

Draft Proposed Regulation Order

Zero-Emission Vehicle Standards for 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks

Section 1962.4

[Note: This version of the draft Proposed Regulation Order is provided in a tracked changes format to improve the accessibility of the regulatory text. This version is a staff draft, not an authoritative version for this proposed rulemaking, not being proposed for adoption, and not being released for public comment. This is subject to change. Official proposed (15-day) changes and an explanatory notice will be released for public comment at a later date. To review this document in a clean format (no underline or strikeout to show changes), please [accept all tracked changes](#).

Subsections for which no changes are proposed are indicated with “* * * *.”]

Staff's Suggested Changes to Advanced Clean Cars II Proposal

Proposed Regulation Order

Title 13 California Code of Regulations

Adopting new regulatory text: Adopt Section 1962.4 of title 13 California Code of Regulations, to read as follows:

§ 1962.4. Zero-Emission Vehicle Requirements for 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (a) Applicability.
 - (1) This section shall apply to manufacturers that produce and deliver for sale passenger cars and light-duty trucks in California in 2026 and subsequent model years.
 - (2) Additionally, subsection (i) includes requirements applicable to manufacturers of 2026 and subsequent model year:
 - (A) Complete zero emission medium-duty vehicles produced and delivered for sale in California that are certified using the "California Test Procedures for 2026 and Subsequent Model Zero-Emission Vehicles and Plug-In Hybrid Electric Vehicles, in the Passenger Car, Light-Duty Truck and Medium-Duty Vehicle Classes", dated [INSERT DATE], incorporated by reference, referred to in this regulation as the "2026 ZEV and PHEV Test Procedures";
 - (B) Incomplete or complete zero emission medium-duty vehicles produced and delivered for sale in California for which the manufacturer optionally chooses to combine with its fleet of passenger car and light-duty trucks under the provisions of this section; and
 - (C) Neighborhood electric vehicles (NEVs) produced and delivered for sale in California.
- (b) Zero Emission Vehicle Standard. The Executive Officer shall certify as zero emission vehicles (ZEV) under this regulation new 2026 and subsequent model year passenger cars and light-duty trucks that produce zero exhaust emissions of any criteria pollutant (or precursor pollutant) or greenhouse gas, excluding emissions from air conditioning systems, under any possible operational modes or conditions.
- (c) Annual ZEV Requirements
 - (1) Requirements for Intermediate and Large Volume Manufacturers.
 - (A) *Calculating Annual ZEV Requirement.* For a given model year's production of passenger cars and light duty trucks, manufacturers, other than small volume manufacturers, must comply with an annual ZEV requirement calculated according to this subsection (c). The annual ZEV requirement shall be calculated as:

Staff's Suggested Changes to Advanced Clean Cars II Proposal

st

$$\text{Annual ZEV Requirement} = \text{Annual Percentage Requirement} \times \text{Production Volume}$$

Where:

Annual ZEV Requirement = manufacturer's ZEV production required, expressed in whole vehicles, for the applicable model year

Annual Percentage Requirement = the annual percentage requirement per subsection (c)(1)(B) for the applicable model year

Production Volume = manufacturer's production volume of passenger cars and light-duty trucks calculated in accordance with subsection (c)(1)(C), expressed in whole vehicles, for the applicable model year.

- (B) *Percentage Requirement.* The table below identifies the percentage requirement to be used in the calculation of the annual ZEV requirement for the applicable model year.

<i>Model Year</i>	<i>Percentage Requirement</i>
2026	35%
2027	43%
2028	51%
2029	59%
2030	68%
2031	76%
2032	82%
2033	88%
2034	94%
2035 and subsequent	100%

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (C) *Calculating the Production Volume.* The production volume is determined from the total number of passenger cars and light-duty trucks produced and delivered for sale in California that the manufacturer is required to report in the annual non-methane organic gases plus oxides of nitrogen (NMOG + NOx) production report for the applicable model year, and any medium-duty ZEVs produced and delivered for sale in California for which the manufacturer optionally chooses to certify to this section, as allowed by subsection (i)(7). For purposes of this calculation, a passenger car or light-duty truck is counted in the production of the manufacturer that marketed it in California regardless of whether it is produced by a different manufacturer. For 2026 through 2034 model years, the production volume is determined according to the method described in subsection (c)(1)(C)1. unless the manufacturer elects to use the method described in subsection (c)(1)(C)2. For 2035 and subsequent model years, the production volume is determined according to the method described in subsection (c)(1)(C)2. for all manufacturers.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

1. *Previous year average method to determine production volume through 2034 model year.* The production volume used to calculate a manufacturer's annual ZEV requirement for the 2026 through 2034 model years is the three-year average of the manufacturer's volume of passenger cars and light-duty trucks, produced and delivered for sale in California, in the prior second, third, and fourth model years (e.g., 2026 model year annual ZEV requirements are calculated using the California production volume average of passenger cars and light-duty trucks for the 2022 through 2024 model years). However, in any model year where the manufacturer's California production volume is 30 percent or more below the previous model year production volume, a manufacturer may elect to use the same model year to determine its production volume and annual ZEV requirement (e.g., 2026 model year annual ZEV requirements can be calculated using the California production volume of 2026 model year passenger cars and light-duty trucks if 2026 model year production volume is 30 percent or more below 2025 model year production volume). A manufacturer may only utilize this same model year provision in the specific model year(s) that it meets the 30 percent reduction from prior model year criteria and, except as allowed in subsection (c)(1)(C)2., must use the three-year average in other model years. This three-year average used for production volume does not determine a manufacturer's size under California Code of Regulations (CCR), title 13, section 1900.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

2. *Same year method to determine production volume.* In lieu of the three-year average in (c)(1)(C)1 above, a manufacturer may elect in any model year from 2026 through 2034 to use the same model year to determine its production volume and annual ZEV requirements (e.g., 2026 model year annual ZEV requirements are calculated using the California production volume of 2026 model year passenger cars and light-duty trucks). However, once a manufacturer elects to use the same year method under this subsection for a model year, it must continue to use this same year method for all subsequent model years and may not use the previous year average method in subsection (c)(1)(C)1. Additionally, for 2035 and subsequent model years, the production volume for all manufacturers will be determined according to the same year method of this subsection.
- (2) Requirements for Small Volume Manufacturers.
 - (A) A small volume manufacturer must comply with the annual ZEV requirement in subsection (c)(1)(B) beginning with the 2035 model year.
 - (B) A small volume manufacturer may bank, sell to another manufacturer, or trade ZEV values and plug-in hybrid electric vehicles (PHEV) values it produces and delivers for sale in California in any model year between 2026 and 2034, inclusive.
 - (C) A small volume manufacturer must submit to the Executive Officer a compliance plan no later than December 31, 2032, or, if a manufacturer becomes a small volume manufacturer after January 1, 2032, within one year of becoming a small volume manufacturer, to show its plan for complying with the 2035 model year annual ZEV requirement. The plan must include the expected number of vehicle test groups, expected vehicle classes and models, expected powertrain, expected certification range value by model, and expected 2035 model year vehicle sales volumes.
 - (3) Changes in Manufacturer Volume Status in 2026 and Subsequent Model Years.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (A) *Increases in California Production Volume.* If a small volume manufacturer becomes an intermediate or large volume manufacturer as defined in CCR, title 13, section 1900, and remains so for three consecutive model years, the manufacturer will become subject to the annual ZEV requirements in subsection (c)(1) beginning in the third model year after its third consecutive model year. For example, if a manufacturer exceeds the volume threshold of an intermediate or large volume manufacturer for each of its 2026-2028, 2027-2029, and 2028-2030 model year average production volumes, the manufacturer would be subject to annual ZEV requirements starting in the 2033 model year.

