

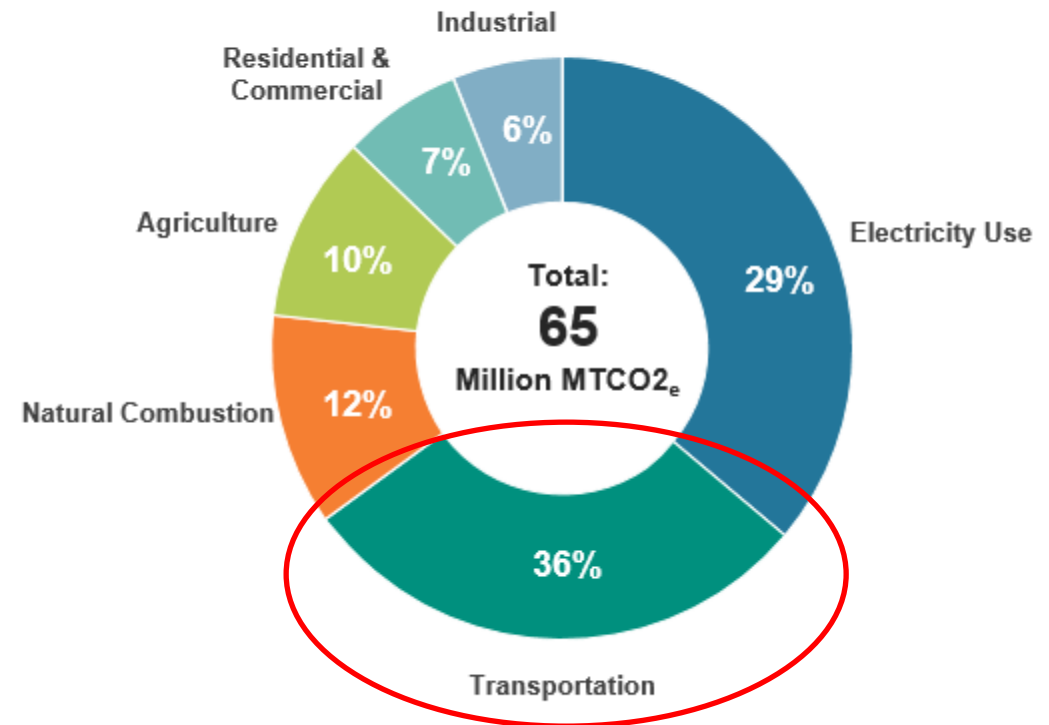
Advanced Clean Cars II Proposed Rule Public Stakeholder Meeting

June 29, 2022

Background

- Vehicles contribute air quality pollutant emissions – particulate matter, CO, NO_x, and greenhouse gases

2019 GHG Emissions by Source



Oregon's Strategy to Address GHG Emissions from Transportation



MULTI-STATE MEDIUM- AND HEAVY-DUTY ZERO EMISSION VEHICLE

MEMORANDUM OF UNDERSTANDING

WHEREAS, the Signatory States and the District of Columbia¹ recognize the importance of state leadership and coordinated state action to ensure national progress in the effort to reduce greenhouse gas (GHG) emissions and stabilize global warming;

WHEREAS, the Signatory States have statutory obligations or otherwise seek to significantly reduce statewide GHG emissions by 2050, consistent with science-based targets;

WHEREAS, transportation is now the nation's largest source of GHG emissions, and, after light-duty vehicles, medium- and heavy-duty trucks are the next largest source of transportation sector GHG emissions;

WHEREAS, the Signatory States have a statutory obligation to provide their citizens with air quality that complies with national health-based air quality standards, which are required to be protective of health and the environment with an adequate margin of safety;

WHEREAS, fossil fuel related emissions from medium- and heavy-duty vehicles (MHDVs) are a major source of nitrogen oxides (NOx), particulate matter, and toxic air emissions, which are preventing many densely populated areas from achieving compliance with federal ambient air quality standards;

WHEREAS, emissions from MHDVs are a widely acknowledged, but unaddressed, environmental justice problem that directly and disproportionately impacts disadvantaged communities located near freight corridors, ports and distribution centers;



Statewide Transportation Strategy: A 2050 Vision for Greenhouse Gas Reduction



Multi-Agency Implementation Work Plan

June 2020 - June 2022

OREGON DEPARTMENT OF TRANSPORTATION, OREGON DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT, OREGON DEPARTMENT OF ENERGY, OREGON DEPARTMENT OF ENVIRONMENTAL QUALITY

Governor's Executive Order 20-04

Legal authority to adopt vehicle emission standards

- Section 177 of the Clean Air Act allows California to adopt their own motor vehicle emission standards
- States can adopt California emission standards, but must do so identically
- Provide two years' advance notice before the start of the model year
- Oregon has adopted California's emission vehicle rules since 2005
 - Emission standards in place through the 2025 model year



