for fiscal and economic impact

Document title	Document location
2020 OGWC Biennial Report to Legislature	https://static1.squarespace.com/static/59c554e0f09ca40655ea6eb0/t/5fe137fac70e3835b6e8f58e/1608595458463/2020-OGWC-Biennial-Report-Legislature.pdf
CARB Initial Statement of Reasons for the Advanced Clean Cars II rule	https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/acii/isor.pdf
CARB Standardized Regulatory Impact Assessment (SRIA)	https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/acii/app1.pdf
Assessment of Technologies for Improving Light Duty Vehicle Fuel Economy 2025-2035	https://doi.org/10.17226/26092 .
Battery Pack Prices Cited Below \$100/kWh for the First Time in 2020, while Market Average Sits at \$137/kWh	https://about.bnef.com/blog/battery-pack-prices-citedbelow-100-kwh-for-the-first-time-in-2020-while-market-average-sits-at-137-kwh/
Bloomberg New Energy Finance. 2020. “Battery Pack Prices Cited Below \$100/kWh for the First Time in 2020, While Market Average Sits at \$137/kWh.”	https://about.bnef.com/blog/battery-pack-prices-citedbelow-100-kwh-for-the-first-time-in-2020-while-market-average-sits-at-137-kwh/
Modeling Expected Air Quality Impacts of Oregon’s Proposed Expanded Clean Fuels Program, UC Davis, 2022	https://escholarship.org/uc/item/6pz348mc
1NAS 2021. National Academies of Sciences, Engineering, and Medicine. 2021. Assessment of Technologies for Improving Light-Duty Vehicle Fuel Economy—2025-2035. Washington, DC: The National Academies Press. March 31, 2021.	https://doi.org/10.17226/26092 .

Social Cost of Greenhouse Gases Annual Values, The White House, OMB, February 2021	https://www.whitehouse.gov/omb/information-regulatory-affairs/regulatory-matters/#scghgs
Technical Support Document: Social Cost of Greenhouse Gases for Regulatory Impact Analysis and Other Areas of Policy Decision-Making	https://www.whitehouse.gov/omb/information-regulatory-affairs/regulatory-matters/#scghgs

Advisory committee fiscal review

DEQ appointed an advisory committee.

As ORS 183.33 requires, DEQ asked for the committee’s recommendations on:

- Whether the proposed rules would have a fiscal impact,
- The extent of the impact, and
- Whether the proposed rules would have a significant adverse impact on small businesses; if so, then how DEQ can comply with ORS 183.540 reduce that impact.

The committee reviewed the draft fiscal and economic impact statement and provided feedback on the overall analysis provided by DEQ. One committee member, representing Ford Motor company, indicated they have committed to/investing \$22 billion through 2025 toward ZEV development. Another committee member asked about the impact to the public and state agencies with regards to the gasoline tax, since the funds from the tax are used for road maintenance. Other comments included the potential effect on small business gas stations or repair shops and with fewer repair shops and gasoline stations available, that could result in less competition and negatively affect the public who still need to utilize those services. Committee members also highlighted the shortage of ZEV mechanics; these mechanics may be able to fill the gap for auto shops transitioning away from gasoline vehicle repair. Members also noted the proposed rules may provide opportunities for workplace development in the emerging ZEV automotive industry, particularly for frontline community members who do not need to have college or high school diplomas.

The committee determined the proposed rules would not have a significant adverse impact on small businesses in Oregon because they are not directly impacted by the rules. However, there are trickle down effects of the regulation that could affect small auto repair shops, small gasoline station owners, and other small businesses that provide parts or maintenance services for gasoline vehicles. These small businesses may experience a negative impact as their business declines due to fewer gasoline vehicles needing repair or services but these costs can be mitigated if the small businesses make the transition to ZEV repair, parts, and fueling.

Housing cost

DEQ determined the proposed rules will have no direct impact on the development cost of a 6,000-square-foot parcel and construction of a 1,200-square-foot detached, single-family dwelling on that parcel because the proposed rules only affect vehicle manufacturers.

However, there is the potential for an indirect effect on housing development costs because the rules could influence the price of materials and/or services used in housing construction. For example, electric vehicle purchasers may choose to install a vehicle charger to charge their vehicle. There could be an increase in demand for chargers and electricians to install these devices. Because these impacts are indirect, and depend on the individual decisions of homeowners before resulting in housing cost increases, DEQ is unable to estimate the amount of these indirect costs.

Racial Equity

The proposed rules will require light- and medium-duty vehicle manufacturers to produce and deliver increasing percentages of zero emission vehicles (ZEV) in successive years culminating with a 100% ZEV requirement for the 2035 model year. It requires the sale of battery electric vehicles, the cleanest possible plug-in hybrid electric vehicles, and hydrogen fuel cell vehicles while concurrently reducing smog-forming emissions from new gasoline vehicles. The proposed rule also requires ZEV assurance measures that include minimum warranty and durability requirements, increased ZEV charging capability, and battery labeling, and will help ensure consumers can successfully replace their gasoline vehicles with new or used ZEVs and plug-in hybrid electric vehicles (PHEV). These standards are also anticipated to reduce the total cost of vehicle ownership, saving drivers money in the long term.

The proposed rules apply to vehicle manufacturers, not individuals, therefore the rule will not have any direct racial equity impact. However, the proposed rules will have indirect effects on vehicle purchasers and users and on businesses that sell and repair vehicles. These rules are also expected to reduce pollutant emissions, including greenhouse gases and other pollutants, which will result in mitigating the effects of climate change and causing fewer harmful air pollutants Oregonians breathe.

The pollution and public health impacts from on-road vehicle emissions are significant in many overburdened and underserved communities. Communities that are adjacent to or near transportation facilities and corridors are disproportionately impacted by those emissions and are traditionally lower-income and have a higher percentage of Black, indigenous, and other peoples of color residents.¹³ Underserved communities are also especially vulnerable to the economic impacts and health burdens associated with climate change, as the most severe harms from climate change fall disproportionately upon these underserved communities who are least able to prepare for and recover from associated impacts.¹⁴ Frontline workers, and especially those that work outdoors such as farmworkers, who are majority-Hispanic or Latino in Oregon, bear disproportionate exposure to the negative impacts of climate change and worsening air quality.

DEQ is aware that the cost of electric vehicles is traditionally higher than conventional gasoline vehicles and is an additional barrier to vehicle ownership. It is anticipated vehicle costs will decrease as battery prices continue to decline and as manufacturers produce increasing numbers of electric vehicles and these economies of scale allow the manufacturers to minimize their costs. While there is a higher purchase price of an electric vehicle, there is a lower total cost of ownership through decreased maintenance and fuel costs. These future savings, in addition to other DEQ programs such as Oregon's Clean

¹³ US Census Bureau's American Community Survey, <https://data.census.gov/cedsci/table?q=United%20States&t=Income%20and%20Earnings&g=0400000US41&t id=ACSST5Y2020.S1903>

¹⁴ EPA 2021c. United States Environmental Protection Agency. Climate Change and Social Vulnerability in the United States: A Focus on Six Impact Sectors. (EPA 430-R-21-003) <https://www.epa.gov/cira/social-vulnerability-report> September 2021.

Vehicle Rebate Program offers “Charge Ahead Rebates” for low- and moderate-income households to lower the cost of electric vehicles. There may be additional indirect costs to communities of color, low-income and disadvantaged communities because of the lack of access to charge vehicles at home. These communities may experience a higher cost burden due to charging at publicly and privately owned charging sites that charge variable rates. Oregon is working to increase equitable access to charging by providing funding to businesses or owners of multi-unit family dwellings to install chargers to help increase access. Additionally, the Clean Fuels Program works with electric utilities and charging service providers to bring down the cost to fuel them.

The proposed rules also seek to ensure equity by ensuring that as the new electric vehicles are transitioned to the used vehicle market, these vehicles are long-lasting and durable for many years to come. These include technical requirements such as requiring a minimum range, battery and propulsion parts warranties, and incorporating direct current fast charging (DCFC) standardization and capability for all vehicles, recognizing those without access to home charging will be more reliant on public fast charging. Ensuring there are durable and reliable used ZEVs can help increase access to clean vehicle technologies for communities that may not be buying new vehicles.

Another element of the proposed rules includes provisions to encourage manufacturers to take actions that improve access to ZEVs for disadvantaged, low-income, and other frontline communities. These actions will help ensure that everyone can access zero-emission transportation, including new and used electric vehicles through affordable access and exposure to ZEV technologies. Manufacturers can invest in community car share programs, produce low-cost ZEVs, and direct used ZEVs for purchase to communities needing financial assistance. Increasing accessibility to ZEVs ensures BIPOC communities are not left behind in acquiring cleaner modes of transportation and reducing air pollution within their communities.

As described above, these proposed rules may have both positive and negative indirect racial equity impacts. The proposed rules include provisions to help mitigate the negative indirect racial equity impacts, and DEQ is also implementing other programs to mitigate those indirect negative impacts through incentives and reduced fueling costs. Overall, DEQ believes these rules will have net positive indirect racial equity impacts, due to reduced exposure to air quality pollutants and lessening the harmful effects of climate change.

Advisory committee review of racial equity impact

DEQ asked for the committee’s input on how adoption of this rule will affect racial equity in this state. The committee members were asked to review and provide comment on the draft racial equity impact statement. The comments encompassed an acknowledgement and appreciation of the ZEV assurance measures for battery and parts warranties to ensure these vehicles will endure for many years, as well as the capability for vehicles to allow DCFC access. One of the committee members noted that because communities of color, low-income households and disadvantaged communities often have less access to charging, there

is also a cost burden due to needing to charge at public or private charging sites. There was a request for DEQ to work with other agencies, such as ODOT to mitigate the charging gap and potentially higher cost of charging to these communities.

Federal relationship

ORS 183.332, 468A.327 and OAR 340-011-0029 require DEQ to attempt to adopt rules that correspond with existing equivalent federal laws and rules unless there are reasons not to do so. There are many components of the proposed rules that add requirements to those mandated by federal law. However, adopting these rules simplifies the harmonization of the existing LEV program already adopted by DEQ.

The proposed rules that are more stringent include California's program for ZEVs which have no counterpart at the federal level. This program is designed to stimulate the production and use of emission-free or low emission light-duty passenger cars and trucks such as battery electric, plug-in hybrid and fuel-cell vehicles. There is an indication that new federal standards are under development however there is no current timeline for federal action and no certainty that new national standards would be adopted or whether those new standards would align with the new California standards.

DEQ recommends that the EQC adopt these rules that are more stringent than federal rules in order to achieve the public health and environmental benefits of these rules as described and referenced above in this notice, and based on the scientific, economic and technological analyses as described and referenced above in this notice.

What alternatives did DEQ consider if any?

DEQ considered whether or not to pursue this rulemaking action. However, not doing so would be contrary to state policy to reduce emissions from all types of vehicles, and to achieve its long-term greenhouse gas emission reduction goals.

Land use

In adopting new or amended rules, ORS 197.180 and OAR 340-018-0070 require DEQ to determine whether the proposed rules significantly affect land use. If so, DEQ must explain how the proposed rules comply with state wide land-use planning goals and local acknowledged comprehensive plans.

Under OAR 660-030-0005 and OAR 340 Division 18, DEQ considers that rules affect land use if:

- The statewide land use planning goals specifically refer to the rule or program, or
- The rule or program is reasonably expected to have significant effects on:
 - Resources, objects, or areas identified in the statewide planning goals, or
 - Present or future land uses identified in acknowledge comprehensive plans

DEQ determines whether the proposed rules involve programs or actions that affect land use by reviewing its Statewide Agency Coordination plan. The plan describes the programs that DEQ determined significantly affect land use. DEQ considers that its programs specifically relate to the following statewide goals:

Goal	Title
5	Natural Resources, Scenic and Historic Areas, and Open Spaces
6	Air, Water and Land Resources Quality
11	Public Facilities and Services
16	Estuarine Resources
19	Ocean Resources

Statewide goals also specifically reference the following DEQ programs:

- Nonpoint source discharge water quality program – Goal 16
- Water quality and sewage disposal systems – Goal 16
- Water quality permits and oil spill regulations – Goal 19

Determination

DEQ determined that these proposed rules are not expected to significantly affect land use under OAR 660-030-005 because the proposed amendments are not reasonably expected to have significant effects on either: (a) resources, objectives or areas identified in the statewide planning goals; or (b) present or future land uses identified in acknowledged comprehensive plans.

EQC Prior Involvement

DEQ shared information about this rulemaking with the EQC through an informational item on the July 21, 2022 EQC agenda.