- (B) *Decreases in California Production Volume.* If an intermediate or large volume manufacturer becomes a small volume manufacturer as defined in CCR, title 13, section 1900, and remains so for three consecutive model years the manufacturer shall be subject to the requirements of subsection (c)(2) the following model year after its third consecutive model year. For example, if a manufacturer falls below the production volume threshold for its 2026-2028, 2027-2029, and 2028-2030 model year averages, the manufacturer would be subject to the small volume manufacturer requirements starting in the 2031 model year.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (C) *Calculating California Production Volume in Change of Ownership Situations.* Where a manufacturer experiences a change in ownership in a particular model year, the change will affect application of the aggregation requirements in CCR, title 13, section 1900 on the manufacturer starting with the next model year. When a manufacturer is simultaneously producing two model years of vehicles at the time of a change of ownership, the basis of determining the next model year is the earlier of the two model years. The manufacturer's volume status for the next model year shall be based on the average California production volume in the three previous consecutive model years consistent with the change in ownership applicable for that next model year. For example, where a change of ownership occurs during 2026 model year production that results in Manufacturer A and Manufacturer B being required to aggregate production volumes, Manufacturer A's status for the 2027 model year will be based on the production volumes of Manufacturers A and B in the 2024-2026 model years. If such an example ownership change occurs while Manufacturer A is producing both 2026 and 2027 model year vehicles, Manufacturer A's status for the 2027 model year will still be based on the production volumes of Manufacturers A and B in the 2024-2026 model years. If the manufacturer's production volume status changes, the manufacturer will be subject to the requirements of (c)(1) or (c)(2), as applicable, under the same lead times contained in subsections (c)(3)(A) and (B), as applicable.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (d) *Requirements for ZEVs.* ZEVs must meet the following requirements:
- (1) *Certification Range Value.* Minimum certification range value greater than or equal to 200 miles, determined according to the 2026 ZEV and PHEV Test Procedures.
 - (2) *ZEV Durability Requirement for Useful Life.*
 - (A) For 2026 through 2030 model year vehicles, be designed to maintain, on average for all the vehicles in a test group, 75 percent or more of the certification range value, for a useful life of 10 years or 150,000 miles, whichever occurs first, and comply with data reporting requirements in CCR, title 13, section 1962.7.
 - (B) For 2031 and subsequent model year vehicles, be designed to maintain, on average for all the vehicles in a test group, 80 percent or more of the certification range value for a useful life of 10 years or 150,000 miles, whichever occurs first, and comply with data reporting requirements in CCR, title 13, section 1962.7.
 - (3) *Battery Labeling Requirements.* Meet requirements set forth in CCR, title 13, section 1962.6.
 - (4) *Data Standardization.* Meet requirements set forth in CCR, title 13, section 1962.5.
 - (5) *Service Information Requirements.* Meet requirements set forth in CCR, title 13, section 1969.
 - (6) *ZEV Warranty Requirements.* Meet requirements set forth in CCR, title 13, section 1962.8.
 - (7) *Charging Requirements.* For battery electric vehicles (BEV) and plug-in hybrid fuel cell electric vehicles (FCEV), meet requirements set forth in CCR, title 13, section 1962.3.
- (e) *Additional Allowances to Count Toward Annual ZEV Requirement.* Manufacturers may meet a portion of their annual ZEV requirement with PHEV values, environmental justice vehicle values, or early compliance vehicle values, earned according to subsections (e)(1)-(3).
- (1) *PHEV Flexibility.* Manufacturers may fulfill a portion of their total annual ZEV requirement with PHEVs produced and delivered for sale in California as follows:

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (A) Each 2026 model year and subsequent PHEV that meets all the following criteria may be counted at a value of one towards the annual ZEV requirement:
1. *SULEV30 Standards.* Certified to full useful life SULEV30 or lower exhaust emission standards for passenger cars and light-duty trucks in CCR, title 13, section 1961.4.
 2. *Extended Defects and Performance Warranty.* Extend the performance and defects warranty period set forth in CCR, title 13, sections 2037(b)(2) and 2038(b)(2) to 15 years or 150,000 miles, whichever occurs first.
 3. *Battery Labeling Requirements.* Meet requirements set forth in CCR, title 13, section 1962.6.
 4. *Data Standardization.* Meet requirements set forth in CCR, title 13, section 1962.5(c)(4)(A)2. and (c)(6).

Staff's Suggested Changes to Advanced Clean Cars II Proposal

5. *Service Information Requirements.* Meet requirements set forth in CCR, title 13, section 1969.
 6. *Battery Warranty.* Meet battery warranty requirements set forth in CCR, title 13, section 1962.8.
 7. *Charging Requirements.* Meet requirements set forth in CCR, title 13, section 1962.3.
 8. *Minimum Certification Range Value.* Minimum certification range value of greater than or equal to 70 miles, per the 2026 ZEV and PHEV Test Procedures.
 9. *Minimum US06 All-Electric Range Value.* Minimum US06 all-electric range value greater than or equal to 40 miles, per the 2026 ZEV and PHEV Test Procedures.
- (B) Each 2026 through 2028 model year PHEV that meets the criteria identified in section (e)(1)(A)1. through (e)(1)(A)6., with a minimum certification range value of greater than or equal to 43 miles, per the 2026 ZEV and PHEV Test Procedures, may be counted at a partial vehicle value comprised of the sum of the Partial Vehicle Value equation plus additional credit for US06 all-electric range, calculated as follows:

1. Partial Vehicle Value Equation:

$$\text{Partial Vehicle Value} = \frac{\text{Certification Range Value}}{100} + 0.20$$

Where:

Partial Vehicle Value = vehicle value per qualifying PHEV in units of vehicles, rounded to two significant digits and capped at a maximum of 0.85

Certification Range Value = As defined in subsection (l), in units of miles, rounded to the whole mile

Staff's Suggested Changes to Advanced Clean Cars II Proposal

2. Additional credit for US06 all-electric range. An additional 0.15 partial vehicle value, if the PHEV has a US06 all-electric range of at least 10 miles determined in accordance with the 2026 ZEV and PHEV Test Procedures.
 3. The maximum total partial vehicle value earned by a PHEV under the Partial Vehicle Value Equation plus additional credit, per section (e)(1)(B)2., may not exceed 1.00.
- (C) *PHEV Allowance.* The annual PHEV allowance that a manufacturer may apply in a given model year towards its ZEV requirement performance under subsection (f) shall be calculated by multiplying 20 percent times the applicable model year annual ZEV requirement calculated in subsection (c)(1)(A).
- (2) *Environmental Justice Vehicle Values.* Manufacturers may fulfill a portion of their total annual ZEV requirement with additional vehicle values earned according to the following provisions:
- (A) *New ZEVs and PHEVs Provided for Use in Community-based Clean Mobility Programs.* New 2026 through 2031 model year ZEVs and PHEVs provided for use in community-based clean mobility programs in California will earn additional vehicle values that can be used to meet a portion of the manufacturer's annual ZEV requirement.
1. *Vehicle Value.*
 - a. *ZEV Value.* An additional 0.50 vehicle value will be earned by a manufacturer for each new 2026 through 2031 model year ZEV provided for use in a community-based clean mobility program at a discount specified in subsection (e)(2)(A)2.
 - b. *PHEV Value.* An additional 0.40 vehicle value will be earned by a manufacturer for each new 2026 through 2031 model year PHEV provided for use in a community-based clean mobility program at a discount specified in subsection (e)(2)(A)2.
 2. *Required Discount.* A manufacturer must provide the vehicle for use in a community-based clean mobility program at minimum 25 percent discount from the Manufacturer's Suggested Retail Price (MSRP).

