

***VEHICLE EMISSIONS STANDARDS  
REGULATIONS UNDER THE GREENHOUSE  
GAS REDUCTION (VEHICLE EMISSIONS  
STANDARDS) ACT***

***POLICY INTENTIONS PAPER FOR  
CONSULTATION***

***SUMMARY OF PUBLIC COMMENT***

Prepared for: Ministry of Environment

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By: C. Rankin & Associates  
Victoria, B.C.



**Vehicle Emissions Standards Regulation under the  
Greenhouse Gas Reduction (Vehicle Emissions Standards) Act**

**Policy Intentions Paper for Consultation  
Summary of Public Comment**

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## **Summary of Public Comment – Vehicle Emissions Standards**

### **1. Introduction**

The Ministry of Environment (ministry) intends to introduce vehicle greenhouse gas (GHG) emission standards under the *Greenhouse Gas Reduction (Vehicle Emissions Standards) Act*. The proposed vehicle emissions standards will be one of a suite of regulations that will be developed in phases to implement the provincial government commitment to reduce B.C.'s greenhouse gas emissions by at least 33 per cent below 2007 levels by 2020.<sup>1</sup> This target was established under the *Greenhouse Gas Reduction Targets Act*<sup>2</sup> which came into force on January 1, 2008.

This report provides a summary of stakeholder comments received as part of the consultation process for development of vehicle emissions standards under the Act.

#### **1.1 Background to the consultation process**

An intentions paper was posted for public review and comment on the ministry's website ([www.env.gov.bc.ca/epd/main/ip-list.htm](http://www.env.gov.bc.ca/epd/main/ip-list.htm)) through August and September of 2008. The intentions paper provided background information regarding vehicle emissions standards, a summary of related government goals and objectives and a discussion of the ministry's intentions for development of the regulation, as well as the process for providing comment to the ministry. A separate response form for providing comments or suggestions to the ministry was also posted on the website.

#### **1.2 Purpose and format of the Summary of Public Comment document**

This document has been prepared for the Ministry of Environment by C. Rankin & Associates, contracted by the ministry to independently receive, compile and review comment on the ministry's intentions for development of the regulation. The summary does not reflect the ministry position on any issue. It provides a synopsis of the responses that are being considered by the ministry in preparing the regulation – without specific attribution, except to the extent required to provide context for the comments. This summary of public comment does not include all detailed comments, rather it attempts to capture the tenor and content of comments through summarization and specific excerpts from representative submissions.

The complete set of responses received through the consultation process has been compiled and passed to the ministry for detailed review and consideration. All comments and references submitted through this process, through independent submissions and through direct consultations with stakeholders, will be reviewed and carefully considered by the ministry in developing the regulation.

The summary of responses is arranged by topic as presented in the intentions paper. Direct excerpts from submissions are included in quotation marks (" "). Square brackets ([ ]) indicate inferred or contextual terms.

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<sup>1</sup> B.C. Legislature Speech from the Throne, February 13, 2007. See: [www.leg.bc.ca/38th3rd/4-8-38-3.htm](http://www.leg.bc.ca/38th3rd/4-8-38-3.htm)

<sup>2</sup> Bill 44 – 2007 *Greenhouse Gas Reduction Targets Act*. See: [www.leg.bc.ca/38th3rd/3rd\\_read/gov44-3.htm](http://www.leg.bc.ca/38th3rd/3rd_read/gov44-3.htm)

### 1.3 Description of responses received

Over 34 responses to the intentions paper were received (by e-mail, fax and attached file), and have been reviewed for this summary of stakeholder comments. About two thirds of the responses were from members of the vehicle retailing sector. Other respondents included representatives of the vehicle manufacture sector, government agencies, and public interest groups. Several respondents from automobile manufacturing sector provided detailed supplementary information with their submissions, addressing technical emissions testing procedures, regulatory development in other jurisdictions and associated legal submissions and rulings. This information has not been included in this summary but has been forwarded to the ministry for consideration.