Advisory Committee

Background

DEQ convened the Advanced Clean Cars II Rule 2022 advisory committee. The committee included representatives from environmental groups, community-based organizations, vehicle manufacturers and automobile dealership and repair organizations and met two times. The committee's web page is located at:

<https://www.oregon.gov/deq/rulemaking/Pages/CleanCarsII.aspx>

The committee members were:

Rulemaking Name Advisory Committee	
Name	Representing
J'reyesha Brannon	Private citizen
Glenn Choe	Toyota
Mike Christopherson	Pro-Tek & Fab-Tek
Steve Douglas	Alliance for Automotive Innovation
Dana Greenblatt	Rogue Action Center
Steve Henderson	Ford
Stuart Leibowitz	Douglas County Global Warming Coalition
Nic Lutsey	GM
Oriana Magnera	Verde
Victoria Paykar	Climate Solutions
Greg Remensperger	Oregon Auto Dealers Association
Tsering Sherpa	Rosewood Initiative
Nick Tamborra	VW
Jacqui Treiger	Oregon Environmental Council

Meeting notifications

To notify people about the advisory committee's activities, DEQ:

- Sent GovDelivery bulletins, a free e-mail subscription service, to the following lists:
 - Rulemaking
 - LEV/ZEV Program

These subscribers were notified on how to participate in the advisory committee process.

- Added advisory committee announcements to DEQ's calendar of public meetings at [DEQ Calendar](#).

Committee discussions

In addition to the recommendations described under the Statement of Fiscal and Economic Impact section above, the committee provided feedback on the rule. A committee member confirmed that the rules will be the same as the California rules. A few committee members raised questions and concerns regarding the accessibility of home charging and ensuring home charging options were available to residents living in multi-family and/or rental units. Consumer protections, such as the battery warranties that ACC II has in place, were discussed. Several committee members expressed the need for Community Clean Mobility options and encouraged DEQ to consider, post and implement those programs as soon as possible and to engage community-based organizations in these discussions. One committee member expressed a need for mid-term reviews of the rule to ensure it's working for consumers and meeting the goals of the rule.

Public Engagement

Public notice

DEQ provided notice of the proposed rulemaking and rulemaking hearing by:

- On Sep. 28, 2022 filing notice with the Oregon Secretary of State for publication in the October 2022 Oregon Bulletin;
- Posting the Notice, Invitation to Comment and Draft Rules on the web page for this rulemaking, located at:
<https://www.oregon.gov/deq/rulemaking/Pages/CleanCarsII.aspx>
- Emailing approximately 26,872 interested parties on the following DEQ lists through GovDelivery:
 - Rulemaking
 - LEV/ZEV Program
 - Oregon Clean Fuels
 - Greenhouse Gas Program
 - Greenhouse Gas Reporting
 - Climate Protection Program
 - DEQ Public Notices
 - Diesel and Biodiesel
- Emailing the following key legislators required under [ORS 183.335](#):
 - Speaker Rayfield
 - Representative Marsh
 - Senate President Courtney
 - Senator Lieber
- Emailing advisory committee members,
- Posting on the DEQ event calendar: [DEQ Calendar](#)

How to comment on this rulemaking proposal

DEQ is asking for public comment on the proposed rules. Anyone can submit comments and questions about this rulemaking. A person can submit comments by email, regular mail or at the public hearing.

Comment deadline

DEQ will only consider comments on the proposed rules that DEQ receives by 4 p.m., on Oct. 21, 2022.

Submit comment by email to:

Levzev2022@deq.oregon.gov

Note for public university students:

ORS 192.345(29) allows Oregon public university and OHSU students to protect their university email addresses from disclosure under Oregon's public records law. If you are an Oregon public university or OHSU student, notify DEQ that you wish to keep your email address confidential.

By mail

Oregon DEQ
Attn: Rachel Sakata
700 NE Multnomah St., Room 600
Portland, OR 97232-4100

Public Hearing

DEQ plans to hold two public hearings. The public hearings are online only.

Anyone can attend a hearing by webinar or teleconference.

Hearing 1:

Date: Oct. 18, 2022
Start time: 6:30 p.m.

Call in and web connection information:

[Join online via Zoom](#)

Join by phone

Call-in number: 1-253-215-8782
Meeting ID: 872 5685 8105
Passcode: 274275

Hearing 2:

Date: Oct. 19, 2022
Start time: 10 a.m.

Call in and web connection information:

[Join online via Zoom](#)

Join by phone

Call-in number: 833-548-0276, US Toll-free
Meeting ID: 846 6176 8619
Passcode: 341424

Instructions on how to join webinar or teleconference: [Instructions](#)

DEQ will consider all comments and testimony received before the closing date. DEQ will summarize all comments and respond to comments in the Environmental Quality Commission staff report.

Accessibility Information

You may review copies of all documents referenced in this announcement electronically. To schedule a review of all websites and documents referenced in this announcement, call Rachel Sakata, DEQ (503-863-4271).

Please notify DEQ of any special physical or language accommodations or if you need information in large print, Braille or another format, or any other arrangements necessary to accommodate a disability. To make these arrangements, contact DEQ, Portland, at 503-2295696 or call toll-free in Oregon at 1-800-452-4011, ext. 5696; fax to 503-229-6762; or email to deqinfo@deq.state.or.us. Hearing impaired persons may call 711.



Draft Rules – Edits Highlighted

Key to Identifying Changed Text:

~~Deleted Text~~

New/inserted text

~~Text deleted from one location - and moved to another location~~

Division 257

OREGON LOW EMISSION VEHICLES

Summary of rule changes: This rulemaking updates existing definitions and adds new definitions.

340-257-0030

Definitions and Abbreviations

The definitions in OAR 340-200-0020, the definitions in CCR, Title 13, sections incorporated by reference in OAR 340-257-0050, and the definitions in this division apply to this division. If the same term is defined in different passages, the definitions in this division apply first, followed by definitions in CCR Title 13 sections incorporated by reference, and finally the definitions in OAR 340-200-0020.

(1) “Administrative/office building” means a building or structure used primarily for day-to-day activities that are related to administrative tasks, such as financial planning, recordkeeping, billing, personnel, physical distribution, and logistics, within a business.

(2) "Assembled vehicle" means a motor vehicle that:

(a) Is an assembled vehicle under ORS 801.130; or

(b) Is a replica vehicle under ORS 801.425.

(c) Will be used for occasional transportation, exhibitions, club activities, parades, tours, testing its operation, repairs or maintenance and similar uses; and

(d) Will not be used for general daily transportation.

(3) "ATPZEV" means advanced technology partial zero emission vehicle as defined in CCR, Title 13, section 1962.1(i).

(4) "Broker" means a person who has broker authority from the Federal Motor Carrier Safety Association and, for compensation, arranges, or offers to arrange, the transportation of property by an authorized motor carrier.

(5) "CARB" means California Air Resources Board.

(6) "CCR" means California Code of Regulations.

(7) "Common ownership or control" means ownership or control by the same individual(s), corporation(s), partnership(s), association(s), or parent company(ies). A business entity operated by, and vehicles managed day to day by, the same directors, officers, or managers, or by corporations controlled by the same parent company or the same majority stockholders, are considered to be under common control even if title to vehicles is held by different business entities.

(8) "Community-based clean mobility program" means a program that:

(a) Provides access to clean mobility solutions other than vehicle ownership including ZEV car sharing, ride-sharing, vanpools, ride-hailing, or on-demand first-mile/last-mile services;

(b) Serves a community in which at least 75 percent of the census tracts in the project area (where community residents live and services operate) are either:

(A) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation;

(B) Areas with concentrations of people that are of low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment;

(C) In a census tract with median household incomes at or below 80 percent of the statewide median income; or

(D) A tribal community; and

(c) Is implemented by a community-based organization, Native American Tribal government, or a public agency or nonprofit organization that has received a letter of support from a project-related community-based organization or local community group that represents community members that will be impacted by the project or has a service background related to the type of project.

~~(9)~~ "Custom vehicle" means a motor vehicle that:

(a) Is a street rod under ORS 801.513; or

(b) Was manufactured to resemble a vehicle at least twenty-five (25) years old and of a model year after 1948; and

(A) Has been altered from the manufacturer's original design; or

(B) Has a body constructed from non-original materials.

(10) “Dealer” means any person engaged in the business of selling, offering to sell, soliciting or advertising the sale of new vehicles who has been issued a vehicle dealer certificate under ORS 822.020, granted by the manufacturer or distributor for the retail sale of said manufacturer’s or distributor’s new vehicles.

~~(119)~~ “Distribution center/warehouse” means a location used primarily for the storage of goods that are intended for subsequent shipment.

~~(120)~~ “Emergency vehicle” means a vehicle as defined in ORS 801.260 that is equipped with lights and sirens as required under ORS 820.350 and 820.370 and that is any of the following:

(a) Operated by public police, fire or airport security agencies.

(b) Designated as an emergency vehicle by a federal agency.

(c) Designated as an emergency vehicle by the Director of Transportation.

~~(131)~~ "Emission credits" are earned when a manufacturer's reported fleet average is less than the required fleet average. ~~Credits are calculated according to formulas contained in CCR, Title 13, section 1961(e) and 1961.1(b).~~

~~(142)~~ "Emission debits" are earned when a manufacturer's reported fleet average exceeds the required fleet average. ~~Debits are calculated according to formulas contained in CCR, Title 13, section 1961(e) and 1961.1(b).~~

~~(153)~~ "Fleet average greenhouse gas emission requirements" are generally referred to as limitations on greenhouse gas exhaust mass emission values from passenger cars, light-duty trucks and medium-duty passenger vehicles. ~~The fleet average greenhouse gas emission requirements are set forth in CCR, Title 13, section 1961.1(b).~~

~~(164)~~ "Gross vehicle weight rating" or "GVWR" is the value specified by the manufacturer as the loaded weight of a single vehicle.

~~(175)~~ “Hotel/motel/resort” means a commercial establishment offering lodging to travelers and, sometimes, to permanent residents

~~(186)~~ "Independent low volume manufacturer" is defined in CCR, Title 13, section 1900(b)(8).

(197) "Intermediate volume manufacturer" is defined in CCR, Title 13, section 1900(b)(9)-.

(2018) "Large volume manufacturer" is defined in CCR, Title 13, section 1900(b)(10).

(2119) "Light-duty truck" is any 2000 and subsequent model year motor vehicle certified to the standards in CCR, Title 13, section 1961(a)(1), rated at 8,500 pounds gross vehicle weight or less, and any other motor vehicle rated at 6,000 pounds gross vehicle weight or less, which is designed primarily for the purposes of transportation of property, is a derivative of such vehicle, or is available with special features enabling off-street or off-highway operation and use.

(220) "Manufacturer" means any person who assembles new on-road motor vehicles, or imports such vehicles for resale, or who acts for and is under the control of any such person in connection with the distribution of new motor vehicles, but shall not include any dealer with respect to new motor vehicles received in commerce. In general, this term includes any person who manufactures or assembles an on-road vehicle or other incomplete on-road vehicle for sale in Oregon or otherwise introduces a new onroad motor vehicle into commerce in Oregon. This includes importers who import on-road vehicles for resale and persons that assemble glider vehicles. This does not include persons who supply parts to the importer or vehicle manufacturer of record.

(231) "Medical/hospital/care" means an institution engaged in providing, by, or under the supervision of, physicians, inpatient diagnostic, and therapeutic services or rehabilitation services by, or under the supervision of, physicians.

(242) "Medium duty-passenger vehicle" (MDPV) is any medium-duty vehicle with a gross vehicle weight rating of less than 10,000 pounds that is designed primarily for the transportation of persons. The medium-duty passenger vehicle definition does not include any vehicle which

(a) Is an "incomplete truck" i.e., is a truck that does not have the primary load carrying device or container attached; or

(b) Has a seating capacity of more than 12 persons; or

(c) Is designed for more than 9 persons in seating rearward of the driver's seat; or

(d) Is equipped with an open cargo area of 72.0 inches in interior length or more. A covered box not readily accessible from the passenger compartment will be considered an open cargo area for the purpose of this definition.

(253) "Medium duty vehicle" means any pre-1995 model year heavy-duty vehicle having a manufacturer's gross vehicle weight rating of 8,500 pounds or less; any 1992 through 2006 model-year heavy-duty low-emission, ultra-low-emission, super-ultra-low-emission or zero-emission vehicle certified to the standards in section 1960.1(h)(2) having a manufacturer's gross vehicle weight rating of 14,000 pounds or less; and any 2000 and subsequent model

heavy-duty low-emission, ultra-low-emission, super-ultra-low-emission or zero-emission vehicle certified to the standards in Section 1961(a)(1) or 1962.1 having a manufacturer's gross vehicle weight rating between 8,501 and 14,000 pounds.