Proposed Advanced Clean Cars (ACC) II Rule

- **California's ACC II Rule**
 - Continuation of LEV/ZEV rules for 2026-2035 model year
 - **100% new vehicles (MY 2035) must be ZEV**
 - Compliance achieved through sales of battery electric and plug in hybrid electric vehicles

Photo credit: Sopotnicki/Shutterstock

Model Year	ZEV Percentage Requirement
2026	35%
2027	43%
2028	51%
2029	59%
2030	68%
2031	76%
2032	82%
2033	88%
2034	94%
2035	100%

Anticipated benefits of the rule

- Estimated emissions benefits

	NO _x	PM _{2.5}	WTW CO ₂ e
By 2030	922 US tons	30 US tons	3.6 million metric tons
By 2035	3,693 US tons	149 US tons	19.9 million metric tons
By 2040	7,695 US tons	372 US tons	54.1 million metric tons

- Estimated health benefits would result in \$8.7 million in savings

EV Market Availability

Volvo plans to go fully electric by 2030 and only sell cars online

Stellantis Goes From Zero to Many BEVs With Ambitious Electrification Plans

GM can 'absolutely' catch Tesla in EV sales by 2025, says CEO Mary Barra

Nissan targets 40% of U.S. sales to be electric by 2030

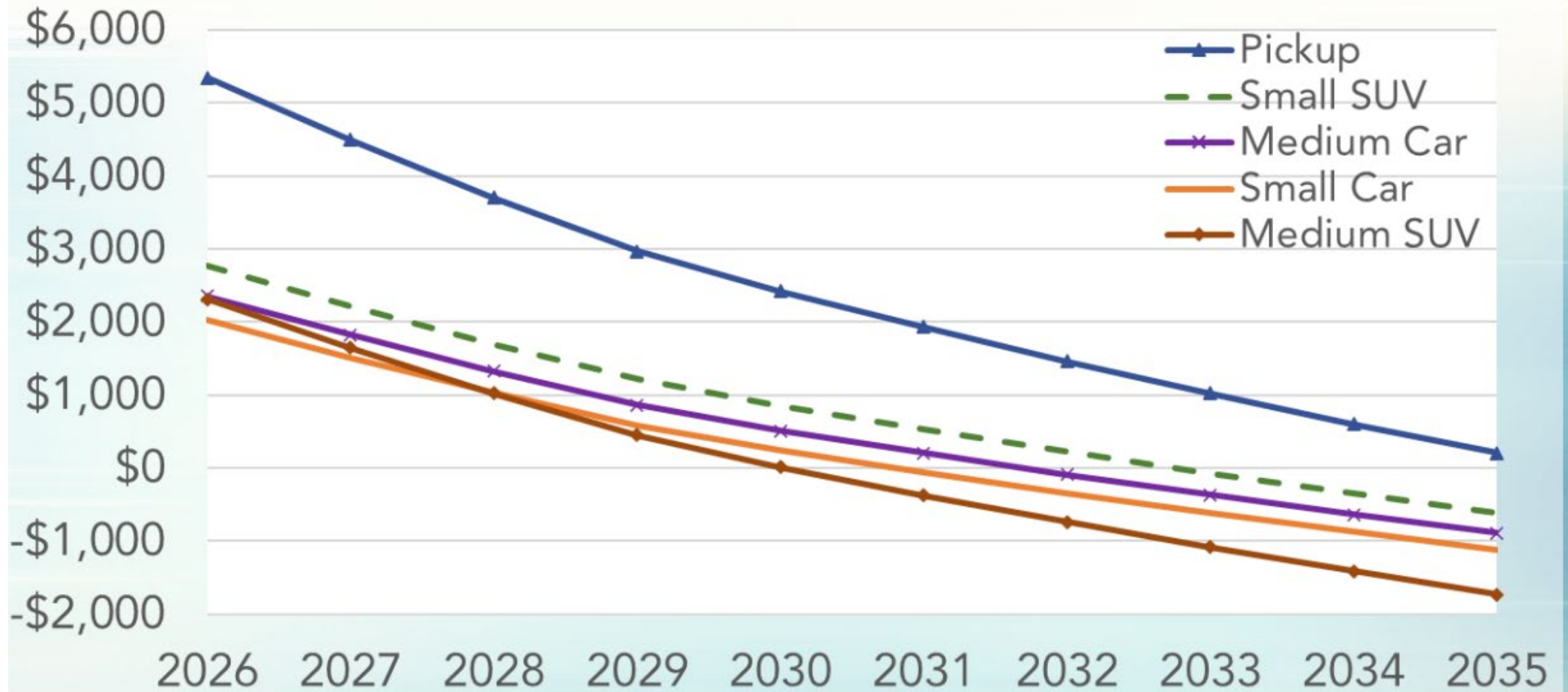
Ford ups EV investments, targets 40% electric car sales by 2030 under latest turnaround plan