Many of the responses from the automotive retail sector followed a common theme and set of points for consideration by the ministry. These submissions did not follow the format of the questions set out in the response form, however, set out a common set of three “comments and recommendations”:

- “First, [our business] joins other B.C. New Car Dealers in encouraging the Province, before considering any new vehicle emissions regulations, to first fully support and adopt the new forthcoming national level fuel economy standards, which will require 40% industry-wide fuel economy improvements by 2020 – this very stringent new national standard will maximize environmental benefits in B.C., enable necessary economies of scale and avoid unintended negative consequences for dealers and consumers”;
- “Second – it is incumbent upon B.C. to ensure that any separate B.C. emission regulations, (undertaken alone or concert with other jurisdictions), would not lead to restrictions in the availability or sales of new vehicles in B.C. or higher new vehicle costs for B.C. consumers – [we] do not believe this has been addressed by the Province...[we are] very concerned that any new B.C. emissions regulations similar to California’s approach would lead to significant restrictions on the supply to B.C. New Car Dealers of important products such as pick up trucks, work vans or other larger vehicles required by many customers – small business owners and families”; and
- “Finally, [we are] concerned that B.C. appears to be considering regulatory approaches that would exempt certain low volume vehicle brands in B.C. while applying to others – this approach would not only have an unfair competitive impact, it could well serve as a dangerous invitation for manufacturers to restrict their B.C. new vehicle offerings to a low volume of select high margin vehicles, while B.C. consumers draw new or nearly new vehicles from out-of-province – this would have severe impacts on the investments of B.C. dealers”.

Commonly, respondents setting out these points closed their submission with a comment that they “remain convinced that the B.C. Government seeks to be a leader in finding practical approaches to reduce carbon emissions – but only through practical steps that would not damage new car dealers or B.C. consumers”. These respondents commonly also expressed a “hope and desire to work with the Government and other B.C. New Car Dealers on the positive ‘Five Steps’ approach [of the New Car Dealers Association...Five Steps to Carbon Neutral...1) educating the consumer; 2) encouraging new and better fuels and propulsion systems; 3) renewing the fleet; 4) implementing carbon offsetting programs; and 5) attending and promoting environmental conferences for the public to discuss the role of the automobile and the auto industry]”.

## 2. Ministry Intentions and Respondent Comments

The objectives for the proposed regulation (see intentions paper section 3) are to set GHG emission standards for new light duty vehicles being sold in British Columbia, equivalent to those required in California.<sup>3</sup>

Requirements under the regulation will apply to vehicle manufacturers (not retailers or vehicle purchasers). The regulation may also apply to other persons (e.g., marketing affiliates of the manufacturer) who have a presence in B.C.

### 1. Scope of the Regulation

Regulation under the new Act will set GHG emission standards for new light duty vehicles being sold in British Columbia, equivalent to those required in California.

*Response Form Question 1.1: Do you have any comments regarding the scope of the regulation?*

Respondents who commented substantively on this question could be divided into two divergent groups. The first set of respondents, although often noting “understanding and respect [for] the policy goals of the British Columbia government”, expressed concern regarding the proposed approach and encouraged the province to, for example, “more fully examine and comprehend the significant, predictable unintended consequences that would result in B.C. from adoption of the unique standards that California proposed”. Respondents raised a number of reasons for the “inappropriate” scope of the proposed standards, including:

- A Canadian federal government commitment to regulate fuel consumption of light duty motor vehicles beginning with the 2011 model year;
- The “acceptance” of manufacturers selling light duty vehicles in North America that “new and demanding” fuel consumption standards will be imposed in the near future;
- The “[false] presumption that a California fuel consumption regulation...would drive vehicle technology for compliance”;
- The fact that the California regulation has not been and “may never be” implemented;
- “An inherent assumption that all other provinces and territories will also adopt the California GHG emission standard [rather than the Canadian federal government proposal]”; and
- The “discordance” and associated complexity and inefficiency of using a “fleet average approach” to setting standards, rather than the proposed federal government “attribute based approach”.