(~~264~~) "Model year" is the manufacturer's annual production period which includes January 1 of a calendar year or, if the manufacturer has no annual production period, the calendar year. In the case of any vehicle manufactured in two or more stages, the time of manufacture is the date of completion of the chassis.

(~~275~~) "Motor carrier" means a person that transports passengers or property for compensation. A motor carrier, or person who is an employee or agent of a carrier is not a broker when it arranges or offers to arrange the transportation of shipments that it is authorized to transport and that it has accepted and legally bound itself to transport.

(~~286~~) "Multi-building campus/base" means a property typically operated by a single person with several buildings, often serving multiple purposes.

(~~297~~) "Non-methane organic gas" (NMOG) is the sum of non-oxygenated and oxygenated hydrocarbons contained in a gas sample as measured in accordance with the "California Non-Methane Organic Gas Test Procedures," which is incorporated herein by reference.

(~~3028~~) "NMOG fleet average emissions" is a motor vehicle manufacturer's average vehicle emissions of all non-methane organic gases from passenger cars and light duty trucks in any model year subject to this regulation delivered for sale in Oregon.

(~~3129~~) "NZEV" means "near-zero-emission vehicle" as defined at 13 CCR § 1963(c).

(~~320~~) "Operating authority number" means the motor carrier's registration, as required by 49 U.S.C. 13902, 49 CFR part 365m 49 CFR part 368, and 49 CFR 392.9a to operate a commercial motor vehicle to transport goods or passengers for hire across state lines.

(~~331~~) "Passenger car" is any motor vehicle designed primarily for transportation of persons and having a design capacity of twelve persons or less.

(~~342~~) "PZEV" means partial zero emission vehicle.

(~~353~~) "Restaurant" means a business establishment where the primary purpose is serving meals or refreshments that may be purchased.

(~~364~~) "Service center" means a facility that supports a business operation that generates revenue by providing a specific service or product, or a group of services or products, to a customer.

(~~357~~) "Small volume manufacturer" is defined as set forth in CCR, Title 13, section 1900(b)(22), and incorporated herein by reference.

(386) “Store” means an establishment that sells goods or a variety of goods and services to the general public.

(397) “Truck/equipment yard” means an establishment that primarily stores or dispatches trucks and equipment, such as a garage or parking lot.

(4038) “TZEV” means transitional zero emission vehicle.

(4139) “Vehicle awaiting sale” means vehicles in the possession of dealers, financing companies or other entities that do not intend to operate the vehicle in Oregon or offer the vehicle for hire for operation in Oregon, and that are operated only to demonstrate functionality to potential buyers or to move short distances while awaiting sale for purposes such as maintenance or storage.

(420) "ZEV" means zero emission vehicle.

[NOTE: View a copy of the California Non-Methane Organic Gas Test Procedures by clicking on the “Tables” link below.]

[\[ED. NOTE: To view attachments referenced in rule text, click here to view rule.\]](#)

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 17-2021, amend filed 11/17/2021, effective 11/17/2021

DEQ 13-2019, amend filed 05/16/2019, effective 05/16/2019

DEQ 196-2018, amend filed 11/15/2018, effective 11/15/2018

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking adopts California’s rules by reference. Please reference the “Summary of Proposed Changes” in the Notice of Proposed Rulemaking for a description of the rules that are being incorporated by reference.

340-257-0050

Incorporation by Reference

(1) For purposes of applying the incorporated sections of the California Code of Regulations in sections (2) and (3), unless otherwise specified in this division or the application is clearly inappropriate, "California" means "Oregon," "Air Resources Board (ARB)" or "California Air Resources Board (CARB)" means “Department of Environmental Quality” or “Environmental Quality Commission,” depending on context, and “Executive Officer” means the DEQ director or director’s designee. [Where such incorporated sections of the California Code of Regulations refer to states that have also adopted California’s regulations](#)

under Clean Air Act section 177, such references shall be interpreted to include both California and any other such states. Where such incorporated sections of the California Code of Regulations refer to enforcement and civil penalty authority under the California Health and Safety Code for violation of those regulations, such references shall be interpreted to authorize DEQ to pursue enforcement of such violations under ORS chapters 468 and 468A and OAR chapter 340, division 12.

(2) Emission standards, warranty, recall and other California provisions adopted by reference. Each manufacturer of new 2009 and subsequent model year passenger cars, light-duty trucks, and medium-duty vehicles must comply with each applicable standard specified in the following sections of the California Code of Regulations (CCR), Title 13, which are incorporated by reference herein. References to provisions of CCR, Title 13 in this division are to such provisions effective on the California effective dates listed in this section:

(a) Section 1900: Definitions. California adopted date ~~8/25/22~~9/9/21.

(b) Section 1956.8(g) and (h): Exhaust Emission Standards and Test Procedures — 1985 and Subsequent Model Heavy Duty Engines and Vehicles. California effective date 12/5/14.

(c) Section 1960.1: Exhaust Emission Standards and Test Procedures — 1981 and through 2006 Model Passenger Cars, Light-Duty and Medium-Duty Vehicles. California effective date 12/31/12.

(d) Section 1961: Exhaust Emission Standards and Test Procedures — 2004 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California effective date 12/31/12.

(e) Section 1961.1: Greenhouse Gas Exhaust Emission Standards and Test Procedures - 2009 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California effective date 8/7/12.

(f) Section 1961.2: Exhaust Emission Standards and Test Procedures — 2015 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California adopted date ~~9/9/21~~8/25/22.

(g) Section 1961.3: Greenhouse Gas Emission Standards and Test Procedures — 2017 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California effective adopted date ~~8/25/22~~12/12/18.

(h) Section 1961.4: Exhaust Emission Standards and Test Procedures — 2026 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California adopted date 8/25/22 except that subsection 1961.4(g)(1) is not adopted by reference.

(~~ih~~) Section 1962: Zero-Emission Vehicle Standards for 2005 through 2008 Model Year Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles. California effective date 2/13/2010.

(~~ji~~) Section 1962.1: Zero-Emission Vehicle Standards for 2009 through 2017 Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California effective date 1/1/16.

(~~kj~~) Section 1962.2: Zero-Emission Vehicle Standards for 2018 and Subsequent Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California adopted ~~effective~~ date 8/25/22~~1/1/16~~.

(~~lk~~) Section 1962.3: Electric Vehicle Charging Requirements. California ~~effective~~ date 8/7/12~~adopted~~ date 8/25/22.

(m) Section 1962.4: Zero Emission Vehicle Standards for 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks. California adopted date 8/25/22; except that subsection 1962.4(e)(2)(A)3 is not adopted by reference.

(n) Section 1962.5: Data Standardization Requirements for 2026 and Subsequent Model Year Light-Duty Zero Emission Vehicles and Plug-in Hybrid Electric Vehicles. California adopted date 8/25/22.

(o) Section 1962.6: Battery Labeling Requirements. California adopted date 8/25/22.

(p) Section 1962.7: In-Use Compliance, Corrective Action and Recall Protocols for Zero Emission for 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks. California adopted date 8/25/22.

(q) Section 1962.8: Warranty Requirements for Zero Emission and Batteries in Plug-in Hybrid Electric 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks. California adopted date 8/25/22.

(~~rl~~) Section 1965: Emission Control and Smog Index Labels - 1979 and Subsequent Model Year Vehicles. California adopted date 8/25/22~~9/9/21~~.

(~~sm~~) Section 1968.2: Malfunction and Diagnostic System Requirements — 2004 and Subsequent Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California adopted date 8/25/22~~9/9/21~~.

(~~tn~~) Section 1968.5: Enforcement of Malfunction and Diagnostic System Requirements for 2004 and Subsequent Model Year Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles and Engines. California effective date 7/25/16.

(~~ue~~) Section 1976: Standards and Test Procedures for Motor Vehicle Fuel Evaporative Emissions. California ~~effective~~ adopted ~~effective~~ date 8/25/22~~10/8/15~~.

(~~vp~~) Section 1978: Standards and Test Procedures for Vehicle Refueling Emissions. California adopted date ~~8/10/8/15/25/22~~.

(~~wq~~) Section 2035: Purpose, Applicability and Definitions. California adopted date 9/9/21.

(~~xf~~) Section 2036: Defects Warranty Requirements for 1979 Through 1989 Model Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles; 1979 and Subsequent Model Motorcycles and Heavy-Duty Vehicles; and Motor Vehicle Engines Used in Such Vehicles; and 2020 and Subsequent Model Year Trailers. California adopted date 9/9/21.

(~~ys~~) Section 2037: Defects Warranty Requirements for 1990 and Subsequent Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles and Motor Vehicle Engines Used in Such Vehicles. California ~~effective~~-adopted date ~~8/25/22~~12/5/14.

(~~zt~~) Section 2038: Performance Warranty Requirements for 1990 and Subsequent Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles and Motor Vehicle Engines Used in Such. California ~~effective~~-adopted date ~~8/25/22~~8/7/12.

(~~aa~~) Section 2039: Emission Control System Warranty Statement. California effective date 12/26/90.

(~~bb~~) Section 2040: Vehicle Owner Obligations. California effective date 12/26/90.

(~~cc~~) Section 2046: Defective Catalyst. California effective date 2/15/79.

(~~dd~~) Section 2109: New Vehicle Recall Provisions. California effective date 12/30/83.

(~~ee~~) Section 2111: Applicability. California adopted date 9/9/21.

(~~ff~~) Section 2112: Definitions. California adopted date ~~8/25/22~~9/9/21.

(~~gg~~) Appendix A to Article 2.1. California effective date 8/16/2009.

(~~hh~~) Section 2113: Initiation and Approval of Voluntary and Influenced Recalls. California adopted date 9/9/21.

(~~ii~~) Section 2114: Voluntary and Influenced Recall Plans. California adopted date 9/9/21.

(~~jj~~) Section 2115: Eligibility for Repair. California adopted date 9/9/21.

(~~kk~~) Section 2116: Repair Label. California adopted date 9/9/21.

(~~ll~~) Section 2117: Proof of Correction Certificate. California adopted date 9/9/21.

(~~mm~~) Section 2118: Notification. California adopted date 9/9/21.

(~~nnhh~~) Section 2119: Record keeping and Reporting Requirements. California adopted date 9/9/21.

(~~ooii~~) Section 2120: Other Requirements Not Waived. California effective date 1/26/95.

(~~ppjj~~) Section 2122: General Provisions. California effective date 12/8/2010.

(~~qqkk~~) Section 2123: Initiation and Notification of Ordered Emission-Related Recalls. California adopted date 9/9/21.

(~~rrH~~) Section 2124: Availability of Public Hearing. California effective date 1/26/95.

(~~ssmm~~) Section 2125: Ordered Recall Plan. California adopted date 9/9/21.

(~~ttnn~~) Section 2126: Approval and Implementation of Recall Plan. California adopted date 9/9/21.

(~~uuoe~~) Section 2127: Notification of Owners. California adopted date 9/9/21.

(~~vvpp~~) Section 2128: Repair Label. California adopted date 9/9/21.

(~~wwqq~~) Section 2129: Proof of Correction Certificate. California adopted date 9/9/21.

(~~xxrr~~) Section 2130: Capture Rates and Alternative Measures. California adopted date 9/9/21.

(~~yyss~~) Section 2131: Preliminary Tests. California adopted date 9/9/21.

(~~zztt~~) Section 2132: Communication with Repair Personnel. California effective date 1/26/95.

(~~aaauu~~) Section 2133: Record keeping and Reporting Requirements. California adopted date 9/9/21.

(~~bbbvv~~) Section 2135: Extension of Time. California effective date 1/26/95.

(~~cccww~~) Section 2141: General Provisions. California adopted date 9/9/21.

(~~dddxx~~) Section 2142: Alternative Procedures. California adopted date 9/9/21.

(~~eeeyy~~) Section 2143: Failure Levels Triggering Recall. California adopted date 9/9/21.

(~~fffzz~~) Section 2144: Emission Warranty Information Report. California adopted date 9/9/21.

(~~gggaaa~~) Section 2145: Field Information Report. California adopted date 9/9/21.

(~~hhh~~~~bbb~~) Section 2146: Emissions Information Report. California adopted date 9/9/21.

(~~iii~~~~eee~~) Section 2147: Demonstration of Compliance with Emission Standards. California adopted date ~~8/25/22~~9/9/21.

(~~jjj~~~~ddd~~) Section 2148: Evaluation of Need for Recall. California adopted date 9/9/21.

(~~kkk~~~~eee~~) Section 2149: Notification of Subsequent Action. California adopted date 9/9/21.

(~~lll~~~~fff~~) Section 2235: Requirements. California effective date 8/8/12.