Staff's Suggested Changes to Advanced Clean Cars II Proposal

3. *Community-based Clean Mobility Programs.*

- a. *Program Qualification.* A community-based clean mobility program must be one of the following:
 - i. An approved grant recipient of the Clean Mobility Options Voucher Pilot Project established pursuant to Health & Safety Code Section 44258.4;
 - ii. An approved grant recipient of the Sustainable Transportation Equity Project established pursuant to Health & Safety Code Section 44258.4; or
 - iii. Determined by the Executive Officer to qualify as a community-based clean mobility program pursuant to subsection (e)(2)(A)3.c. The Executive Officer must determine that a program qualifies as a community-based clean mobility program, as defined in subsection (l) of this section, before a manufacturer may earn vehicle values pursuant to subsection (e)(2)(A)1.
- b. A manufacturer may request from the Executive Officer a determination that a program qualifies as a community-based clean mobility program. When making this request, the manufacturer shall provide:
 - i. Confirmation that the program meets each element of the definition of "community-based clean mobility program" in this section;
 - ii. 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;

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- iii. Description of the program, including program objectives, total number of vehicles, and the program service location or area;
- iv. An attestation from a responsible official (e.g., executive, principal officer) of the entity that administers the program. The attestation 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 4 years of service operation;
 - II. Certification that vehicle titles or lease agreements will be held by an organizational entity, not by individual drivers;
 - III. Certification that the program meets the definition of "community-based clean mobility program" under this section; and
 - IV. Confirmation that all information provided by the manufacturer is true and accurate to the best of the attestant's knowledge, after conducting due diligence.
- c. The Executive Officer shall determine that a program qualifies as a community-based clean mobility program if the manufacturer has demonstrated that the program meets each element of the definition of "community-based clean mobility program" in this section and has provided all of the documentation specified under subsection (e)(2)(A)3.b.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- d. The Executive Officer shall 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, the Executive Officer shall issue an Executive Order designating the community-based clean mobility program.
 - e. *Renewal.* An Executive Order identifying a community-based clean mobility program shall remain valid for 4 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 subsection (e)(2)(A)3.b. The Executive Officer shall review a renewal request by the process specified in subsection (e)(2)(A)3.c and (e)(2)(A)3.d.
 - f.
 - g. *Revocation.* The Executive Officer shall revoke an Executive Order issued under this subsection if the Executive Officer determines that:
 - i. The community-based clean mobility program no longer meets the definition in this section; or
 - ii. The community-based clean mobility program has resold or returned, prior to 4 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 subsection (e)(2)(A)1., except for resale to another community-based clean mobility program.
- (B) *Vehicles in California Sold At the End of Lease to Participating Dealerships.* ZEVs or PHEVs initially leased in California and sold at the end of lease to a California dealership participating in a financial assistance program will earn additional vehicle values that can be used to meet a portion of the manufacturer's annual ZEV requirement.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

1. *Vehicle Value.* An additional 0.10 vehicle value will be earned by a manufacturer for each 2026 through 2031 model-year ZEV or PHEV initially leased in California as new and subsequently sold at end of lease in 2026 through 2031 calendar year to a dealership participating in a financial assistance program. The vehicle values are earned in the calendar year the vehicle was sold.
 2. *Qualifying Vehicles.* Each ZEV or PHEV must have had a MSRP less than or equal to \$40,000, adjusted annually per subsection (e)(2)(F), when it was new.
- (C) *New ZEVs and PHEVs below MSRP threshold.* New ZEVs and PHEVs will earn additional vehicle values that can be used to meet a portion of the manufacturer's annual ZEV requirement as follows:
1. An additional 0.10 vehicle value will be earned by a manufacturer for each 2026 through 2028 model year ZEV or PHEV delivered for sale in California with a MSRP less than or equal to \$20,275 for passenger cars and less than or equal to \$26,670 for light-duty trucks. For purposes of this section, the MSRP values shall be adjusted annually, beginning in 2026 model year, per subsection (e)(2)(F).
- (D) *Environmental Justice Vehicle Value Limitations.* Environmental justice vehicle values may not be transferred to another section 177 ZEV state, as otherwise allowed by subsection (g).
- (E) *Environmental Justice Allowance.* The annual environmental justice allowance that a manufacturer may apply in a given model year towards its ZEV requirement performance under subsection (f) shall be calculated by multiplying 5 percent times the applicable model year annual ZEV requirement calculated in subsection (c)(1)(A).
- (F) *MSRP Consumer Price Index (CPI) Adjustment.* New model year adjustments to the MSRP values used for subsections (e)(2)(B) and (e)(2)(C) shall be calculated by multiplying the MSRP values by a CPI adjustment ($CPI_{\text{adjustment}}$) as follows:

$$MSRP_n = MSRP_{2021} \times CPI_{\text{adjustment}}$$

where:

Staff's Suggested Changes to Advanced Clean Cars II Proposal

$MSRP_n$ is the adjusted value to be used in place of the MSRP value in subsections (e)(2)(B) and (e)(2)(C) for the applicable model year of the vehicle, rounded to the nearest ten dollars,

n is the model year of the vehicle,

$n-2$ is the calendar year two years prior to the model year of the vehicle,

$MSRP_{2021}$ is the applicable MSRP value in subsections (e)(2)(B) or (e)(2)(C), and

$$CPI_{\text{adjustment}} = CPI_{n-2} / 156.2$$

where:

CPI_{n-2} is the average of the January through December consumer price index for all urban consumers, for new vehicles, United States city average, not seasonally adjusted, published by the United States Bureau of Labor Statistics.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (3) *Early Compliance Vehicle Values.* Manufacturers may fulfill a portion of their total annual ZEV requirement with early compliance vehicle values earned according to the following provisions:
- (A) *Qualifying Vehicles.*
1. For the two model years prior to the commencement of the annual ZEV requirements of this section, a manufacturer may elect to earn early compliance vehicle values for ZEVs and PHEVs it produces and delivers for sale in California in excess of 20 percent of its total light-duty vehicles produced and delivered for sale in California in that model year. If the 2020 through 2022 model year average combined market share for ZEVs and PHEVs in California is less than 7 percent per model year, a manufacturer may also elect to earn early compliance vehicle values for ZEVs and PHEVs it produces and delivers for sale in each of the two early compliance model years in excess of 7 percent and below 20 percent of its total light-duty vehicles produced and delivered for sale in California.
 2. For purposes of calculating the 2020 through 2022 model year average combined market share, the industry-wide combined market share in California for a given model year shall be defined as the total number of ZEVs and PHEVs certified to CCR, title 13, section 1962.2 and produced and delivered for sale in California in a model year divided by the total number of light-duty vehicles produced and delivered for sale in the state for that same model year. The combined market share shall be calculated separately for model years 2020 through 2022 and the three values shall be averaged to generate the 2020 through 2022 model year average combined market share.
 3. A manufacturer electing to earn early compliance vehicle values per this section shall designate what portion of eligible vehicles from each of the two early compliance model years it is making this election for in its end-of-model-year report required under subsection (j)(4). Vehicles designated by the manufacturer to earn early compliance vehicle values may not earn ZEV credits under CCR, title 13, section 1962.2.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

4. For purposes of calculating vehicles eligible to earn early compliance vehicle values, only ZEVs and PHEVs meeting the following requirements shall be included:
 - a. ZEVs with more than a 50-mile UDDS range.
 - b. PHEVs with more than 10-mile all-electric UDDS range; equipped with a conductive charger inlet and charging system that meets AC Level 1 and Level 2 SAE Surface Vehicle Recommended Practice SAE J1772 REV OCT 2017, SAE Electric Vehicle and Plug in Hybrid Electric Vehicle Conductive Charger Coupler, which is incorporated herein by reference; equipped with an on-board charger with a minimum output of 3.3 kilowatts, or, sufficient power to enable a complete charge in less than 4 hours; meeting the applicable 150,000-mile SULEV30 or lower exhaust emission standards in CCR, title 13, section 1961.2(a)(1) or meeting the federal emission Bin 30 or lower of 40 CFR § 86.1811.17(b), as amended June 29, 2021; meeting the evaporative emission standards in section 1976(b)(1)(G) or 1976(b)(1)(E); meeting the applicable on-board diagnostic requirements in sections 1968.1 or 1968.2 for 150,000 miles; and providing a performance and defects warranty of 15 years or 150,000 miles, whichever occurs first, except that the time period is to be 10 years for a zero-emission energy storage device used for traction power.
- (B) *Early Compliance Vehicle Value Calculation.* Each ZEV eligible for early compliance vehicle values is counted at a vehicle value of one; each PHEV is counted at a vehicle value calculated in accordance with subsection (e)(1)(B)1.
- (C) *Early Compliance Vehicle Value Limitations.* Manufacturers may not transfer early compliance vehicle values pursuant to subsection (g)(3).