Honda Targets 100% EV Sales in North America by 2040, Makes New Commitments to Advances in Environmental and Safety Technology

VW expects EVs to represent half of its vehicle sales by 2030

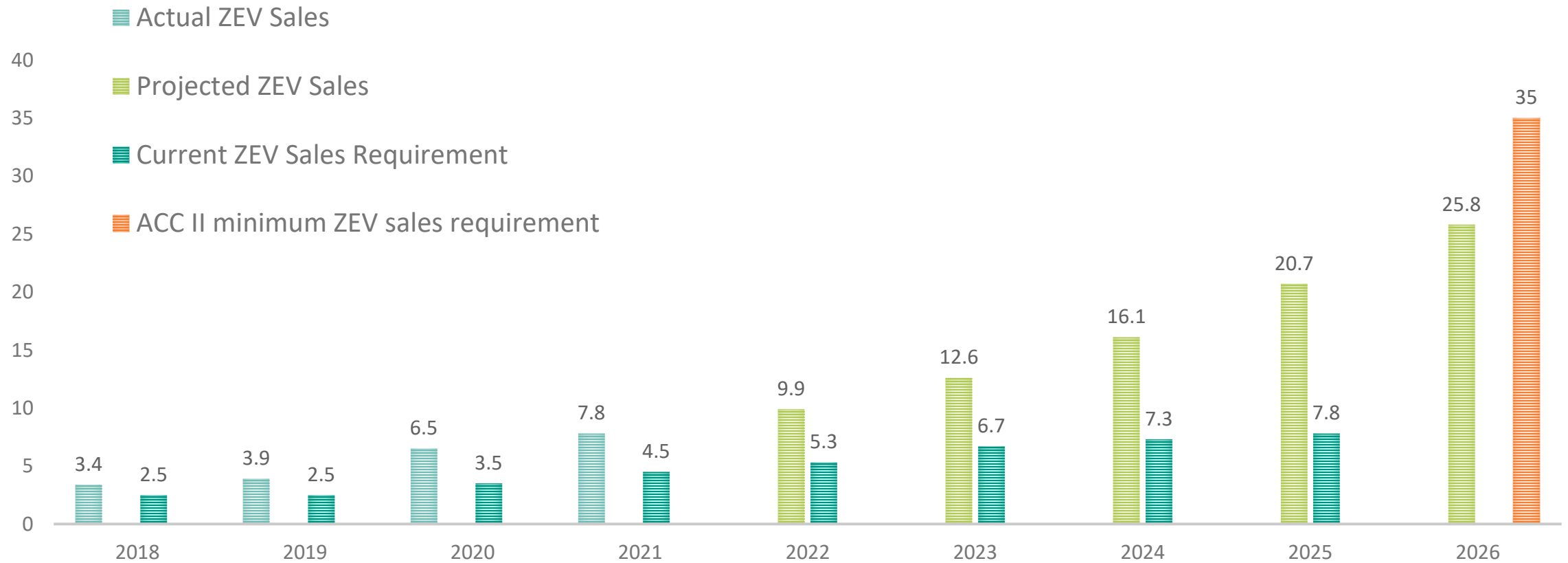
Hyundai raises global EV sales target to 1.7mn in 2026, says CEO

Cost parity for electric vehicles



Slide: CARB

EV Sales in Oregon



Achieving the standard - compliance flexibilities

- Recognizing some manufacturers may need additional time to meet the proposed requirements and some states may not have the robust market development, the rule includes compliance flexibilities
 - Historical Credits
 - Allow auto manufacturers to use banked credits already earned
 - Pooled Credits
 - Auto manufacturers can “pool” across states
 - Early Action Credits
 - Earn values for placing EVs in states prior to the 2026 requirements

Compliance flexibilities - Environmental Justice values

- Provide compliance values to manufacturers who help increase affordable access to ZEV vehicles for priority communities
 - Discounted EVs in community-based clean mobility programs
 - Ensuring Used EVs available to participating dealerships
 - Lower priced EVs