(3) Emission standards, warranty, recall and other California provisions adopted by reference. Each manufacturer of new 2025 and subsequent model year medium-duty and heavy-duty vehicles must comply with each applicable standard specified in the following sections of the California Code of Regulations (CCR), Title 13, which are incorporated by reference herein. References to provisions of CCR, Title 13 in this division are to such provisions effective on the California effective dates listed in this section:

(a) Section 1963 Advanced Clean Trucks Purpose, Applicability, Definitions, and General Requirements. California effective date 3/15/21.

(b) Section 1963.1 Advanced Clean Trucks Deficits Section. California effective date 3/15/21.

(c) 1963.2 Advanced Clean Trucks Credit Generation, Banking, and Trading Section. California effective date 3/15/21.

(d) 1963.3 Advanced Clean Trucks Compliance Determination Section. California effective date 3/15/21.

(e) 1963.4 Advanced Clean Trucks Reporting and Recordkeeping Section. California effective date 3/15/21.

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 17-2021, amend filed 11/17/2021, effective 11/17/2021

DEQ 196-2018, amend filed 11/15/2018, effective 11/15/2018

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking incorporates the 2026 and subsequent model years to be subject to the fleet average NMOG +NOx emission requirements, credit and debit accumulation, compliance, and reporting requirements.

340-257-0070

Fleet Average Non-Methane Organic Gas (NMOG) Exhaust Emission Requirements, Reporting, and Compliance.

(1) Fleet average requirement.

(a) Effective model year 2009 through 2014, except as provided in this subsection, each motor vehicle manufacturer's NMOG fleet average emissions from passenger cars, light-duty trucks and medium-duty vehicles delivered for sale in Oregon must not exceed the fleet average NMOG Exhaust Emission Requirement set forth in CCR, Title 13, section 1961(b). For the 2014 model year only, a manufacturer may comply with the fleet average NMOG + NOx values in subsection (b) of this section in lieu of complying with the NMOG fleet average emissions in this subsection. A manufacturer must either comply with the NMOG + NOx fleet average requirements for both its PC/LDT1 fleet and its LDT2/MDPV fleet or comply with the NMOG fleet average requirements for both its PC/LDT1 fleet and its LDT2/MDPV fleet. A manufacturer must calculate its fleet average NMOG + NOx values using the applicable full useful life standards. Compliance will be based on the number of vehicles subject to this regulation, delivered for sale in Oregon.

(b) Effective model year 2015 [through 2025](#), each motor vehicle manufacturer's NMOG + NOx fleet average emissions from passenger cars, light duty trucks and medium duty vehicles delivered for sale to Oregon must not exceed the Fleet Average NMOG + NOx Exhaust Emission Requirement set forth in CCR, Title 13, section 1961.2. Compliance will be based on the number of vehicles subject to this regulation, delivered for sale in Oregon.

[\(c\) Effective model year 2026 and in subsequent model years, each motor vehicle manufacturer's NMOG + NOx fleet average emissions from passenger cars, light duty trucks and medium duty vehicles delivered for sale to Oregon must not exceed the Fleet Average NMOG + NOx Exhaust Emission Requirement set forth in CCR, Title 13, section 1961.4. Compliance will be based on the number of vehicles subject to this regulation, delivered for sale in Oregon, unless the motor vehicle manufacturer chooses for compliance to be based on the cumulative number of vehicles that are certified to the exhaust standards in CCR, Title 13, section 1961.4\(d\) or \(e\), as applicable, that are produced and delivered for sale in Oregon, California and any other states or the District of Columbia that have adopted California's standards set forth in CCR, Title 13, section 1961.4 for that model year pursuant to section 177 of the federal Clean Air Act \(42 U.S.C. § 7507\).](#)

(2) Fleet average NMOG and NMOG plus NOx exhaust emission credits and debits [for passenger cars, light-duty trucks and medium-duty vehicles](#).

(a) Effective model year 2009 through 2014, except as provided in this subsection each vehicle manufacturer may accrue NMOG emission credits and debits and use credits in accordance with the procedures in California Code of Regulations, Title 13, section 1961(b). For the 2014 model year only, a manufacturer may comply with the fleet average NMOG + NOx values in subsection (b) of this section in lieu of complying with the NMOG fleet average emissions in this subsection. A manufacturer must either comply with the NMOG +

NOx fleet average requirements for both its PC/LDT1 fleet and its LDT2/MDPV fleet or comply with the NMOG fleet average requirements for both its PC/LDT1 fleet and its LDT2/MDPV fleet. A manufacturer must calculate its fleet average NMOG + NOx values using the applicable full useful life standards. . Debits and credits accrued and used will be based on the number of vehicles subject to this division, produced and delivered for sale by each manufacturer in Oregon.

(b) Effective model year 2015 [through 2025](#), each vehicle manufacturer may accrue NMOG + NOx emission credits and debits and use credits in accordance with the procedures in California Code of Regulations, Title 13, section 1961.2. Debits and credits accrued and used will be based on the number of vehicles subject to this division, produced and delivered for sale by each manufacturer in Oregon.

[\(c\) Effective model year 2026 and in each subsequent year, each vehicle manufacturer may accrue NMOG + NOx emission credits and debits and use credits in accordance with the procedures in California Code of Regulations, Title 13, section 1961.4. Debits and credits accrued and used will be based on the number of vehicles subject to this division, produced and delivered for sale by each manufacturer in Oregon, unless the motor vehicle manufacturer chooses for compliance to be based on the cumulative number of vehicles that are certified to the exhaust standards in CCR, Title 13, section 1961.4\(d\) or \(e\), as applicable, that are produced and delivered for sale in Oregon, California and any other states or the District of Columbia that have adopted California's standards set forth in CCR, Title 13, section 1961.4 for that model year pursuant to section 177 of the federal Clean Air Act \(42 U.S.C. § 7507\). Violations of failing to equalize NMOG + NOx debits within three model years will be determined on a per vehicle basis which is calculated by dividing the total amount of g/mi NMOG + NOx emission debits for the model year by the g/mi NMOG + NOx fleet average requirement for the model year in which the debits were first incurred.](#)

(3) Reporting.

(a) Effective model year 2009 through model year 2014 except as provided in this subsection, each manufacturer must report to DEQ by March 1 data that calculates the fleet average NMOG exhaust emissions for the model year just ended. The report must follow the procedures in CCR, Title 13, section 1961, and be in the same format used to report such information to the California Air Resources Board. Manufacturers that elect to comply with the NMOG + NOx fleet average emission limit for 2014 must report as provided in subsection (b) of this section.

(b) Effective model year 2015 [through model year 2025](#)~~and each model year thereafter~~, each manufacturer must report to DEQ by March 1 data that calculates the fleet average NMOG + NOx exhaust emissions for the model year just ended. The report must follow the procedures in CCR, Title 13, section 1961.2 and be in the same format used to report such information to the California Air Resources Board.

[\(c\) Effective model year 2026 and in each subsequent model year, each manufacturer must report to DEQ by March 1 data that calculates the fleet average NMOG + NOx exhaust](#)

emissions for the model year just ended. The report must follow the procedures in CCR, Title 13, section 1961.4 and be in the same format used to report such information to the California Air Resources Board.

(d) Unless identified and documented as a trade secret or otherwise confidential under OAR 340-214-0130, records in DEQ's possession for the vehicles subject to the requirements of the California regulations adopted by reference in this division, including without limitation CCR, Title 13, section 1961.4, are subject to disclosure as public records. Such records subject to disclosure include, without limitation:

(A) Each manufacturer's annual production data and the corresponding calculated NMOG+NOx fleet average; and

(B) Each manufacturer's annual NMOG+NOx fleet average credit or debit balances for each model year.

(4) Compliance with fleet average NMOG requirement. Effective model year 2012 through 2014, if a report submitted by the manufacturer under subsection (3)(a) of this rule demonstrates that the manufacturer is not in compliance with the fleet average emission standard, the manufacturer must submit to DEQ within 60 days a Fleet Average Remediation Report. The Fleet Average Remediation Report must:

(a) Describe how the manufacturer intends to equalize any accrued debits, as required in CCR, Title 13, section 1961(c)(3);

(b) Identify all vehicle models delivered for sale in Oregon, their corresponding certification standards, and the percentage of each model delivered for sale in Oregon and California in relation to total fleet sales in the respective state; and

(c) Describe how the manufacturer plans to achieve compliance with the fleet average in future model years.

(5) Compliance with fleet average NMOG plus NOx requirement. Effective model year 2015 through 2025, if a report submitted by the manufacturer under subsection (3)(b) of this rule demonstrates that the manufacturer is not in compliance with the fleet average emission standard, the manufacturer must submit to DEQ within 60 days a Fleet Average Remediation Report. The Fleet Average Remediation Report must:

(a) Describe how the manufacturer intends to equalize any accrued debits, as required in CCR, Title 13, section 1961.2(c)(3);

(b) Identify all vehicle models delivered for sale in Oregon, their corresponding certification standards, and the percentage of each model delivered for sale in Oregon and California in relation to total fleet sales in the respective state; and

(c) Describe how the manufacturer plans to achieve compliance with the fleet average in future model years.

(6) Compliance with fleet average NMOG plus NOx requirement. Effective model year 2026 and in each subsequent model year, if a report submitted by the manufacturer under subsection (3)(c) of this rule demonstrates that the manufacturer is not in compliance with the fleet average emission standard, the manufacturer must submit to DEQ within 60 days a Fleet Average Remediation Report. The Fleet Average Remediation Report must:

(a) Describe how the manufacturer intends to equalize any accrued debits, as required in CCR, Title 13, section 1961.4;

(b) Identify all vehicle models delivered for sale in Oregon, their corresponding certification standards, and the percentage of each model delivered for sale in Oregon and California in relation to total fleet sales in the respective state; and

(c) Describe how the manufacturer plans to achieve compliance with the fleet average in future model years.

(76) For model years 2009 through 2011, manufacturers must submit the Fleet Average Remediation Report, if needed, to DEQ by March 1, 2012. If debits are accrued in all three years, one year of debits must be equalized by the end of the 2012 model year.

[Publications: Publications referenced are available from the agency.]

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking incorporates the 2026 and subsequent model year light-duty cars, trucks, and medium duty vehicles to be subject to the ZEV sales requirements.

340-257-0080

ZEV Sales Requirement

(1) Effective model year 2009 through 2017, each manufacturer must comply with the ZEV sales requirement contained in CCR, Title 13, section 1962.1, including early credit and banking provisions.

(2) Effective model year 2018 ~~and through 2025 for passenger cars, light-duty trucks and medium-duty vehicles delivered for sale in Oregon, each subsequent model year,~~ each

manufacturer must comply with the ZEV sales requirement contained in CCR, Title 13, section 1962.2 including early credit and banking provisions.

(3) Effective model year 2026 and in each subsequent model year for passenger cars, light-duty trucks and medium-duty vehicles delivered for sale in Oregon, each manufacturer must comply with the ZEV sales requirement contained in CCR, Title 13, section 1962.4 including early credit and banking provisions.

~~(4)~~ Effective model year 2025 and each subsequent model year for medium and heavy-duty vehicles, each manufacturer must comply with the ZEV sales requirement contained in CCR, Title 13, section 1963.1.

[Publications: Publications referenced are available from the agency.]

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 17-2021, amend filed 11/17/2021, effective 11/17/2021

DEQ 172-2018, minor correction filed 04/16/2018, effective 04/16/2018

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking incorporates the reference to the new California rules for ZEV vehicles to allow for calculation of and acquisition of ZEV credits.

340-257-0090

ZEV Credit Bank and Reporting

(1) Beginning model year 2009, each intermediate volume and large volume manufacturer of ZEVs, ATPZEVs, PZEVs, and TZEVs may open an account in the ZEV Credit Bank operated by DEQ.

(2) In order to generate and deposit credits for vehicles delivered for sale in Oregon during the 1999 through 2005 model years, a manufacturer must open an account with the ZEV Credit Bank and submit an appropriate Notice of Generation to DEQ on or before September 1, 2006.

(3) Manufacturers wishing to claim ZEV credits must use the format and process contained in CARB's Manufacturer's Advisory Correspondence (MAC) 2011-02 for reporting and tracking ZEV deliveries and placements, unless this division specifies different requirements. DEQ will follow CARB's procedures contained in that MAC for tracking and recording ZEV sales and credits.

(4) Except as provided in section (2) of this rule, annually each manufacturer must submit to DEQ a Notice of Credit Generation or Notice of Credit Transfer to or from another

manufacturer. Credits generated or acquired must be reported to DEQ on or before September 1 following the close of the model year in which the qualifying vehicle was produced and delivered for sale in Oregon.