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (D) *Early Compliance Vehicle Value Allowance.* The annual early compliance allowance that a manufacturer may apply for the first three model years of the annual ZEV requirements of this section toward its ZEV requirement performance under subsection (f) shall be calculated by multiplying 15 percent times the applicable model year annual ZEV requirement calculated in subsection (c)(1)(A).
- (f) *Calculating ZEV Requirement Performance for the Model Year.* Each manufacturer shall calculate its ZEV requirement performance at the end of each model year.
- (1) A manufacturer's ZEV requirement performance for a model year shall be the sum of:
 - (A) Vehicle values for ZEVs delivered for sale in California, where each ZEV is counted at a vehicle value of one; plus
 - (B) Vehicle values for the actual number of PHEVs delivered for sale in California in the applicable model year up to the PHEV allowance. PHEVs produced in excess of a manufacturer's PHEV allowance may not be counted towards the applicable model year ZEV requirement performance but may be banked in accordance with subsection (f)(3); plus
 - (C) Through the 2031 model year only, environmental justice vehicle values earned in the applicable model year up to the environmental justice allowance. Environmental justice vehicle values earned in excess of a manufacturer's environmental justice allowance may not be counted toward the applicable model year ZEV requirement performance but may be banked in accordance with subsection (f)(3); plus
 - (D) For the first three model years of the annual ZEV requirements of this section only, early compliance vehicle values earned under subsection (e)(3) counted up to the early compliance vehicle value allowance. Early compliance vehicle values in excess of a manufacturer's early compliance vehicle value allowance may not be counted toward the applicable model year ZEV requirement performance.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (2) *Determining Excess or Shortfall ZEV Values.* Manufacturers must calculate, for a given model year, the number of excess or shortfall vehicle values it has generated according to the following equation rounded to the nearest whole vehicle:

$$\begin{aligned} \text{Excess or Shortfall ZEVs} \\ = \text{ZEV Requirement Performance} - \text{Annual ZEV Requirement} \end{aligned}$$

Where:

Excess or Shortfall ZEVs = manufacturer's calculated excess or shortfall of the number of ZEVs required, rounded to the nearest whole vehicle value, where a positive number results in excess ZEV values and a negative number results in a shortfall of ZEV values;

ZEV requirement performance = manufacturer's calculated performance per subsection (e); and

Annual ZEV Requirement = manufacturer's calculated requirement per subsection (b)(1)(A).

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (3) In the case of manufacturers earning excess vehicle values, the following rules apply:
- (A) Excess ZEV, PHEV, and environmental justice vehicle values may be banked and carried over for use in future model years in which a manufacturer has a shortfall or used to offset a deficit carried over from a previous model year. Before carrying over excess ZEV or PHEV values to the next model year, a manufacturer must apply available excess ZEV or PHEV values to offset any deficit carried over from a previous model year.
 - (B) Excess ZEV, PHEV, and environmental justice vehicle values, and early compliance vehicle values may be traded to another manufacturer according to the provisions in subsection (f)(4). Before trading values to another manufacturer, a manufacturer must apply its available excess values, within the applicable allowance(s), to offset any deficit carried over from a previous model year.
 - (C) Manufacturers may retain excess ZEV and PHEV values for an additional four model years after the model year in which they were earned. For example, 2026 model year ZEV and PHEV values can be used to meet a manufacturer's shortfall through 2030 model year, but may not be used in the 2031 model year.
 - (D) Manufacturers may retain excess environmental justice vehicle values through 2031 model year. Excess environmental justice vehicle values may not be used to demonstrate compliance in 2032 model year or any subsequent model year.
 - (E) Manufacturers may retain unused early compliance vehicle values through the first three model years of the annual ZEV requirements of this section. -Early compliance vehicle values may not be used to demonstrate compliance in the fourth model year of the annual ZEV requirements of this section or any subsequent model year.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (4) *Trades.* The following provisions apply to trading excess vehicle values:
- (A) A manufacturer may only trade excess ZEV, PHEV, environmental justice, early compliance, or converted ZEV and PHEV vehicle values if:
 - 1. The manufacturer has generated the vehicle values pursuant to subsection (f);
 - 2. The values are the manufacturer's converted ZEV and PHEV values pursuant to subsection (g)(2); or
 - 3. The values were acquired from another party and are still valid under subsection (f)(3).
 - (B) Trading manufacturers (both buyer and seller) must notify CARB of vehicle values being traded in their end-of-model-year report under subsection (j)(3). The penalty for failure to notify CARB is rejection of the trade of vehicle values for all involved manufacturers. This penalty does not preclude CARB enforcement action against noncompliance resulting from the rejected trade of vehicle values.
 - (C) A manufacturer may not trade excess converted ZEV or PHEV values after 2030 model year.
 - (D) In the event of a ZEV requirement deficit resulting from a trade, the seller of the vehicle values will be considered to have generated a ZEV requirement deficit and be required to fulfill such a deficit per subsection (h)(2).
 - (E) No entity other than a manufacturer may earn, hold, submit reports for compliance demonstrations, or transfer ZEV, PHEV, environmental justice, early compliance vehicle values, or converted ZEV and PHEV values.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

(g) *Fulfilling a ZEV Requirement Shortfall.*

- (1) *Limitations on fulfilling a ZEV requirement shortfall.* A manufacturer who has a shortfall in a given model year, calculated according to subsection (f)(1), may use any combination of excess ZEV, PHEV, or environmental justice vehicle values, early compliance vehicle values, converted ZEV and PHEV values, pooled ZEV and PHEV values, or proportional FCEV values, to fulfill its shortfall, within the following limitations on usage:
- (A) For the 2026 through 2031 model years, excess environmental justice vehicle values may be utilized up to any remaining environmental justice allowance, calculated according to subsection (e)(2)(E);
 - (B) For the first three model years of the annual ZEV requirements of this section, early compliance vehicle values may be utilized up to any remaining early compliance vehicle value allowance, calculated according to subsection (e)(3)(D);
 - (C) For the 2026 through 2030 model years, converted ZEV and PHEV values, combined, may be utilized up to the converted ZEV and PHEV allowance, calculated according to subsection (g)(2). For the 2031 and subsequent model years, converted PHEV and ZEV values may not be used to meet a manufacturer's shortfall.
 - (D) For the 2026 through 2030 model years, pooled ZEV and PHEV values, combined, may be utilized only up to the pooled allowance, calculated using the percentage in the table below for the applicable model year multiplied by the annual ZEV requirement. For the 2031 and subsequent model years, pooled PHEV and ZEV values may not be used to meet a manufacturer's shortfall or a deficit carried forward from a previous model year.

