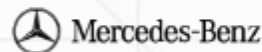


CO ZEV

Steve Douglas
Alliance of Automobile Manufacturers



BMW Group



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Adoption of Joint Alternative Proposed Regulations

- Accelerates ZEV introduction by the early action credit option
- Requires proportionally more ZEVs than in CA for 2023-2025MY
- Provides a smoother transition to ZEV regulations in CO
- Minimizes undue harm to CO's vehicle market if CA makes changes to ZEV regulations for 2026+

ZEV Credit Bank

- Regulations require that automakers deliver ZEV credits (not vehicles)
- ZEV sales generate ZEV credits (BEV250 = 4 credits, PHEV25 = 0.8 credits)
- ZEV credits beyond requirements can be banked in “ZEV Credit Bank”
- Each automaker has its own ZEV Credit Bank in each ZEV state
- ZEV credits can be bought, sold, or traded
- ZEV Credit Bank balances are critical:
 - Automaker product cadence rely on flexibilities provided by banked credits as part of ZEV compliance plans
 - CARB sets standards based on ZEV credit bank balances

“Proportional” Credits

- Provides starting balance in an automaker’s CO ZEV Credit Bank
- Starting balance for each automaker proportional to its CA ZEV Credit bank
- Necessary one-time action to:
 - Ensure CO ZEV requirements initially = CA ZEV requirements
 - Smooth transition to ZEV regulations for states starting mid-stream
 - Minimize undue harm on CO’s vehicle market if CA changes ZEV 2026

Other ZEV States*

- Every state adopting ZEV for the past 15 years* provided proportional credits. For example, in CT
 - “The commissioner shall set aside a number of Connecticut ZEV credits proportionally equivalent to the number of ZEV credits possessed by the requesting manufacturer for use in the State of California at the beginning of the 2008 model year.” (CT, Sec. 22a-174-36b(m)(3))
 - All other states listed below identical provisions
- ZEV states did NOT restrict use of “proportional credits”
- CA does NOT restrict use of banked credits

CO – Joint Proposed Alternative Regulations

- Concern that 2023-2025 ZEV requirements could be met solely with proportional credits
 - Same issue in California
 - Assumes complete trading of credits - unlikely
 - CA ZEV credit bank increased every year for past 7 years despite large balances
- To address concern, Joint Proposed Alternative Regulations restrict use of proportional credits for 2023-2025:
 - Option 1: Proportional credits limited to 36% of credit obligation
 - Option 2: Allow early ZEV credits 2021-2022, but further restrict use of proportional credits to only 23% of credit obligation
 - Under both options, proportional credit usage unrestricted starting in 2026

Automakers

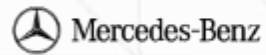
- Committed to vehicle electrification and working with Colorado
- Fully support the CDOT, CEO, Alliance, and Global Automakers Joint Proposed Alternative Regulations
- Recommend the AQCC adopt the Joint Alternative Proposal



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