(5) To deposit credits into the ZEV Credit Bank, a manufacturer must submit a Notice of Credit Generation to DEQ. The Notice of Generation must include the following:

(a) For ZEVs delivered for sale in Oregon:

(A) Manufacturer's ZEV Credit Bank account identifier;

(B) Model year of vehicle qualifying for credit;

(C) CARB Executive Order number;

(D) ZEV Tier type (NEV, 0, I, II, III for California, III for Section 177 states);

(E) Vehicle identification number (only through model year 2017); and

(F) Date the vehicle was delivered for sale in Oregon.

(b) For model years through 2017, ZEVs placed in service in Oregon, all information listed under subsection (6)(a) of this rule, plus the following:

(A) Date the vehicle was placed in service, and

(B) Whether the vehicle was placed in service with an option to purchase or lease the vehicle.

(c) For ATPZEVs and PZEVs delivered for sale in Oregon:

(A) Vehicle certification class (ATPZEV or PZEV);

(B) Manufacturer's ZEV Credit Bank account identification;

(C) Model year of vehicle(s);

(D) For ATPZEVs, the Federal test group;

(E) The CARB Executive Order number;

(F) Number of vehicles delivered;

(d) For TZEVs delivered for sale in Oregon:

(A) Manufacturer's ZEV Credit Bank account identifier;

(B) Model year of vehicle qualifying for credit;

(C) CARB Executive Order number;

(D) Date the vehicle was delivered for sale in Oregon, and

(6) The number of the credits generated and deposited for each qualifying vehicle must be the number of qualifying vehicles multiplied by the applicable multiplier specified in CCR, Title 13, sections 1962, 1962.1, ~~or 1962.2~~, [or 1962.4](#) as appropriate, except the multiplier applied to vehicles produced and delivered for sale in Oregon from January 1, 1999 to January 13, 2004 will be the highest applicable multiplier used by the CARB for the period January 1, 1999 to January 13, 2004.

(7) A vehicle equivalent credit does not constitute or convey a property right.

(8) A manufacturer with an account in the ZEV Credit Bank may acquire credits from another manufacturer with an account in the ZEV Credit Bank. However, if the credits are to be used for future compliance with the ZEV sales requirement at CCR Title 13, section 1962.1, [1962.2](#), [or 1962.4](#), the transaction must be recorded in the ZEV Credit Bank and certified by both parties to the transaction.

(9) A manufacturer may deposit into its account in the ZEV Credit Bank a number of credits equal to its California credit balance at the beginning of the 2009 model year. The transferred credit balance will be multiplied by the number of new motor vehicles registered in Oregon, and divided by the number of new motor vehicles registered in California. The proportion of new motor vehicles in Oregon and California will be determined by the average number of vehicles registered in model years 2003 through 2005, or by the average number of vehicles registered in model year 2009. The deposit may be made only after all credit obligations for model years 2008 and earlier have been satisfied in California.

(10) Each manufacturer with a ZEV Credit Bank account under this rule must report to DEQ the following information:

(a) By May 1, 2009, the total number of PC and LDT1 vehicles produced and delivered for sale in Oregon and California for 2003 through 2005 model years; or

(b) By May 1, 2009, the total projected number of PC and LDT1 vehicles to be produced and delivered for sale in Oregon and California during model year 2009 and, by March 1, 2010, the actual number of 2009 model year PC and LDT1 vehicles produced and delivered for sale in Oregon and California; and

(c) By May 1, 2009, provide DEQ with the total number of banked California credits after all 2008 model year and earlier obligations have been met.

(11) A manufacturer electing to deposit credits under section (9) of this rule must offer for sale in Oregon in model years 2009 through 2011 any PZEV, ATPZEV or ZEV, except Type III ZEVs, that it offers for sale in California during the same period.

(12) Beginning with the model year 2022, any manufacturer that produces on-road vehicles over 8,500 pounds GVWR may generate, bank, and trade ZEV and NZEV credits as required under 13 CCR Section 1963.2.

[\(13\) Violations of failing to meet the zero-emission vehicle credit and debit requirements pursuant to 13 CCR Section 1962.4 will be determined on a per ZEV value basis for every ZEV deficit that is not balanced by the end of the specified time allowed under 13 CCR Section 1962.4\(h\)\(2\).](#)

[NOTE: View a copy of CARB's Manufacturer's Advisory Correspondence (MAC) 2011-02 by clicking on the "Tables" link below.]

[\[ED. NOTE: To view attachments referenced in rule text, click here to view rule.\]](#)

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.020

History:

DEQ 17-2021, amend filed 11/17/2021, effective 11/17/2021

DEQ 13-2019, amend filed 05/16/2019, effective 05/16/2019

DEQ 196-2018, amend filed 11/15/2018, effective 11/15/2018

DEQ 173-2018, minor correction filed 04/16/2018, effective 04/16/2018

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking describes how manufacturers can earn ZEV values for placing lower priced or used ZEVs in environmental justice programs.

[340-257-0095](#)

[ZEV Allowances for Environmental Justice Values](#)

[\(1\) Community-Based Clean Mobility Programs](#)

[\(a\) DEQ must determine that a program qualifies as a community-based clean mobility program under this rule before a manufacturer may earn vehicle values under CCR, Title 13, section 1962.4\(e\)\(2\)\(A\)1.](#)

[\(b\) A manufacturer may request DEQ to make a determination that a program qualifies as a community-based clean mobility program. When making this request, the manufacturer shall provide:](#)

(A) Attestation that the program meets each element of the definition of community-based clean mobility program;

(B) Contact information for the program, including program name, program implementer name (if different), mailing address including a street address, city, state, and zip code, federal tax identification number (if any), contact person name, contact person phone number, and contact person email address;

(C) A description of the program, including program objectives, total number of vehicles, and the program service location or area;

(D) A written communication from a responsible official (e.g., executive, principal officer) of the entity that administers the program, which shall include the following:

(i) Certification that the vehicles will be put into service exclusively for the purposes of operating a community-based clean mobility program with a minimum of four years of service operation;

(ii) Certification that vehicle titles or lease agreements will be held by an organizational entity, not by individual drivers; and

(iii) Certification that the program meets the definition of community-based clean mobility program.

(c) In response to a request under section (1)(b):

(A) DEQ may determine that a program qualifies as a community-based clean mobility program if the manufacturer has demonstrated that the program meets the requirements described in section (2) and is a community-based clean mobility program; and

(B) DEQ will notify the manufacturer of the determination in writing within 60 days. If the program is determined to qualify as a community-based clean mobility program, DEQ will issue an order designating the community-based clean mobility program.

(d) Renewal. A DEQ order issued under section (3) approving a community-based clean mobility program shall remain valid for four years. A manufacturer may request a renewal of a determination of a community-based clean mobility program by providing the information and materials specified under section (2). DEQ will review and approve or deny a renewal request by the process specified in section (3).

(e) Revocation. DEQ may revoke an order issued under this section (3) if DEQ determines that:

(A) The community-based clean mobility program no longer satisfies the definition of a community-based clean mobility program or the requirements in section (2); or

(B) The community-based clean mobility program has resold or returned, prior to four years of service, one or more vehicles that a manufacturer provided for use of the program for

which the manufacturer has earned Environmental Justice Vehicle Values pursuant to CCR, Title 13, subsection 1962.4(e)(2)(A)1, except for resale to another qualifying community-based clean mobility program.

(2) Vehicles Sold at the End of Lease to Participating Dealerships

(a) DEQ must determine that an Oregon dealership participates in a financial assistance program before a manufacturer may earn vehicle values under CCR, Title 13, section 1962.4(e)(2)(B)1.

b) Qualifying vehicles eligible for the vehicle value are specified under CCR, Title 13, section 1962.4(e)(2)(B)2.

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.020

Summary of rule changes: This rulemaking updates the rule to incorporate a California rule and maintain identicality.

340-257-0120

Warranty Requirements

(1) For all 2009 and subsequent model year vehicles subject to the provisions of this division, each manufacturer must provide, to the ultimate purchaser and each subsequent purchaser, a warranty that complies with the requirements contained in CCR, Title 13, sections 1962.8, 2035 through 2038, 2040, and 2046.

(2) The 15-year or 150,000-mile extended warranty specified in CCR, Title 13, section 1962.1(c)(2)(D) for PZEVs is not included as a requirement of this rule or OAR 340-257-0050, for the period 2009 through 2017 provided that PZEVs delivered for sale to Oregon are equipped with the same quality components as PZEVs supplied to areas where the full 15-year or 150,000-mile warranty remains in effect. The provisions of this section do not amend the requirements of CCR, Title 13, section 1962.1(c)(2)(D) that indicate the warranty period for a zero emission energy storage device used for traction power will be 10 years or 150,000 miles, whichever occurs first.

(3) For all 2009 and subsequent model year vehicles subject to the provisions of this division, each manufacturer must include the emission control system warranty statement that complies with the requirements in CCR, Title 13, section 2039. Manufacturers must submit the documents required by subsections (a) and (b) of section 2039 only upon the Department's request. Manufacturers may modify this statement as necessary to inform Oregon vehicle owners of the warranty's applicability. The manufacturer must provide a telephone number that Oregon consumers can use to learn answers to warranty questions.

(4) Upon the Department's request, any manufacturer must submit to the Department Failure of Emission-Related Components reports as defined in CCR, Title 13, section 2144, for vehicles subject to this regulation. For purposes of compliance with this requirement, manufacturers may submit copies of the Failure of Emission-Related Components reports

that are submitted to the California Air Resources Board in lieu of submitting reports for vehicles subject to this division.

[Publications: Publications referenced are available from the agency.]

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Draft Rules – Edits Included

Division 257 OREGON LOW EMISSION VEHICLES

Summary of rule changes: This rulemaking updates existing definitions and adds new definitions.

340-257-0030

Definitions and Abbreviations

The definitions in OAR 340-200-0020, the definitions in CCR, Title 13, sections incorporated by reference in OAR 340-257-0050, and the definitions in this division apply to this division. If the same term is defined in different passages, the definitions in this division apply first, followed by definitions in CCR Title 13 sections incorporated by reference, and finally the definitions in OAR 340-200-0020.

- (1) “Administrative/office building” means a building or structure used primarily for day-to-day activities that are related to administrative tasks, such as financial planning, recordkeeping, billing, personnel, physical distribution, and logistics, within a business.
- (2) "Assembled vehicle" means a motor vehicle that:
 - (a) Is an assembled vehicle under ORS 801.130; or
 - (b) Is a replica vehicle under ORS 801.425.
 - (c) Will be used for occasional transportation, exhibitions, club activities, parades, tours, testing its operation, repairs or maintenance and similar uses; and
 - (d) Will not be used for general daily transportation.
- (3) "ATPZEV" means advanced technology partial zero emission vehicle as defined in CCR, Title 13, section 1962.1(i).
- (4) “Broker” means a person who has broker authority from the Federal Motor Carrier Safety Association and, for compensation, arranges, or offers to arrange, the transportation of property by an authorized motor carrier.
- (5) "CARB" means California Air Resources Board.
- (6) "CCR" means California Code of Regulations.

(7) “Common ownership or control” means ownership or control by the same individual(s), corporation(s), partnership(s), association(s), or parent company(ies). A business entity operated by, and vehicles managed day to day by, the same directors, officers, or managers, or by corporations controlled by the same parent company or the same majority stockholders, are considered to be under common control even if title to vehicles is held by different business entities.

(8) “Community-based clean mobility program” means a program that:

(a) Provides access to clean mobility solutions other than vehicle ownership including ZEV car sharing, ride-sharing, vanpools, ride-hailing, or on-demand first-mile/last-mile services;

(b) Serves a community in which at least 75 percent of the census tracts in the project area (where community residents live and services operate) are either:

(A) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation;

(B) Areas with concentrations of people that are of low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment;

(C) In a census tract with median household incomes at or below 80 percent of the statewide median income; or

(D) A tribal community; and

(c) Is implemented by a community-based organization, Native American Tribal government, or a public agency or nonprofit organization that has received a letter of support from a project-related community-based organization or local community group that represents community members that will be impacted by the project or has a service background related to the type of project.

(9) "Custom vehicle" means a motor vehicle that:

(a) Is a street rod under ORS 801.513; or

(b) Was manufactured to resemble a vehicle at least twenty-five (25) years old and of a model year after 1948; and

(A) Has been altered from the manufacturer's original design; or

(B) Has a body constructed from non-original materials.

(10) “Dealer” means any person engaged in the business of selling, offering to sell, soliciting or advertising the sale of new vehicles who has been issued a vehicle dealer

certificate under ORS 822.020, granted by the manufacturer or distributor for the retail sale of said manufacturer's or distributor's new vehicles.