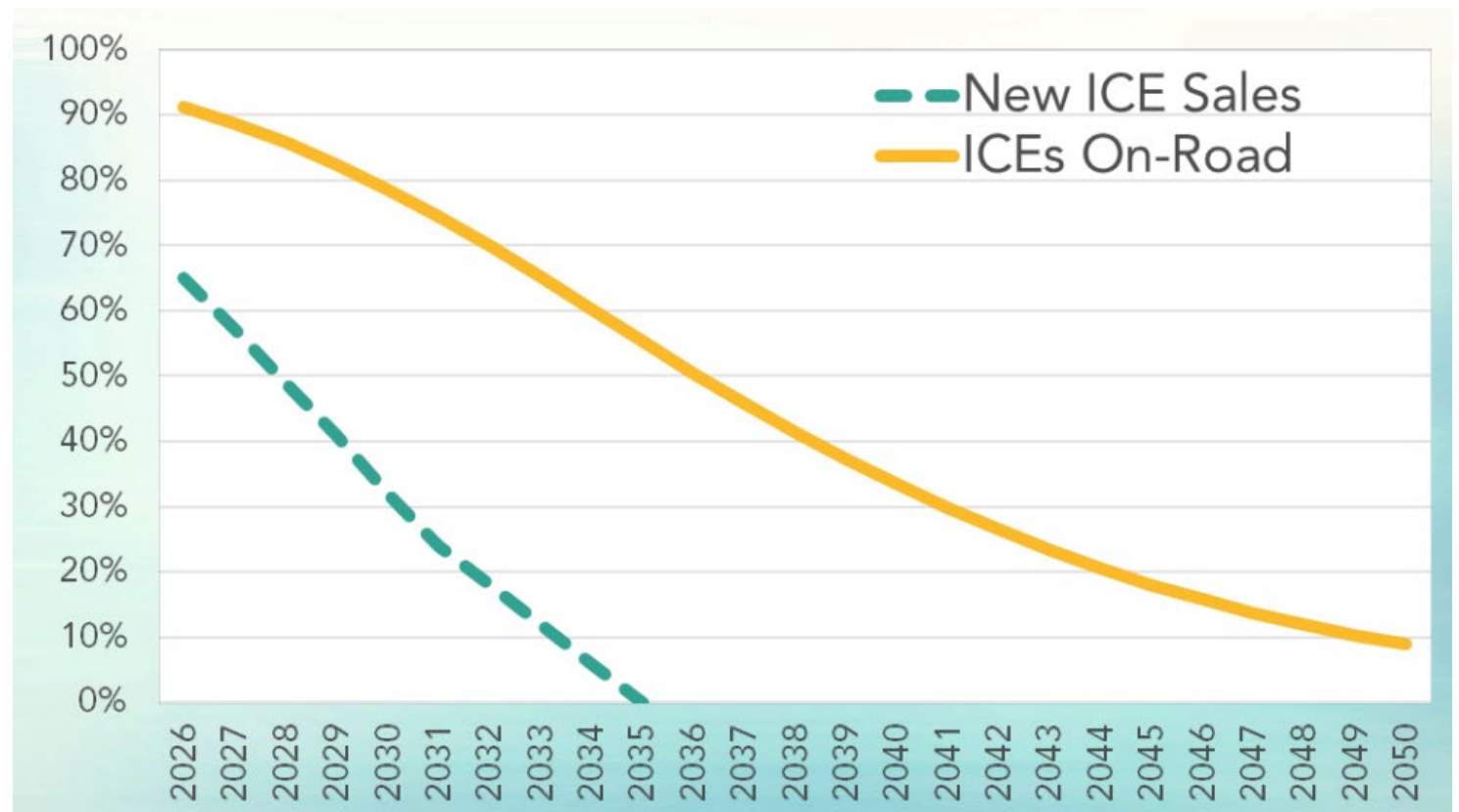


Additional rule requirements

- EVs must have a minimum electric range
 - BEVs – 150 miles
 - PHEVs – 50 miles
- Durability – 80% of certified range value for 10 yr/150,000 mi
- Warranties – for parts and battery state of health (maintain 70-80% of battery range for life of vehicle)
- Charging cord capability (Level 1 and 2 capable)
- Increased charger size capability (to allow for faster charging)
- Battery labeling
 - Address battery recycling

ACC II - Low Emission Vehicle rule changes

- Gasoline vehicles will continue to be part of the fleet beyond 2035
- Rule changes ensure 2026 – 2035 MY vehicles are as clean as possible



Next Steps

- Public stakeholder meetings – June & July 2022
- Advisory committee meetings – August & September 2022
- Public comment - September 2022
- EQC Action – November or December 2022

Supporting the transition to EVs – Incentives

Oregon Clean Vehicle Rebate Program

- Rebate program to encourage Oregon residents to purchase or lease electric vehicles
 - Up to \$2,500 for purchase or lease of new EV
 - \$5,000 for low and moderate income households for used EV
 - Up to \$7,500 for low- and moderate-income households for new EV



Supporting the transition to EVs - Charging infrastructure

- NEVI funding
 - \$100 million to support public charging along alternative fuel corridors (ODOT)
- ODOT's Transportation Electrification Infrastructure Needs Assessment (TEINA)
- Utility rebates to support home and business charging installations
- Building code requirements for new buildings to have EV charging capability