

Comments on the Vehicle Emission Standards Intentions Paper

September 26, 2008

We welcome this opportunity to submit our comments on the Ministry of Environment's policy intentions paper for Vehicle Emissions Standards regulations (intentions paper).

We support the objectives of the Greenhouse Gas Reduction Targets Act (GGRTA) and the use of vehicle emissions standards as a key policy to meet the legislated reductions in greenhouse gas (GHG) emissions. Vehicle emission standards are a critical element in efforts to reverse the expected growth in emissions from light duty vehicles, which accounted for 14% of British Columbia's total GHG emissions in 2006. Coupled with less carbon-intensive fuels, carbon pricing, smart community design, and transit investments, we are confident that the emissions reductions from light duty vehicles can make a significant contribution to reductions in total provincial emissions.

This submission first introduces three opportunities to move beyond the California standards – either immediately or as updates occur. We introduce these ideas because our analysis shows that significant emissions reductions could be achieved if British Columbia were to implement vehicle emission standards with the same stringency as proposed in the European Union.¹ The same analysis shows that B.C.'s expected average fleet efficiency will come close to meeting California standards until 2012, which further points to the opportunity to surpass those standards. Meeting the reduction targets legislated in the GGRTA will be challenging, so every opportunity must be considered.

We realize that the government has started on a track to follow California's lead, and we applaud this as a positive step. We also believe it is important to have an informed discussion about the costs and opportunities involved in stepping beyond California's starting point. We do not pretend that B.C. can advance the North American or global automotive industry with such a small market, but we note that large gains in average fuel efficiency can be gained by changes in the mix of vehicles that are currently available. We also see no reason why the B.C. regulations need to ensure that British Columbians have no limitations placed on their choice of vehicles (as was mandated in the design of the California standards). Moving beyond the California standards might make it difficult for some vehicles to be sold in B.C., but it would also lead to greater reductions in GHG emissions.

We believe that British Columbians are ready to have a discussion about these trade-offs, and we encourage the Ministry to consider them in the design of this regulation and any updates. B.C. does not need to be alone in taking these steps. The province could look to move forward with other provinces and jurisdictions outside of the United States that have adopted bold climate targets that will require strong action on light duty vehicles.

Following these general comments are a number of more specific comments following the outline in the Ministry's Response Form.

¹ The analysis is from Pembina's *Mind the Gap* (Bailie, A., et al., 2007), and has been shared with the Ministry.

Opportunities to Move Beyond California's Standards

1. Implement more stringent vehicle emission standards immediately. B.C. could use the development of these regulations as an opportunity to immediately move beyond the California standards. B.C. may not have the resources to develop an alternate standard from scratch, but we see three potential models that warrant consideration.

- a) B.C. could use the same regulatory approach as California, but set more stringent fleet average requirements. This would allow B.C. to achieve greater GHG reductions, while still using the same regulatory approach as other leading jurisdictions, thereby leveraging expertise in other jurisdictions and simplifying compliance for manufacturers.
- b) B.C. could use the same regulatory approach as California, but restrict or eliminate the “large trucks/sport utility/vans” category. Under this approach, these larger light duty vehicles would be reported with the “passenger cars/small trucks”, and the efficiency requirements for the enlarged category would be unchanged from the original “passenger car/small trucks” values. Moving away from the two-category approach would avoid diluting the signal to consumers (and manufacturers) to shift to smaller vehicles. In pursuing this approach, we would support a review of whether or not the large light-duty trucks needed for commercial purposes (e.g. construction, forestry, and oil and gas industries) would be well suited to the single standard approach.
- c) B.C. could base its standards on those of other world leading jurisdictions such as the European Union or Japan. Our understanding is that the European Standards rely on a single standard, so in essence would be combining approaches (1.a) and (1.b).

2. Implement California vehicle emission standards independent of California. The intentions paper states that: “The Act will be brought into force by regulations – enacted when (and not before) the equivalent California regulation and standards are implemented.” Implementation in California has been delayed for various reasons, and there is no guarantee that California will be able to proceed on their intended schedule. To avoid having delays in California’s process unnecessarily delay GHG reductions in B.C., the government should consider changing the clause so that the regulations apply to the 2009 model year regardless of the status in California.