(11) "Distribution center/warehouse" means a location used primarily for the storage of goods that are intended for subsequent shipment.

(12) "Emergency vehicle" means a vehicle as defined in ORS 801.260 that is equipped with lights and sirens as required under ORS 820.350 and 820.370 and that is any of the following:

(a) Operated by public police, fire or airport security agencies.

(b) Designated as an emergency vehicle by a federal agency.

(c) Designated as an emergency vehicle by the Director of Transportation.

(13) "Emission credits" are earned when a manufacturer's reported fleet average is less than the required fleet average.

(14) "Emission debits" are earned when a manufacturer's reported fleet average exceeds the required fleet average.

(15) "Fleet average greenhouse gas emission requirements" are generally referred to as limitations on greenhouse gas exhaust mass emission values from passenger cars, light-duty trucks and medium-duty passenger vehicles.

(16) "Gross vehicle weight rating" or "GVWR" is the value specified by the manufacturer as the loaded weight of a single vehicle.

(17) "Hotel/motel/resort" means a commercial establishment offering lodging to travelers and, sometimes, to permanent residents

(18) "Independent low volume manufacturer" is defined in CCR, Title 13, section 1900(b)(8).

(19) "Intermediate volume manufacturer" is defined in CCR, Title 13, section 1900(b)(9).

(20) "Large volume manufacturer" is defined in CCR, Title 13, section 1900(b)(10).

(21) "Light-duty truck" is any 2000 and subsequent model year motor vehicle certified to the standards in CCR, Title 13, section 1961(a)(1), rated at 8,500 pounds gross vehicle weight or less, and any other motor vehicle rated at 6,000 pounds gross vehicle weight or less, which is designed primarily for the purposes of transportation of property, is a derivative of such vehicle, or is available with special features enabling off-street or off-highway operation and use.

(22) "Manufacturer" means any person who assembles new on-road motor vehicles, or imports such vehicles for resale, or who acts for and is under the control of any such person in connection with the distribution of new motor vehicles, but shall not include any dealer with respect to new motor vehicles received in commerce. In general, this term includes any person who manufactures or assembles an on-road vehicle or other incomplete on-road vehicle for sale in Oregon or otherwise introduces a new onroad motor vehicle into commerce in Oregon. This includes importers who import on-road vehicles for resale and persons that assemble glider vehicles. This does not include persons who supply parts to the importer or vehicle manufacturer of record.

(23) "Medical/hospital/care" means an institution engaged in providing, by, or under the supervision of, physicians, inpatient diagnostic, and therapeutic services or rehabilitation services by, or under the supervision of, physicians.

(24) "Medium duty-passenger vehicle" (MDPV) is any medium-duty vehicle with a gross vehicle weight rating of less than 10,000 pounds that is designed primarily for the transportation of persons. The medium-duty passenger vehicle definition does not include any vehicle which

(a) Is an "incomplete truck" i.e., is a truck that does not have the primary load carrying device or container attached; or

(b) Has a seating capacity of more than 12 persons; or

(c) Is designed for more than 9 persons in seating rearward of the driver's seat; or

(d) Is equipped with an open cargo area of 72.0 inches in interior length or more. A covered box not readily accessible from the passenger compartment will be considered an open cargo area for the purpose of this definition.

(25) "Medium duty vehicle" means any pre-1995 model year heavy-duty vehicle having a manufacturer's gross vehicle weight rating of 8,500 pounds or less; any 1992 through 2006 model-year heavy-duty low-emission, ultra-low-emission, super-ultra-low-emission or zero-emission vehicle certified to the standards in section 1960.1(h)(2) having a manufacturer's gross vehicle weight rating of 14,000 pounds or less; and any 2000 and subsequent model heavy-duty low-emission, ultra-low-emission, super-ultra-low-emission or zero-emission vehicle certified to the standards in Section 1961(a)(1) or 1962.1 having a manufacturer's gross vehicle weight rating between 8,501 and 14,000 pounds.

(26) "Model year" is the manufacturer's annual production period which includes January 1 of a calendar year or, if the manufacturer has no annual production period, the calendar year. In the case of any vehicle manufactured in two or more stages, the time of manufacture is the date of completion of the chassis.

(27) "Motor carrier" means a person that transports passengers or property for compensation. A motor carrier, or person who is an employee or agent of a carrier is not a

broker when it arranges or offers to arrange the transportation of shipments that it is authorized to transport and that it has accepted and legally bound itself to transport.

(28) "Multi-building campus/base" means a property typically operated by a single person with several buildings, often serving multiple purposes.

(29) "Non-methane organic gas" (NMOG) is the sum of non-oxygenated and oxygenated hydrocarbons contained in a gas sample as measured in accordance with the "California Non-Methane Organic Gas Test Procedures," which is incorporated herein by reference.

(30) "NMOG fleet average emissions" is a motor vehicle manufacturer's average vehicle emissions of all non-methane organic gases from passenger cars and light duty trucks in any model year subject to this regulation delivered for sale in Oregon.

(31) "NZEV" means "near-zero-emission vehicle" as defined at 13 CCR § 1963(c).

(32) "Operating authority number" means the motor carrier's registration, as required by 49 U.S.C. 13902, 49 CFR part 365m 49 CFR part 368, and 49 CFR 392.9a to operate a commercial motor vehicle to transport goods or passengers for hire across state lines.

(33) "Passenger car" is any motor vehicle designed primarily for transportation of persons and having a design capacity of twelve persons or less.

(34) "PZEV" means partial zero emission vehicle.

(35) "Restaurant" means a business establishment where the primary purpose is serving meals or refreshments that may be purchased.

(36) "Service center" means a facility that supports a business operation that generates revenue by providing a specific service or product, or a group of services or products, to a customer.

(37) "Small volume manufacturer" is defined as set forth in CCR, Title 13, section 1900(b)(22), and incorporated herein by reference.

(38) "Store" means an establishment that sells goods or a variety of goods and services to the general public.

(39) "Truck/equipment yard" means an establishment that primarily stores or dispatches trucks and equipment, such as a garage or parking lot.

(40) "TZEV" means transitional zero emission vehicle.

(41) "Vehicle awaiting sale" means vehicles in the possession of dealers, financing companies or other entities that do not intend to operate the vehicle in Oregon or offer the vehicle for hire for operation in Oregon, and that are operated only to demonstrate

functionality to potential buyers or to move short distances while awaiting sale for purposes such as maintenance or storage.

(42) "ZEV" means zero emission vehicle.

[NOTE: View a copy of the California Non-Methane Organic Gas Test Procedures by clicking on the "Tables" link below.]

[\[ED. NOTE: To view attachments referenced in rule text, click here to view rule.\]](#)

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 17-2021, amend filed 11/17/2021, effective 11/17/2021

DEQ 13-2019, amend filed 05/16/2019, effective 05/16/2019

DEQ 196-2018, amend filed 11/15/2018, effective 11/15/2018

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking adopts California's rules by reference. Please reference the "Summary of Proposed Changes" in the Notice of Proposed Rulemaking for a description of the rules that are being incorporated by reference.

340-257-0050

Incorporation by Reference

(1) For purposes of applying the incorporated sections of the California Code of Regulations in sections (2) and (3), unless otherwise specified in this division or the application is clearly inappropriate, "California" means "Oregon," "Air Resources Board (ARB)" or "California Air Resources Board (CARB)" means "Department of Environmental Quality" or "Environmental Quality Commission," depending on context, and "Executive Officer" means the DEQ director or director's designee. Where such incorporated sections of the California Code of Regulations refer to states that have also adopted California's regulations under Clean Air Act section 177, such references shall be interpreted to include both California and any other such states. Where such incorporated sections of the California Code of Regulations refer to enforcement and civil penalty authority under the California Health and Safety Code for violation of those regulations, such references shall be interpreted to authorize DEQ to pursue enforcement of such violations under ORS chapters 468 and 468A and OAR chapter 340, division 12.

(2) Emission standards, warranty, recall and other California provisions adopted by reference. Each manufacturer of new 2009 and subsequent model year passenger cars, light-duty trucks, and medium-duty vehicles must comply with each applicable standard specified in the following sections of the California Code of Regulations (CCR), Title 13, which are

incorporated by reference herein. References to provisions of CCR, Title 13 in this division are to such provisions effective on the California effective dates listed in this section:

(a) Section 1900: Definitions. California adopted date 8/25/22.

(b) Section 1956.8(g) and (h): Exhaust Emission Standards and Test Procedures — 1985 and Subsequent Model Heavy Duty Engines and Vehicles. California effective date 12/5/14.

(c) Section 1960.1: Exhaust Emission Standards and Test Procedures — 1981 and through 2006 Model Passenger Cars, Light-Duty and Medium-Duty Vehicles. California effective date 12/31/12.

(d) Section 1961: Exhaust Emission Standards and Test Procedures — 2004 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California effective date 12/31/12.

(e) Section 1961.1: Greenhouse Gas Exhaust Emission Standards and Test Procedures - 2009 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California effective date 8/7/12.

(f) Section 1961.2: Exhaust Emission Standards and Test Procedures — 2015 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California adopted date 8/25/22.

(g) Section 1961.3: Greenhouse Gas Emission Standards and Test Procedures — 2017 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California effective adopted date 8/25/22.

(h) Section 1961.4: Exhaust Emission Standards and Test Procedures — 2026 and Subsequent Model Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California adopted date 8/25/22 except that subsection 1961.4(g)(1) is not adopted by reference.

(i) Section 1962: Zero-Emission Vehicle Standards for 2005 through 2008 Model Year Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles. California effective date 2/13/2010.

(j) Section 1962.1: Zero-Emission Vehicle Standards for 2009 through 2017 Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California effective date 1/1/16.

(k) Section 1962.2: Zero-Emission Vehicle Standards for 2018 and Subsequent Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California adopted date 8/25/22.

- (l) Section 1962.3: Electric Vehicle Charging Requirements. California adopted date 8/25/22.
- (m) Section 1962.4: Zero Emission Vehicle Standards for 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks. California adopted date 8/25/22; except that subsection 1962.4(e)(2)(A)3 is not adopted by reference.
- (n) Section 1962.5: Data Standardization Requirements for 2026 and Subsequent Model Year Light-Duty Zero Emission Vehicles and Plug-in Hybrid Electric Vehicles. California adopted date 8/25/22.
- (o) Section 1962.6: Battery Labeling Requirements. California adopted date 8/25/22.
- (p) Section 1962.7: In-Use Compliance, Corrective Action and Recall Protocols for Zero Emission for 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks. California adopted date 8/25/22.
- (q) Section 1962.8: Warranty Requirements for Zero Emission and Batteries in Plug-in Hybrid Electric 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks. California adopted date 8/25/22.
- (r) Section 1965: Emission Control and Smog Index Labels - 1979 and Subsequent Model Year Vehicles. California adopted date 8/25/22.
- (s) Section 1968.2: Malfunction and Diagnostic System Requirements — 2004 and Subsequent Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles. California adopted date 8/25/22.
- (t) Section 1968.5: Enforcement of Malfunction and Diagnostic System Requirements for 2004 and Subsequent Model Year Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles and Engines. California effective date 7/25/16.
- (u) Section 1976: Standards and Test Procedures for Motor Vehicle Fuel Evaporative Emissions. California adopted date 8/25/22.
- (v) Section 1978: Standards and Test Procedures for Vehicle Refueling Emissions. California adopted date 8/25/22.
- (w) Section 2035: Purpose, Applicability and Definitions. California adopted date 9/9/21.
- (x) Section 2036: Defects Warranty Requirements for 1979 Through 1989 Model Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles; 1979 and Subsequent Model Motorcycles and Heavy-Duty Vehicles; and Motor Vehicle Engines Used in Such Vehicles; and 2020 and Subsequent Model Year Trailers. California adopted date 9/9/21.