Pooled Vehicle Value Allowance By Model Year

Model Year	2026	2027	2028	2029	2030
Percentage Allowance	25%	20%	15%	10%	5%

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (E) The sum of excess PHEV values, converted PHEV values, pooled PHEV values, early compliance PHEV values, and PHEV values counted towards a manufacturer's performance for the model year under subsection (f)(1)(B) used in the demonstration of compliance for a given model year per subsection (h), may not exceed the PHEV allowance, calculated according to subsection (e)(1)(C).
 - (F) For the 2026 through 2030 model years, proportional FCEV values may be utilized as specified in subsection (g)(4)(C) up to the annual proportional FCEV allowance calculated according to subsection (g)(4). For the 2031 and subsequent model years, proportional FCEV values may not be used to meet a manufacturer's shortfall.
- (2) *Calculating Converted ZEV and PHEV Values and Allowance.*
- (A) At the conclusion of model year 2025, a manufacturer's PHEV and ZEV credit account balances, earned according to CCR, title 13, section 1962.2, will undergo a one-time conversion according to the following equations:

$$\text{Converted ZEV Values} = \frac{\text{2025 MY ZEV Credit Balance}}{2.1}$$

$$\text{Converted PHEV Values} = \frac{\text{2025 MY PHEV Credit Balance}}{2.1}$$

Where:

Converted ZEV values = value of ZEV and BEVx credit balances at the conclusion of 2025 model year, after conversion, rounded to the nearest whole number, in units of vehicle values

2025 MY ZEV Credit Balance = manufacturer's cumulative ZEV credit balance, at the conclusion of 2025 model year

Converted PHEV values = value of PHEV credit balances at the conclusion of 2025 model year, after conversion, rounded to the nearest whole number, in units of vehicle values

2025 MY PHEV Credit Balance = manufacturer's cumulative PHEV credit balance, at the conclusion of the 2025 model year

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (B) The annual converted ZEV and PHEV value allowance that a manufacturer may apply in model years 2026 through 2030 toward its ZEV requirement shortfall under subsection (g)(1), shall be calculated by multiplying 15 percent times the applicable model year annual ZEV requirement calculated in subsection (c)(1)(A).
- (C) In lieu of utilizing the annual allowance each model year allowed under subsection (g)(2)(B) to meet a ZEV requirement shortfall, a manufacturer may use converted ZEV and PHEV values up to a cumulative allowance that is calculated according to subsection (g)(2)(C)1. In each model year from 2026 through 2030, a manufacturer may use any amount of its eligible converted ZEV and PHEV values as long as the cumulative quantity used for model years 2026 through 2030 is below the calculated cumulative allowance.
 - 1. To calculate the converted ZEV and PHEV cumulative allowance, the annual allowance shall be calculated in accordance with subsection (g)(2)(B) for each model year and summed together.
 - 2. In the end-of-model-year report required in subsection (j)(3), the manufacturer shall include data supporting its calculation and designation of converted ZEV and PHEV values used to meet a ZEV requirement shortfall for the current model year and its calculation of the cumulative converted ZEV and PHEV allowance and cumulative usage for the current and previous model years. If the cumulative converted ZEV and PHEV values used by the manufacturer exceeds the cumulative ZEV and PHEV allowance as calculated solely for the current and previous model years, the manufacturer must also include a calculation of the remaining cumulative portion of the allowance that will be earned based on the projected number of light-duty vehicles to be produced and delivered for sale in California through the 2030 model year.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

3. Manufacturers utilizing the cumulative allowance in lieu of the annual allowance are also subject to the PHEV vehicle value usage restrictions of subsection (g)(1)(E) on a cumulative basis rather than annual basis. Manufacturers exceeding the usage restrictions of subsection (g)(1)(E) in a model year due to the usage of converted PHEV values under this cumulative allowance provision must include data in its end-of-model-year report supporting its calculation that cumulative used and projected future PHEV vehicle value usage for model years 2026 through 2030 will be below the calculated cumulative PHEV allowance.
- (3) *Pooled ZEV and PHEV Values.* Manufacturers may transfer excess 2026 through 2030 model year ZEV and PHEV values earned in California or a Section 177 ZEV state to satisfy shortfalls or deficits in 2026 through 2030 model years earned in California or a Section 177 ZEV state. A manufacturer may not transfer more excess ZEV or PHEV values than are necessary to fulfill a shortfall within a given year or a deficit carried forward from a previous model year.
 - (4) Calculation of Proportional FCEV Allowance and Earning of Proportional FCEV Values.
 - (A) For each model year from 2026 through 2030, the "annual proportional FCEV allowance" shall be calculated for each manufacturer that produces and delivers FCEVs for sale in California or any Section 177 ZEV state as follows:
 1. The annual proportional FCEV allowance shall be based on the state among California and all Section 177 ZEV states with the highest quantity of vehicle values earned from FCEVs in the calculation of a manufacturer's ZEV requirement performance in subsection (f)(1)(A) in the applicable model year for the manufacturer.
 2. The manufacturer's "FCEV percentage share" shall be calculated by dividing the number of vehicle values from FCEVs earned in the state determined per subsection (g)(4)(A)1. by the manufacturer's annual ZEV requirement (in vehicle values) calculated in subsection (c)(1)(A) for the model year in the same state.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

3. The manufacturer's annual proportional FCEV allowance shall be calculated by multiplying the FCEV percentage share, or 10 percent, whichever is smaller, times the applicable model year annual ZEV requirement (in vehicle values) calculated in subsection (c)(1)(A).
- (B) For each model year from 2026 through 2030, manufacturers earn "proportional FCEV values" as follows:
1. In each state, the manufacturer shall earn proportional FCEV values equal to the annual proportional FCEV allowance in the state minus the vehicle values earned from FCEVs in the state in the calculation of the manufacturer's ZEV requirement performance in subsection (f)(1)(A).
 2. If the vehicle values earned from FCEVs in the state is equal to or exceeds the proportional FCEV allowance, no proportional FCEV values are earned for that model year in the state.
- (C) Manufacturers may fulfill a portion of their ZEV requirement shortfall each model year with proportional FCEV values according to the following provisions:
1. Proportional FCEV values may only be used in the same model year and same state in which they were earned.
 2. Proportional FCEV values may not be banked for use in other model years, pooled for use in other states, or traded for use by other manufacturers.
- (h) Determining Compliance or Deficit with Annual ZEV Requirements.
- (1) *Demonstrating Compliance.* Each manufacturer must report in accordance with subsection (j) its ZEV requirement performance for the model year under subsection (f) and the resulting excess or deficit in values for the model year after applying any values according to subsection (g).

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (2) *Incur and Carry Forward a ZEV Deficit.* If a shortfall in meeting the annual ZEV requirement remains after determining compliance under subsection (h)(1), the manufacturer shall incur a deficit for the model year. A manufacturer must make up the deficit within three model years following the model year in which the deficit was earned by submitting a commensurate amount, within applicable allowances for fulfilling a ZEV requirement shortfall, under subsection (g)(1) for the model year in which the deficit was earned, of excess ZEV, PHEV, or environmental justice vehicle values, early compliance vehicle values, or pooled ZEV or PHEV values to the Executive Officer. For example, a manufacturer must resolve a 2026 model year deficit by the conclusion of the 2029 model year.
- (i) Certification Requirements. A manufacturer must submit an application to CARB to obtain certification for all new ZEVs and PHEVs.
 - (1) ZEV Test Group Certification. ZEV models must be certified according to test groups. Manufacturers shall include in the same test group those light-duty ZEV models that have the same: battery or fuel cell configuration, motor configuration, and expected degradation in usable battery energy. Manufacturers shall use good engineering judgement to combine vehicles in test groups for the purposes of certification and demonstrating compliance with the useful life requirements under subsection (d)(2).
 - (2) Application for Certification Requirements for Plug-in Hybrid Electric Vehicles. Except as noted below, the Part I certification application (40 CFR §86.1843-01(c) incorporated per the 2026 ZEV and PHEV Test Procedures) for PHEVs shall also include the following:
 - (A) Identification and description of the test group and vehicle(s) covered by the application.
 - 1. Identification and description of all vehicles within the test group to be produced and delivered for sale in California. The description must be sufficiently detailed to determine, for each vehicle, all appropriate test parameters and any special test procedures necessary to conduct official exhaust emission, evaporative emission, energy consumption, or range tests as required by the 2026 ZEV and PHEV Test Procedures.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