3. Implement more stringent vehicle emissions standards within three years. If the government decides it is unable to move ahead of California immediately, it should nonetheless immediately begin analysis of the feasibility, costs, and benefits of stronger standards that could be adopted in the near future.² The analysis could further explore the three approaches proposed in (1) to help determine by how much B.C. could exceed the California standards. Key trade-offs would include

² It is our understanding that no such analysis has taken place in B.C. to date. An independent analysis of the efficiency standards needed to achieve the science-based target of a 25% absolute reduction in GHG emissions below the 1990 level in 2020 found that fuel efficiency regulations would need to reduce new passenger car and light truck fuel consumption rates to 2.5 L/100 km and 3.6 L/100 km respectively by 2020.³¹ Although the rate of change is large, it is important for British Columbia to include these kinds of scenarios in its planning, so that policymakers have the option of choosing science-based deep GHG reduction targets for B.C.’s vehicle fleet. As more and more jurisdictions adopt deep GHG reduction targets in their own economies, automakers will find global markets for the fuel-efficient vehicles and cutting-edge technology that more aggressive efficiency standards would produce.

the costs of delaying increased standards versus the cost of B.C. moving ahead of other jurisdictions. The public, vehicle manufacturers, and other stakeholders should be made aware of the intent to revisit the standards, and the analysis should be made publicly available in a way that includes full details of assumptions, data, methodology, and baselines.

Specific Comments on the Proposed Vehicle Emissions Standards

The following points follow the outline provided by the Ministry of Environment's Vehicle Emission Standards Response Form.

1. Scope of Regulation

We agree that the regulation should cover new light-duty vehicles being sold in British Columbia. Future policies may need to consider imports of new vehicles from jurisdictions without vehicle emission standards, if these imports increase substantially following the implementation of B.C.'s regulation.

2. Fleet Average GHG Emission Standards

a. Fleet categories and fleet-average GHG emission standards

As noted above, we see opportunities for B.C. to move beyond the California standards in ways that would eliminate or restrict the "large trucks/sport utility/vans" category. If B.C. stays with the current classifications, it will be important to monitor for attempts by manufacturers to use the categories as loopholes (such as minor modifications to vehicle models to move a model from the "passenger cars/small truck" category into the "larger trucks/sport utility vehicles/vans" category. This monitoring could be done in cooperation with California and other jurisdictions.

b. "additional provisions"

We disagree with the use of additional provisions for vehicle manufacturers with small sales volume. To the extent that the provisions will weaken the GHG reductions from the standards, we see no reason to apply them in British Columbia.

3. Compliance and Enforcement

a. Annual and Five Year compliance reporting requirements

The five year period for meeting compliance is too long and should be shortened to three years. Other regulations that are focused on climate policy, such as the proposed cap-and-trade regulations, use a three year window for compliance. The Climate Action Team has also recommended that the Green Building Code be updated at least every three years. While the CAFE standards have used five-year compliance in the past, the urgent need for action on climate change demands a tighter window for vehicle emission standards.

b. Penalties (for non-compliance with Act and regulation)

The financial penalty per car should be based on the extent to which the manufacturer is out of compliance. Factors such as the number of vehicles delivered and the level of the applicable standard should not impact the financial penalty per car. Our understanding is

that the penalty would be set high enough to ensure that high-volume companies choose compliance over non-compliance under all normally expected circumstances. Assuming that this is correct, we support the intent. We also support the intention to provide the ministry with the ability to impose administrative penalties in relation to matters such as late or inaccurate reporting.

4. Technical Discussion Issues

a. Testing procedures

b. Specification or defining a hierarchy of regulated parties

We support the use of a hierarchy of regulated parties, following Quebec's lead, to ensure that vehicles imported by legal entities other than the vehicle manufacturer are included under the regulation.

c. Technical approvals

We support the use of B.C.-specific technical approval, as long as the process for these approvals is transparent and information is publicly available. We support allowing the ministry to charge fees to manufacturers to recover costs where advice by an independent third party is required.

d. Categorization of manufacturers

We support applying the fleet average GHG requirements equally to all manufacturers.

5. Confidentiality of Information

We have no comments on this section

6. Additional Comments

See comments at start of this document.

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