- (y) Section 2037: Defects Warranty Requirements for 1990 and Subsequent Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles and Motor Vehicle Engines Used in Such Vehicles. California adopted date 8/25/22.
- (z) Section 2038: Performance Warranty Requirements for 1990 and Subsequent Model Year Passenger Cars, Light-Duty Trucks and Medium-Duty Vehicles and Motor Vehicle Engines Used in Such. California adopted date 8/25/22.
- (aa) Section 2039: Emission Control System Warranty Statement. California effective date 12/26/90.
- (bb) Section 2040: Vehicle Owner Obligations. California effective date 12/26/90.
- (cc) Section 2046: Defective Catalyst. California effective date 2/15/79.
- (dd) Section 2109: New Vehicle Recall Provisions. California effective date 12/30/83.
- (ee) Section 2111: Applicability. California adopted date 9/9/21.
- (ff) Section 2112: Definitions. California adopted date 8/25/22.
- (gg) Appendix A to Article 2.1. California effective date 8/16/2009.
- (hh) Section 2113: Initiation and Approval of Voluntary and Influenced Recalls. California adopted date 9/9/21.
- (ii) Section 2114: Voluntary and Influenced Recall Plans. California adopted date 9/9/21.
- (jj) Section 2115: Eligibility for Repair. California adopted date 9/9/21.
- (kk) Section 2116: Repair Label. California adopted date 9/9/21.
- (ll) Section 2117: Proof of Correction Certificate. California adopted date 9/9/21.
- (mm) Section 2118: Notification. California adopted date 9/9/21.
- (nn) Section 2119: Record keeping and Reporting Requirements. California adopted date 9/9/21.
- (oo) Section 2120: Other Requirements Not Waived. California effective date 1/26/95.
- (pp) Section 2122: General Provisions. California effective date 12/8/2010.
- (qq) Section 2123: Initiation and Notification of Ordered Emission-Related Recalls. California adopted date 9/9/21.

- (rr) Section 2124: Availability of Public Hearing. California effective date 1/26/95.
- (ss) Section 2125: Ordered Recall Plan. California adopted date 9/9/21.
- (tt) Section 2126: Approval and Implementation of Recall Plan. California adopted date 9/9/21.
- (uu) Section 2127: Notification of Owners. California adopted date 9/9/21.
- (vv) Section 2128: Repair Label. California adopted date 9/9/21.
- (ww) Section 2129: Proof of Correction Certificate. California adopted date 9/9/21.
- (xx) Section 2130: Capture Rates and Alternative Measures. California adopted date 9/9/21.
- (yy) Section 2131: Preliminary Tests. California adopted date 9/9/21.
- (zz) Section 2132: Communication with Repair Personnel. California effective date 1/26/95.
- (aaa) Section 2133: Record keeping and Reporting Requirements. California adopted date 9/9/21.
- (bbb) Section 2135: Extension of Time. California effective date 1/26/95.
- (ccc) Section 2141: General Provisions. California adopted date 9/9/21.
- (ddd) Section 2142: Alternative Procedures. California adopted date 9/9/21.
- (eee) Section 2143: Failure Levels Triggering Recall. California adopted date 9/9/21.
- (fff) Section 2144: Emission Warranty Information Report. California adopted date 9/9/21.
- (ggg) Section 2145: Field Information Report. California adopted date 9/9/21.
- (hhh) Section 2146: Emissions Information Report. California adopted date 9/9/21.
- (iii) Section 2147: Demonstration of Compliance with Emission Standards. California adopted date 8/25/22.
- (jjj) Section 2148: Evaluation of Need for Recall. California adopted date 9/9/21.
- (kkk) Section 2149: Notification of Subsequent Action. California adopted date 9/9/21.
- (lll) Section 2235: Requirements. California effective date 8/8/12.

(3) Emission standards, warranty, recall and other California provisions adopted by reference. Each manufacturer of new 2025 and subsequent model year medium-duty and heavy-duty vehicles must comply with each applicable standard specified in the following sections of the California Code of Regulations (CCR), Title 13, which are incorporated by reference herein. References to provisions of CCR, Title 13 in this division are to such provisions effective on the California effective dates listed in this section:

(a) Section 1963 Advanced Clean Trucks Purpose, Applicability, Definitions, and General Requirements. California effective date 3/15/21.

(b) Section 1963.1 Advanced Clean Trucks Deficits Section. California effective date 3/15/21.

(c) 1963.2 Advanced Clean Trucks Credit Generation, Banking, and Trading Section. California effective date 3/15/21.

(d) 1963.3 Advanced Clean Trucks Compliance Determination Section. California effective date 3/15/21.

(e) 1963.4 Advanced Clean Trucks Reporting and Recordkeeping Section. California effective date 3/15/21.

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 17-2021, amend filed 11/17/2021, effective 11/17/2021

DEQ 196-2018, amend filed 11/15/2018, effective 11/15/2018

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking incorporates the 2026 and subsequent model years to be subject to the fleet average NMOG +NOx emission requirements, credit and debit accumulation, compliance, and reporting requirements.

340-257-0070

Fleet Average Non-Methane Organic Gas (NMOG) Exhaust Emission Requirements, Reporting, and Compliance.

(1) Fleet average requirement.

(a) Effective model year 2009 through 2014, except as provided in this subsection, each motor vehicle manufacturer's NMOG fleet average emissions from passenger cars, light-duty trucks and medium-duty vehicles delivered for sale in Oregon must not exceed the fleet average NMOG Exhaust Emission Requirement set forth in CCR, Title 13, section 1961(b).

For the 2014 model year only, a manufacturer may comply with the fleet average NMOG + NOx values in subsection (b) of this section in lieu of complying with the NMOG fleet average emissions in this subsection. A manufacturer must either comply with the NMOG + NOx fleet average requirements for both its PC/LDT1 fleet and its LDT2/MDPV fleet or comply with the NMOG fleet average requirements for both its PC/LDT1 fleet and its LDT2/MDPV fleet. A manufacturer must calculate its fleet average NMOG + NOx values using the applicable full useful life standards. Compliance will be based on the number of vehicles subject to this regulation, delivered for sale in Oregon.

(b) Effective model year 2015 through 2025, each motor vehicle manufacturer's NMOG + NOx fleet average emissions from passenger cars, light duty trucks and medium duty vehicles delivered for sale to Oregon must not exceed the Fleet Average NMOG + NOx Exhaust Emission Requirement set forth in CCR, Title 13, section 1961.2. Compliance will be based on the number of vehicles subject to this regulation, delivered for sale in Oregon.

(c) Effective model year 2026 and in subsequent model years, each motor vehicle manufacturer's NMOG + NOx fleet average emissions from passenger cars, light duty trucks and medium duty vehicles delivered for sale to Oregon must not exceed the Fleet Average NMOG + NOx Exhaust Emission Requirement set forth in CCR, Title 13, section 1961.4. Compliance will be based on the number of vehicles subject to this regulation, delivered for sale in Oregon, unless the motor vehicle manufacturer chooses for compliance to be based on the cumulative number of vehicles that are certified to the exhaust standards in CCR, Title 13, section 1961.4(d) or (e), as applicable, that are produced and delivered for sale in Oregon, California and any other states or the District of Columbia that have adopted California's standards set forth in CCR, Title 13, section 1961.4 for that model year pursuant to section 177 of the federal Clean Air Act (42 U.S.C. § 7507).

(2) Fleet average NMOG and NMOG plus NOx exhaust emission credits and debits for passenger cars, light-duty trucks and medium-duty vehicles.

(a) Effective model year 2009 through 2014, except as provided in this subsection each vehicle manufacturer may accrue NMOG emission credits and debits and use credits in accordance with the procedures in California Code of Regulations, Title 13, section 1961(b). For the 2014 model year only, a manufacturer may comply with the fleet average NMOG + NOx values in subsection (b) of this section in lieu of complying with the NMOG fleet average emissions in this subsection. A manufacturer must either comply with the NMOG + NOx fleet average requirements for both its PC/LDT1 fleet and its LDT2/MDPV fleet or comply with the NMOG fleet average requirements for both its PC/LDT1 fleet and its LDT2/MDPV fleet. A manufacturer must calculate its fleet average NMOG + NOx values using the applicable full useful life standards. . Debits and credits accrued and used will be based on the number of vehicles subject to this division, produced and delivered for sale by each manufacturer in Oregon.

(b) Effective model year 2015 through 2025, each vehicle manufacturer may accrue NMOG + NOx emission credits and debits and use credits in accordance with the procedures in California Code of Regulations, Title 13, section 1961.2. Debits and credits accrued and

used will be based on the number of vehicles subject to this division, produced and delivered for sale by each manufacturer in Oregon.

(c) Effective model year 2026 and in each subsequent year, each vehicle manufacturer may accrue NMOG + NO_x emission credits and debits and use credits in accordance with the procedures in California Code of Regulations, Title 13, section 1961.4. Debits and credits accrued and used will be based on the number of vehicles subject to this division, produced and delivered for sale by each manufacturer in Oregon, unless the motor vehicle manufacturer chooses for compliance to be based on the cumulative number of vehicles that are certified to the exhaust standards in CCR, Title 13, section 1961.4(d) or (e), as applicable, that are produced and delivered for sale in Oregon, California and any other states or the District of Columbia that have adopted California's standards set forth in CCR, Title 13, section 1961.4 for that model year pursuant to section 177 of the federal Clean Air Act (42 U.S.C. § 7507). Violations of failing to equalize NMOG + NO_x debits within three model years will be determined on a per vehicle basis which is calculated by dividing the total amount of g/mi NMOG + NO_x emission debits for the model year by the g/mi NMOG + NO_x fleet average requirement for the model year in which the debits were first incurred.

(3) Reporting.

(a) Effective model year 2009 through model year 2014 except as provided in this subsection, each manufacturer must report to DEQ by March 1 data that calculates the fleet average NMOG exhaust emissions for the model year just ended. The report must follow the procedures in CCR, Title 13, section 1961, and be in the same format used to report such information to the California Air Resources Board. Manufacturers that elect to comply with the NMOG + NO_x fleet average emission limit for 2014 must report as provided in subsection (b) of this section.

(b) Effective model year 2015 through model year 2025, each manufacturer must report to DEQ by March 1 data that calculates the fleet average NMOG + NO_x exhaust emissions for the model year just ended. The report must follow the procedures in CCR, Title 13, section 1961.2 and be in the same format used to report such information to the California Air Resources Board.

(c) Effective model year 2026 and in each subsequent model year, each manufacturer must report to DEQ by March 1 data that calculates the fleet average NMOG + NO_x exhaust emissions for the model year just ended. The report must follow the procedures in CCR, Title 13, section 1961.4 and be in the same format used to report such information to the California Air Resources Board.

(d) Unless identified and documented as a trade secret or otherwise confidential under OAR 340-214-0130, records in DEQ's possession for the vehicles subject to the requirements of the California regulations adopted by reference in this division, including without limitation CCR, Title 13, section 1961.4, are subject to disclosure as public records. Such records subject to disclosure include, without limitation:

(A) Each manufacturer's annual production data and the corresponding calculated NMOG+NOx fleet average; and

(B) Each manufacturer's annual NMOG+NOx fleet average credit or debit balances for each model year.

(4) Compliance with fleet average NMOG requirement. Effective model year 2012 through 2014, if a report submitted by the manufacturer under subsection (3)(a) of this rule demonstrates that the manufacturer is not in compliance with the fleet average emission standard, the manufacturer must submit to DEQ within 60 days a Fleet Average Remediation Report. The Fleet Average Remediation Report must:

(a) Describe how the manufacturer intends to equalize any accrued debits, as required in CCR, Title 13, section 1961(c)(3);

(b) Identify all vehicle models delivered for sale in Oregon, their corresponding certification standards, and the percentage of each model delivered for sale in Oregon and California in relation to total fleet sales in the respective state; and

(c) Describe how the manufacturer plans to achieve compliance with the fleet average in future model years.

(5) Compliance with fleet average NMOG plus NOx requirement. Effective model year 2015 through 2025, if a report submitted by the manufacturer under subsection (3)(b) of this rule demonstrates that the manufacturer is not in compliance with the fleet average emission standard, the manufacturer must submit to DEQ within 60 days a Fleet Average Remediation Report. The Fleet Average Remediation Report must:

(a) Describe how the manufacturer intends to equalize any accrued debits, as required in CCR, Title 13, section 1961.2(c)(3);

(b) Identify all vehicle models delivered for sale in Oregon, their corresponding certification standards, and the percentage of each model delivered for sale in Oregon and California in relation to total fleet sales in the respective state; and

(c) Describe how the manufacturer plans to achieve compliance with the fleet average in future model years.

(6) Compliance with fleet average NMOG plus NOx requirement. Effective model year 2026 and in each subsequent model year, if a report submitted by the manufacturer under subsection (3)(c) of this rule demonstrates that the manufacturer is not in compliance with the fleet average emission standard, the manufacturer must submit to DEQ within 60 days a Fleet Average Remediation Report. The Fleet Average Remediation Report must:

(a) Describe how the manufacturer intends to equalize any accrued debits, as required in CCR, Title 13, section 1961.4;

(b) Identify all vehicle models delivered for sale in Oregon, their corresponding certification standards, and the percentage of each model delivered for sale in Oregon and California in relation to total fleet sales in the respective state; and

(c) Describe how the manufacturer plans to achieve compliance with the fleet average in future model years.

(7) For model years 2009 through 2011, manufacturers must submit the Fleet Average Remediation Report, if needed, to DEQ by March 1, 2012. If debits are accrued in all three years, one year of debits must be equalized by the end of the 2012 model year.