2. Identification of the vehicle curb weight, gross vehicle weight rating (GVWR), and weight class(es) to which vehicles in the test group are certifying (e.g., PC, LDT1).
 3. Projected number of vehicles to be produced and delivered for sale in California.
 4. Identification and description of the propulsion system for the vehicle.
 5. Identification and description of the energy storage system for the vehicle
 6. Identification and description of the climate control system used in the vehicle.
 7. Identification and description of the charging system for the vehicle including the onboard charger capability, maximum allowable direct current fast charge capability and vehicle connector specification (if equipped), and the charging cord included with the vehicle (if applicable), pursuant to CCR, title 13, section 1962.3.
- (B) A comprehensive list of all cycle specific and combined cycle emission, energy consumption, and range test results conducted pursuant to the 2026 ZEV and PHEV Test Procedures including:
1. Intermediate and final measured or calculated values used per the 2026 ZEV and PHEV Test Procedures to calculate cycle specific emissions, energy consumption, and range values.
 2. Identification of type of operation and/or driver-selectable mode used to represent worst case emissions for each emission test, and, where applicable, identification of end-of-test criteria utilized for each test per the 2026 ZEV and PHEV Test Procedures.
 3. If the Alternative Urban Charge-Depleting Emission Test was used, the all-electric range/equivalent all electric range (AER/EAER) ratio and the attestation that a minimum of four urban dynamometer drive schedule (UDDS) cycles were driven without any engine startups.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

4. Vehicle and battery break-in periods, in miles, used by the vehicle manufacturer prior to testing for certification and the methods used to determine them.
 - (C) Data and calculations used to determine battery specific energy including the weight of the battery system determined according to the 2026 ZEV and PHEV Test Procedures.
 - (D) Data used by the manufacturer to establish that the battery state of health parameter will correlate to usable battery energy, as determined per the 2026 ZEV and PHEV Test Procedures within the required accuracy per CCR, title 13, 1962.5.
 - (E) A copy of instructions provided to vehicle owners on how to access, in vehicle and without the use of tools, the battery state of health parameter, distance traveled since battery state of health last reset, actual rate of charge occurring, and maximum charge rate vehicle can currently accept as required by CCR, title 13, 1962.5.
 - (F) Identification of the length and terms of the propulsion-related parts warranty and battery warranty, pursuant to CCR, title 13, section 1962.8.
 - (G) Sample label pursuant to CCR, title 13, section 1962.6, including label format, size, and location.
 - (H) A copy of the information provided to the vehicle owner for proper and safe operation of the vehicle, including information on the safe handling of the battery system and emergency procedures to follow in the event of battery leakage or other malfunctions that may affect the safety of the vehicle operator or vehicle testing laboratory personnel.
- (3) Application for Certification for Battery Electric Vehicles and Fuel Cell Electric Vehicles. Except as noted below, the Part I certification application (40 CFR §86.1843-01(c) incorporated per the 2026 ZEV and PHEV Test Procedures) for Battery Electric Vehicles and Fuel Cell Electric Vehicles shall also include the following:

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (A) Correspondence and communication information, consisting of names, mailing addresses, phone and fax numbers, and e-mail addresses of all manufacturer representatives authorized to be in contact with CARB compliance staff. At least one contact must be provided.
- (B) Identification and description of the test group covered by the application.
- (C) Identification and description of all vehicles within the test group to be produced and delivered for sale to California. The description must be sufficiently detailed to determine for each vehicle, all appropriate test parameters and any special test procedures necessary to conduct official exhaust emission, evaporative emission, energy consumption, or range tests as required by the 2026 ZEV and PHEV Test Procedures. The description shall include:
 - 1. Identification of the vehicle curb weight, GVWR, and weight class(es) to which vehicles in the test group are certifying (e.g., PC, LDT1).
 - 2. Projected number of vehicles to be produced and delivered for sale in California.
 - 3. Identification and description of the propulsion system for the vehicle.
 - 4. Identification and description of the energy storage system for the vehicle.
 - 5. Identification and description of the climate control system used on the vehicle.
 - 6. For off-board charge capable vehicles, identification and description of the charging system for the vehicle including the onboard charger capability, maximum allowable direct current fast charge capability and vehicle connector specification, and the charging cord included with the vehicle, pursuant to CCR, title 13, section 1962.3.
- (D) A comprehensive list of all cycle specific and combined cycle energy consumption and range test results conducted pursuant to the 2026 ZEV and PHEV Test Procedures including:

Staff's Suggested Changes to Advanced Clean Cars II Proposal

1. Intermediate measured or calculated values used per the 2026 ZEV and PHEV Test Procedures to calculate cycle specific energy consumption and range values including usable battery energy and hydrogen tank usable fuel amount.
 2. If the test group includes multiple vehicle models, subconfigurations or other vehicle variants that have different range values used by the manufacturer for certification, labeling, advertising, or ordering (e.g., trim packages that yield different label range values), identification of each of the unique range values and the vehicle variants that each range value applies to for purposes of determining the applicable range to use for the durability requirement of subsection (d)(2).
 3. Vehicle, fuel cell, and battery break-in periods, in miles, used by the vehicle manufacturer prior to testing for certification and the methods used to determine them.
 4. BEVs: Society of Automotive Engineers (SAE) J1634 test methodology used (e.g., single cycle test, multi-cycle test), constant discharge rate used for the SAE J1634 short multi-cycle test (and description of how the rate was determined), and constant speed and time or distance for constant speed cycle portions of the multi-cycle test or short multi-cycle plus steady state test.
- (E) Data and calculations used to determine battery specific energy including the weight of the battery system determined according to the 2026 ZEV and PHEV Test Procedures.
- (F) Data used by the manufacturer to establish that the battery state of health parameter will correlate to usable battery energy as determined per the 2026 ZEV and PHEV Test Procedures within the required accuracy per CCR, title 13, 1962.5, and include a chart or table identifying the expected degradation in usable battery energy relative to time and mileage over the useful life for vehicles in the test group.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (G) A copy of instructions provided to vehicle owners on how to access, in vehicle and without the use of tools, the battery state of health parameter, distance traveled since battery state of health last reset, actual rate of charge occurring, and maximum charge rate vehicle can currently accept as required by CCR, title 13, 1962.5.
- (H) Identification of the length and terms of the propulsion-related parts warranty and battery warranty, pursuant to CCR, title 13, section 1962.8.
- (I) Sample label pursuant to CCR, title 13, section 1962.6, including label format, size, and location.
- (J) Information provided to the vehicle owner for proper and safe operation of the vehicle, including information on the safe handling of the battery system and emergency procedures to follow in the event of battery leakage or other malfunctions that may affect the safety of the vehicle operator or vehicle testing laboratory personnel.
- (K) Information provided to the vehicle owner for proper and safe operation of the vehicle, including information on the safe handling of the fuel cell system and hydrogen storage system and emergency procedures to follow in the event of hydrogen or battery leakage or other malfunctions that may affect the safety of the vehicle operator or vehicle testing laboratory personnel.
- (L) A statement of compliance that all vehicles, except as otherwise allowed in CCR, title 13, section 1962.5(g), in the test group covered by the application comply with the requirements of CCR, title 13, section 1962.5, and that the manufacturer will comply with the required deadlines for submission of results and data for production vehicle evaluation testing under CCR, title 13, section 1962.5(e)(5). For vehicles with deficient requirements per CCR, title 13, section 1962.5(g), the manufacturer must include a list of the deficient requirements and any changes in or resolutions of those deficient requirements from the equivalent previous model year test group.
- (M) Identification of the communication protocol utilized by vehicles in the test group for communication of the required standardized data to an off-board tool, per CCR, title 13, section 1962.5.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (4) Supplemental Application for Certification for ZEVs and PHEVs. Except as noted below, the Part II certification application (40 CFR §86.1843-01(d) incorporated per the 2026 ZEV and PHEV Test Procedures) for ZEVs and PHEVs shall include the following:
 - (A) Documentation used to identify the “high-priced” warranted propulsion-related parts including the estimated retail parts costs, labor rates in dollars per hour, and the labor hours necessary to diagnose and replace the parts required per CCR, title 13, section 1962.8.
 - (B) A copy of each of the required documents per CCR, title 13, section 1962.8(c)(5), (c)(6), and (i).
 - (C) A pictorial representation or written description of the diagnostic connector (including any covers or labels) and its location that is representative of every vehicle model covered by the application, per CCR, title 13, section 1962.5. The manufacturer may submit one representative set of this information for a group of vehicle models whose diagnostic connectors have the same design, orientation, and location per CCR, title 13, section 1962.5.
- (5) Application for Certification Requirements for Neighborhood Electric Vehicles. Although NEVs may not be counted in determining the manufacturer’s annual ZEV requirement in subsection (c) nor counted toward meeting a manufacturer’s annual ZEV requirement in subsections (e) through (h) nor otherwise earn ZEV vehicle values under this section, certification applications for NEVs shall include the following information:
 - (A) Identification and description of the vehicle(s) covered by the application.
 - (B) Identification of the curb weight and gross vehicle weight rating of the vehicle.
 - (C) Identification and description of the propulsion system and battery
 - (D) Projected number of vehicles to be produced and delivered for sale in California.
 - (E) Information for proper and safe operation and maintenance of the vehicle, including recharging information.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (F) Description of how the maximum speed of the NEV is limited to 25 mph and the tamper resistance features provided on the speed limiter.
 - (G) A copy of the owner's manual.
- (6) Application for Certification Requirements for ZEVs with less than 200 miles certified range value. Although ZEVs with less than 200 miles certified range value may not be counted in determining the manufacturer's annual ZEV requirement in subsection (c), nor counted toward meeting a manufacturer's annual ZEV requirement in subsections (e) through (h), and may not otherwise earn ZEV vehicle values under this section, certification applications for ZEVs with less than 200 miles certified range value shall follow requirements for certification in subsection (i)(3) and (4). ZEVs with less than 200 miles certified range value must meet requirements in subsection (d)(2) through (7).
- (7) Application for Certification Requirements for Zero Emission Medium-Duty Vehicles.
- (A) Zero emission complete medium-duty vehicles for which a manufacturer generates ZEV credits for use in the Advanced Clean Trucks program per CCR, title 13, sections 1963 through 1963.5, must be certified to the requirements of CCR, title 13, section 1963.2(h) "Zero-Emission Powertrain Certification for ZEVs" applicable to incomplete medium-duty ZEVs. Such vehicles may optionally use section D. of the 2026 ZEV and PHEV Test Procedures to conduct and report certification tests on the complete vehicle in lieu of Part I, section D. of the California Standards and Test Procedures for New 2021 and Subsequent Model Heavy-Duty Zero-Emission Powertrains, adopted June 27, 2019, to conduct rated energy capacity tests on the battery pack.
 - (B) Each zero emission medium-duty vehicle produced and delivered for sale in California for which the manufacturer elects to earn vehicle values that may be used to meet the passenger car and light-duty truck annual ZEV requirements of subsection (c) shall:

Staff's Suggested Changes to Advanced Clean Cars II Proposal

1. Notwithstanding CCR, title 13, sections 1963 through 1963.5, be counted as a vehicle in the calculation of the manufacturer's production volume in subsection (c)(1)C) to determine the manufacturer's annual ZEV requirements under this section and not be counted as a vehicle in the determination of the manufacturer's ZEV deficit in CCR, title 13, section 1963.1;
2. Meet the requirements for ZEVs in subsection (d) of this regulation;
3. Meet requirements for earning and using vehicle values in subsections (e) through (g) and the enforcement requirements of subsection (m) of this regulation;
4. Be ineligible to generate credits for use in the Advanced Clean Trucks program of CCR, title 13, sections 1963 through 1963.5; and
5. Be grouped into MDV-specific ZEV Test Groups in accordance with the criteria in subsection (i)(1).
6. Meet the application for certification requirements, and supplemental application for certification requirements, applicable to ZEVs in subsections (i)(3) and (i)(4), respectively.
7. Meet the reporting and disclosure requirements of subsections (j) and (k) of this regulation and the reporting requirements of CCR, title 13, section 1963.4(c).

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (j) ZEV Reporting and Record Keeping Requirements.
 - (1) Projected Sales of ZEVs and PHEVs for Future Model Years. Each manufacturer subject to the Annual ZEV Requirements of subsection (c) shall submit a projected ZEV and PHEV sales report by April 1 of each calendar year beginning with the 2026 calendar year. The report shall include the manufacturer's projected number of ZEVs and PHEVs to be produced and delivered for sale in California for the next model year not yet currently being produced and delivered for sale in California, plus each of the subsequent four model years. For example, a manufacturer producing and delivering 2026 model year ZEVs and PHEVs as of April 1, 2026 shall submit projected sales for 2027 through 2031 model years. For each model year covered by the report, the manufacturer shall submit the following:
 - (A) Total projected light-duty vehicles to be produced and delivered for sale in California;
 - (B) For each individual battery electric vehicle and PHEV model, the model name, projected sales, and planned specifications for: vehicle certification weight category (e.g., PC, LDT 3751-5750 LVW), all-electric range, battery pack energy capacity (kWh), onboard charger rating (kW), direct current fast charge (if equipped) vehicle connector specification and maximum charge rate (kW), and vehicle to grid capability (e.g., none, AC and DC per ISO 15118-20); and
 - (C) For each individual FCEV model, the model name, projected sales, and planned specifications for: vehicle certification weight category (e.g., PC, LDT 3751-5750 LVW), vehicle fuel pressure rating, fuel tank capacity, and vehicle range.
 - (2) ZEV Requirement Performance for the Model Year. In order to verify the status of each manufacturer's ZEV requirement Performance for a given model year, each manufacturer shall submit a report to the Executive Officer annually, prior to May 1 of the calendar year following the close of the model year. The end-of-model-year report must contain the following information:
 - (A) Total number of light-duty vehicles produced and delivered for sale in California for the model year and each of the four prior model years.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (B) Data for each ZEV and PHEV, meeting the minimum requirements of subsections (e)(1), that was produced and delivered for sale for that model year including: vehicle identification number (VIN), model year, Executive Order number, make, model, test group, and state.
 - (C) Data for each individual ZEV and PHEV qualifying for additional environmental justice vehicle values of subsection (e)(2):
 - 1. New ZEVs and PHEVs Provided for Use in Community-based Clean Mobility Programs at the first day of the model year through December 31 of the calendar year: VIN, model year, make, model, test group, Executive Order number of community-based clean mobility program, name of community-based clean mobility program, MSRP, sales price for the vehicle, date of sale/lease, and copy of the vehicle purchase agreement.
 - 2. Vehicles in California Sold At the End of Lease to Participating Dealerships in January 1 through December 31 of the calendar year: VIN, make, model, test group, MSRP, odometer reading at time of sale, participating dealer name, participating dealer address, date vehicle sold to a participating dealer.
 - 3. New ZEVs and PHEVs below MSRP threshold: VIN, model year, make, model, test group, and MSRP.
 - (D) Calculation of the manufacturer's ZEV requirement performance including separate calculations of any PHEV or environmental justice vehicle values earned in the model year in excess of the respective allowances.
- (3) End-of-Model-Year Report of Compliance or Deficit to the Annual ZEV Requirement. In order to verify the compliance or deficit status for a given model year, each manufacturer shall submit a report to the Executive Officer annually, prior to September 1 of the calendar year following the close of the model year. The report shall contain the following information:

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (A) Calculation of the manufacturer's ZEV requirement performance per subsection (f) including separate designation on usage of ZEV values earned in the model year per subsection (d) and PHEV values, environmental justice, and early compliance vehicle values per subsection (e).
 - (B) Designation of any excess vehicle values earned in the model year including quantity and receiving state or manufacturer (if applicable) under the provisions for banking, usage for satisfying a deficit, transfer through pooling provisions of subsection (f), or trading.
 - (C) Designation of the usage of any vehicle values to resolve shortfalls earned in the model year including quantity and originating state or manufacturer (if applicable) under the provisions for use of excess vehicle values of any type, converted ZEV and PHEV values, transfer through pooling provisions of subsection (g), or trading.
 - (D) Designation of the usage of any early compliance vehicle values for satisfying a deficit or trading.
 - (E) Starting and ending balances of vehicle values for the model year including trades to or from the manufacturer for each type of vehicle value including quantity and vintage (model year earned).
- (4) Reporting Early Compliance Vehicle Values. A manufacturer electing to earn early compliance vehicle values must report in its annual report required per CCR, title 13, section 1962.2 and incorporated test procedures, section D.3., its qualification, calculation, eligibility for, and designation of, such vehicle values per subsection (e)(3).
- (5) Record keeping. A manufacturer shall maintain the documents and information gathered to compile each report required under subsections (j)(2) through (4) in a form suitable for inspection, such as computer files, for five years after submission of the report. The manufacturer shall make such records available to the Executive Officer within 30 days upon request to verify the accuracy of the reported information.
- (k) Disclosure of ZEV Records.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (1) *Public Disclosure.* Unless identified as a trade secret or otherwise confidential under CCR, title 17, section 91011, and supported as such under CCR, title 17, section 91022, records in the Board's possession for the vehicles subject to the requirements of section 1962.4 shall be subject to disclosure as public records as follows:
 - (A) Each manufacturer's annual production data and the corresponding vehicle values earned for ZEVs and PHEVs; and
 - (B) Each manufacturer's annual balances for each model year for:
 1. Each type of vehicle value: ZEVs, PHEVs, converted ZEVs, converted PHEVs, early compliance ZEVs, early compliance PHEVs, and environmental justice vehicle values; and
 2. Excess vehicle values acquired from, or transferred to another party (i.e. transfers and pooled credits), and the identity of the parties themselves.
- (2) *Disclosure to the U.S. Environmental Protection Agency.* Records in the Board's possession for the vehicles subject to the requirements of section 1962.4 shall be subject to disclosure to the federal Environmental Protection Agency, which protects trade secrets as provided in Section 114(c) of the Clean Air Act and amendments thereto (42 U.S.C. 7401 et seq.) and in federal regulations.
- (l) *Definitions.* The definitions in the 2026 ZEV and PHEV Test Procedures, those in CCR, title 13, section 1900, and the following definitions apply to this section:

"Attestation" means a statement signed and dated by an individual, who is employed by a manufacturer and authorized to affirm the attested statement on behalf of the manufacturer, certifying under penalty of perjury under the laws of the State of California that the attested statement is true, accurate, and complete, unless otherwise noted.

"Certification range value" means a BEV's or PHEV's calculated combined urban and highway all-electric range values, or a FCEV's calculated combined urban and highway driving range, measured and calculated in accordance with Sections D. and E. of the 2026 ZEV and PHEV Test Procedure, and reported on the vehicle's CARB-issued Executive Order. The certification range value shall be calculated as follows:

Staff's Suggested Changes to Advanced Clean Cars II Proposal

Certification Range Value

$$\begin{aligned} &= 0.55 \times \text{Urban All-Electric (or Driving for FCEV) Range Value} \\ &+ 0.45 \times \text{Highway All-Electric (or Driving for FCEV) Range Value} \end{aligned}$$

"Financial assistance program" means a vehicle purchase incentive program where approved dealerships accept a point-of-sale incentive for used ZEVs and PHEVs for lower-income consumers. Qualifying programs in California include the Clean Cars 4 All Program established by Health and Safety Code Section 44124.5, the Financing Assistance for Lower-Income Consumers Project established pursuant to Health & Safety Code Section 44258.4, or successor State programs that meet this definition.

"Community-based clean mobility program" means a program that: 1) 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; 2) 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: a disadvantaged community, as defined in California by Health and Safety Code section 39711, a low-income community as defined in California by Health and Safety Code section 39713, or a tribal community regardless of federal recognition; and 3) is implemented by a community-based organization; Native American Tribal government regardless of federal recognition; 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.

"Manufacturer's suggested retail price" (MSRP) means the base retail price of the vehicle suggested by the manufacturer.

"NMOG + NO_x production report" means the annual report manufacturers submit to demonstrate compliance with California Code of Regulations, title 13, section 1961.4 and incorporated test procedures.

"Neighborhood Electric Vehicle" (NEV) means a motor vehicle that meets the definition of "low-speed vehicle" either in section 385.5 of the Vehicle Code or in 49 CFR § 571.500 (July 1, 2000). NEVs do not qualify to count toward a manufacturer's annual ZEV requirement under this section 1962.4.

"Provided for use" means sold or leased to a community-based clean mobility program or to a mobility service provider that operates mobility services for a community-based clean mobility program.

Staff's Suggested Changes to Advanced Clean Cars II Proposal

"Rounded to the nearest whole vehicle value" means to increase the last digit to be retained when the following digit is five or greater. Retain the last digit as is when the following digit is four or less.

"Section 177 ZEV state" means a state or the District of Columbia that has adopted this section 1962.4 pursuant to section 177 of the federal Clean Air Act (42 U.S.C. § 7507).

"Shortfall" means when a manufacturer's ZEV requirement performance, calculated per subsection (f), is below the applicable annual ZEV requirement, calculated per subsection (c)(1)(A).

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (m) Enforcement of ZEV Requirements.
 - (1) Submitting incorrect information, or failing to submit required information, is a violation of this section for which violators are subject to penalty. Each incorrect or omitted statement in a submission to the Executive Officer is a separate violation of this section.
 - (2) Incorrect information. If the Executive Officer finds that any ZEV or PHEV value was obtained based on incorrect information, the value will be deemed invalid.
 - (A) The Executive Officer shall notify a manufacturer in writing of an initial finding and shall specify the information initially found to be incorrect. The manufacturer may, within 20 days, provide to the Executive Officer information or records to correct or validate the originally submitted information.
 - (B) Within 50 days after making an initial finding, the Executive Officer shall make a final finding based on available information whether a ZEV or PHEV value was obtained based on incorrect information and shall notify the manufacturer in writing of this final finding.
 - (C) Within 60 days after the Executive Officer notifies a manufacturer of a final finding, a manufacturer may petition for review of the finding by requesting an administrative hearing in accordance with the procedures specified in California Code of Regulations, title 17, division 3, chapter 1, subchapter 1.25, article 2 (commencing with section 60055.1).

Staff's Suggested Changes to Advanced Clean Cars II Proposal

- (3) Penalties. A manufacturer that fails to make up a ZEV deficit is subject, for each deficit ZEV value, to the Health and Safety Code section 43211 civil penalty applicable to a manufacturer that sells a new motor vehicle that does not meet the applicable emission standards adopted by the state board. To calculate penalties under Health and Safety Code 43211, subdivision (b), as it is in effect as of [INSERT DATE OF ADOPTION], a deficit of one ZEV value towards meeting a manufacturer's annual ZEV requirement under subsection (c) of this regulation for a given model year will be equal to four zero-emission vehicle credits under the statute. The cause of action shall be deemed to accrue when the ZEV deficit is not balanced by the end of the specified time allowed by subdivision (h)(2) of this regulation. A manufacturer is also subject to penalties as provided by law, including those authorized under Health and Safety Code section 43016, for any other violations of the requirements of this Article 2, Approval of Motor Vehicle Pollution Control Devices (New Vehicles), of Title 13 of the California Code of Regulations.
- (n) Address. Unless otherwise specified, reports, documentation, and requests under this Section must be provided to the California Air Resources Board at the following address: Chief, Emissions Certification and Compliance Division (or Executive Officer if so specified), California Air Resources Board, 4001 Iowa Ave, Riverside, California 92507, or may be submitted electronically upon mutual agreement as provided under sections 1633.7 and 1633.8 of the Civil Code.
- (o) Severability. Each provision of this section is severable, and in the event that any provision of this section is held to be invalid, the remainder of this section and this article remains in full force and effect.

Note: Authority cited: Sections 38510, 38560, 38562, 38565, 39002, 39003, 39039, 39600, 39601, 39602.5, 43013, 43018, 43018.5, 43101, 43104, 43105, 43106, 43211, 43213, 50093, Health and Safety Code; 42 U.S.C, sections 7414, 7507. Reference: Sections 38562, 38562.5, 38565, 39002, 39003, 39039, 43013, 43016, 43018, 43018.5, 43100, 43101, 43102, 43104, 43105, 43106, 43204, 43205, 43211, 43205.5, and 44391.2, Health and Safety Code.