[Publications: Publications referenced are available from the agency.]

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking incorporates the 2026 and subsequent model year light-duty cars, trucks, and medium duty vehicles to be subject to the ZEV sales requirements.

340-257-0080

ZEV Sales Requirement

(1) Effective model year 2009 through 2017, each manufacturer must comply with the ZEV sales requirement contained in CCR, Title 13, section 1962.1, including early credit and banking provisions.

(2) Effective model year 2018 through 2025 for passenger cars, light-duty trucks and medium-duty vehicles delivered for sale in Oregon, each manufacturer must comply with the ZEV sales requirement contained in CCR, Title 13, section 1962.2 including early credit and banking provisions.

(3) Effective model year 2026 and in each subsequent model year for passenger cars, light-duty trucks and medium-duty vehicles delivered for sale in Oregon, each manufacturer must comply with the ZEV sales requirement contained in CCR, Title 13, section 1962.4 including early credit and banking provisions.

(4) Effective model year 2025 and each subsequent model year for medium and heavy-duty vehicles, each manufacturer must comply with the ZEV sales requirement contained in CCR, Title 13, section 1963.1.

[Publications: Publications referenced are available from the agency.]

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 17-2021, amend filed 11/17/2021, effective 11/17/2021

DEQ 172-2018, minor correction filed 04/16/2018, effective 04/16/2018

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking incorporates the reference to the new California rules for ZEV vehicles to allow for calculation of and acquisition of ZEV credits.

340-257-0090

ZEV Credit Bank and Reporting

(1) Beginning model year 2009, each intermediate volume and large volume manufacturer of ZEVs, ATPZEVs, PZEVs, and TZEVs may open an account in the ZEV Credit Bank operated by DEQ.

(2) In order to generate and deposit credits for vehicles delivered for sale in Oregon during the 1999 through 2005 model years, a manufacturer must open an account with the ZEV Credit Bank and submit an appropriate Notice of Generation to DEQ on or before September 1, 2006.

(3) Manufacturers wishing to claim ZEV credits must use the format and process contained in CARB's Manufacturer's Advisory Correspondence (MAC) 2011-02 for reporting and tracking ZEV deliveries and placements, unless this division specifies different requirements. DEQ will follow CARB's procedures contained in that MAC for tracking and recording ZEV sales and credits.

(4) Except as provided in section (2) of this rule, annually each manufacturer must submit to DEQ a Notice of Credit Generation or Notice of Credit Transfer to or from another manufacturer. Credits generated or acquired must be reported to DEQ on or before September 1 following the close of the model year in which the qualifying vehicle was produced and delivered for sale in Oregon.

(5) To deposit credits into the ZEV Credit Bank, a manufacturer must submit a Notice of Credit Generation to DEQ. The Notice of Generation must include the following:

(a) For ZEVs delivered for sale in Oregon:

(A) Manufacturer's ZEV Credit Bank account identifier;

(B) Model year of vehicle qualifying for credit;

- (C) CARB Executive Order number;
 - (D) ZEV Tier type (NEV, 0, I, II, III for California, III for Section 177 states);
 - (E) Vehicle identification number (only through model year 2017); and
 - (F) Date the vehicle was delivered for sale in Oregon.
- (b) For model years through 2017, ZEVs placed in service in Oregon, all information listed under subsection (6)(a) of this rule, plus the following:
- (A) Date the vehicle was placed in service, and
 - (B) Whether the vehicle was placed in service with an option to purchase or lease the vehicle.
- (c) For ATPZEVs and PZEVs delivered for sale in Oregon:
- (A) Vehicle certification class (ATPZEV or PZEV);
 - (B) Manufacturer's ZEV Credit Bank account identification;
 - (C) Model year of vehicle(s);
 - (D) For ATPZEVs, the Federal test group;
 - (E) The CARB Executive Order number;
 - (F) Number of vehicles delivered;
- (d) For TZEVs delivered for sale in Oregon:
- (A) Manufacturer's ZEV Credit Bank account identifier;
 - (B) Model year of vehicle qualifying for credit;
 - (C) CARB Executive Order number;
 - (D) Date the vehicle was delivered for sale in Oregon, and
- (6) The number of the credits generated and deposited for each qualifying vehicle must be the number of qualifying vehicles multiplied by the applicable multiplier specified in CCR, Title 13, sections 1962, 1962.1, 1962.2, or 1962.4 as appropriate, except the multiplier applied to vehicles produced and delivered for sale in Oregon from January 1, 1999 to January 13, 2004 will be the highest applicable multiplier used by the CARB for the period January 1, 1999 to January 13, 2004.

- (7) A vehicle equivalent credit does not constitute or convey a property right.
- (8) A manufacturer with an account in the ZEV Credit Bank may acquire credits from another manufacturer with an account in the ZEV Credit Bank. However, if the credits are to be used for future compliance with the ZEV sales requirement at CCR Title 13, section 1962.1, 1962.2, or 1962.4, the transaction must be recorded in the ZEV Credit Bank and certified by both parties to the transaction.
- (9) A manufacturer may deposit into its account in the ZEV Credit Bank a number of credits equal to its California credit balance at the beginning of the 2009 model year. The transferred credit balance will be multiplied by the number of new motor vehicles registered in Oregon, and divided by the number of new motor vehicles registered in California. The proportion of new motor vehicles in Oregon and California will be determined by the average number of vehicles registered in model years 2003 through 2005, or by the average number of vehicles registered in model year 2009. The deposit may be made only after all credit obligations for model years 2008 and earlier have been satisfied in California.
- (10) Each manufacturer with a ZEV Credit Bank account under this rule must report to DEQ the following information:
- (a) By May 1, 2009, the total number of PC and LDT1 vehicles produced and delivered for sale in Oregon and California for 2003 through 2005 model years; or
 - (b) By May 1, 2009, the total projected number of PC and LDT1 vehicles to be produced and delivered for sale in Oregon and California during model year 2009 and, by March 1, 2010, the actual number of 2009 model year PC and LDT1 vehicles produced and delivered for sale in Oregon and California; and
 - (c) By May 1, 2009, provide DEQ with the total number of banked California credits after all 2008 model year and earlier obligations have been met.
- (11) A manufacturer electing to deposit credits under section (9) of this rule must offer for sale in Oregon in model years 2009 through 2011 any PZEV, ATPZEV or ZEV, except Type III ZEVs, that it offers for sale in California during the same period.
- (12) Beginning with the model year 2022, any manufacturer that produces on-road vehicles over 8,500 pounds GVWR may generate, bank, and trade ZEV and NZEV credits as required under 13 CCR Section 1963.2.
- (13) Violations of failing to meet the zero-emission vehicle credit and debit requirements pursuant to 13 CCR Section 1962.4 will be determined on a per ZEV value basis for every ZEV deficit that is not balanced by the end of the specified time allowed under 13 CCR Section 1962.4(h)(2).

[NOTE: View a copy of CARB's Manufacturer's Advisory Correspondence (MAC) 2011-02 by clicking on the "Tables" link below.]

[\[ED. NOTE: To view attachments referenced in rule text, click here to view rule.\]](#)

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.020

History:

DEQ 17-2021, amend filed 11/17/2021, effective 11/17/2021

DEQ 13-2019, amend filed 05/16/2019, effective 05/16/2019

DEQ 196-2018, amend filed 11/15/2018, effective 11/15/2018

DEQ 173-2018, minor correction filed 04/16/2018, effective 04/16/2018

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06

Summary of rule changes: This rulemaking describes how manufacturers can earn ZEV values for placing lower priced or used ZEVs in environmental justice programs.

340-257-0095

ZEV Allowances for Environmental Justice Values

(1) Community-Based Clean Mobility Programs

(a) DEQ must determine that a program qualifies as a community-based clean mobility program under this rule before a manufacturer may earn vehicle values under CCR, Title 13, section 1962.4(e)(2)(A)1.

(b) A manufacturer may request DEQ to make a determination that a program qualifies as a community-based clean mobility program. When making this request, the manufacturer shall provide:

(A) Attestation that the program meets each element of the definition of community-based clean mobility program;

(B) Contact information for the program, including program name, program implementer name (if different), mailing address including a street address, city, state, and zip code, federal tax identification number (if any), contact person name, contact person phone number, and contact person email address;

(C) A description of the program, including program objectives, total number of vehicles, and the program service location or area;

(D) A written communication from a responsible official (e.g., executive, principal officer) of the entity that administers the program, which shall include the following:

(i) Certification that the vehicles will be put into service exclusively for the purposes of operating a community-based clean mobility program with a minimum of four years of service operation;

(ii) Certification that vehicle titles or lease agreements will be held by an organizational entity, not by individual drivers; and

(iii) Certification that the program meets the definition of community-based clean mobility program.

(c) In response to a request under section (1)(b):

(A) DEQ may determine that a program qualifies as a community-based clean mobility program if the manufacturer has demonstrated that the program meets the requirements described in section (2) and is a community-based clean mobility program; and

(B) DEQ will notify the manufacturer of the determination in writing within 60 days. If the program is determined to qualify as a community-based clean mobility program, DEQ will issue an order designating the community-based clean mobility program.

(d) Renewal. A DEQ order issued under section (3) approving a community-based clean mobility program shall remain valid for four years. A manufacturer may request a renewal of a determination of a community-based clean mobility program by providing the information and materials specified under section (2). DEQ will review and approve or deny a renewal request by the process specified in section (3).

(e) Revocation. DEQ may revoke an order issued under this section (3) if DEQ determines that:

(A) The community-based clean mobility program no longer satisfies the definition of a community-based clean mobility program or the requirements in section (2); or

(B) The community-based clean mobility program has resold or returned, prior to four years of service, one or more vehicles that a manufacturer provided for use of the program for which the manufacturer has earned Environmental Justice Vehicle Values pursuant to CCR, Title 13, subsection 1962.4(e)(2)(A)1, except for resale to another qualifying community-based clean mobility program.

(2) Vehicles Sold at the End of Lease to Participating Dealerships

(a) DEQ must determine that an Oregon dealership participates in a financial assistance program before a manufacturer may earn vehicle values under CCR, Title 13, section 1962.4(e)(2)(B)1.

(b) Qualifying vehicles eligible for the vehicle value are specified under CCR, Title 13, section 1962.4(e)(2)(B)2.

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.020

Summary of rule changes: This rulemaking updates the rule to incorporate a California rule and maintain identicality.

340-257-0120

Warranty Requirements

(1) For all 2009 and subsequent model year vehicles subject to the provisions of this division, each manufacturer must provide, to the ultimate purchaser and each subsequent purchaser, a warranty that complies with the requirements contained in CCR, Title 13, sections 1962.8, 2035 through 2038, 2040, and 2046.

(2) The 15-year or 150,000-mile extended warranty specified in CCR, Title 13, section 1962.1(c)(2)(D) for PZEVs is not included as a requirement of this rule or OAR 340-257-0050, for the period 2009 through 2017 provided that PZEVs delivered for sale to Oregon are equipped with the same quality components as PZEVs supplied to areas where the full 15-year or 150,000-mile warranty remains in effect. The provisions of this section do not amend the requirements of CCR, Title 13, section 1962.1(c)(2)(D) that indicate the warranty period for a zero emission energy storage device used for traction power will be 10 years or 150,000 miles, whichever occurs first.

(3) For all 2009 and subsequent model year vehicles subject to the provisions of this division, each manufacturer must include the emission control system warranty statement that complies with the requirements in CCR, Title 13, section 2039. Manufacturers must submit the documents required by subsections (a) and (b) of section 2039 only upon the Department's request. Manufacturers may modify this statement as necessary to inform Oregon vehicle owners of the warranty's applicability. The manufacturer must provide a telephone number that Oregon consumers can use to learn answers to warranty questions.

(4) Upon the Department's request, any manufacturer must submit to the Department Failure of Emission-Related Components reports as defined in CCR, Title 13, section 2144, for vehicles subject to this regulation. For purposes of compliance with this requirement, manufacturers may submit copies of the Failure of Emission-Related Components reports that are submitted to the California Air Resources Board in lieu of submitting reports for vehicles subject to this division.

[Publications: Publications referenced are available from the agency.]

Statutory/Other Authority: ORS 468.020, 468A.025 & 468A.360

Statutes/Other Implemented: ORS 468.010, 468A.015, 468A.025 & 468A.360

History:

DEQ 13-2013, f. & cert. ef. 12-19-13

DEQ 6-2011, f. & cert. ef. 4-29-11

DEQ 6-2006, f. & cert. ef. 6-29-06

DEQ 10-2005(Temp), f. 12-27-05, cert. ef. 1-1-06 thru 6-30-06