Respondents who supported the scope of the proposed standards or who felt that the scope should be broadened commented, for example, that “the scope should clearly include all SUV’s, pickups, [mid-sized] trucks...and small commercial vehicles” or “the scope...should be broadened to impose GHG emissions standards on medium duty passenger vehicles (greater than

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<sup>3</sup> California's vehicle tailpipe GHG regulation applies to passenger cars and light duty trucks 8500 pounds or less, and medium duty passenger vehicles up to 10,000 pounds.

8500 pounds and up to 10 000 pounds), as well as the light duty passenger vehicles” [Editor’s note: the proposed scope of the regulation *does* include vehicles up to 10,000 lbs (medium duty passenger vehicles).]

Respondents also encouraged “the early implementation of the Act’s provisions respecting zero emissions vehicles” and including “affiliates of the manufacturer who market and distribute within the province, if there is no corporate presence for the vehicle sale or lease within B.C.”

## 2. Fleet-average GHG Emission Standards

The B.C. Act echoes the core requirement of the California regulation that a manufacturer’s vehicle fleets cannot exceed applicable fleet-average GHG emission standards. Manufacturers will generally have two “fleets” for each model year based on weight classes of vehicles: 1) passenger cars/small trucks; and 2) larger trucks/sport utility vehicles/vans. Under the California regulation, light duty vehicle manufacturers are required to meet prescribed annual fleet average GHG emissions standards – and the standards become increasingly more stringent annually (by model year) until 2016 (see intentions paper section 4 and appendix B).

**Response Form Question 2.1: Do you have any comments regarding the fleet categories and fleet-average GHG emission standards?**

Divergent sets of comments were received in response to this question.

On the one hand, several respondents expressed support for the proposed approach and often recommended further inclusions, for example, of medium duty trucks (in addition to medium duty SUVs and passenger vans, currently captured by the California regulation), commenting that “the weights covered do not allow penetration in to the Medium Duty truck area as identified in numbers from NRCan which show that across Canada they put out 11 (Mt of CO<sub>2</sub>e) in 2005”. Another respondent saw “opportunities for B.C. to move beyond the California standards in ways that would eliminate or restrict the ‘large truck/sport utility/van’ category”. A number of respondents repeated a comment that “smaller manufacturers should also be receiving the policy signal that they need to comply with emission standards”.

In contrast, respondents who disagreed with the proposed approach outlined in the intentions paper noted, for example, that “the fleet average approach is at odds with the attribute-based approach proposed under the U.S. NHTSA Notice of Proposed Rule Making to set fuel economy targets from 2100 – 2015”. These respondents also commonly expressed a concern that “the fleet average approach will require manufacturers to adopt a completely different oversight mechanism for B.C. alone” and that “establishing benchmark fuel consumption ratings for vehicle manufacturers will impose undue burden on all manufacturers, as the categorization of the two vehicle fleets for the purposes of the B.C. standard is different from the categorization of the fleet for the purposes of the Company Average Fuel Consumption (CAFC) program that has been in place federally since 1976”.

Respondents who disagreed with the approach described in the intentions paper, also commonly noted that other factors affect GHG emissions (beyond emissions standards), including: “consumer response to the technology itself, the costs of the technology, adoption rate (or the

rate that buyers of new vehicles are willing to purchase high cost technology), the fleet turnover, rate of population growth which can impact the volume of vehicles on the road, related infrastructure changes (that provide the public with alternatives over time), driver behaviour, vehicle kilometers traveled, driving habits and especially fuel price...[our industry – vehicle manufacturers] is unaware of any coordinated effort in B.C. to align these factors”. Additional comments from these respondents included:

- “California’s proposal to use a single fleet average standard is an outdated approach that has been explicitly criticized by the U.S. National Academy of Science”;
- “California’s estimates of GHG reductions are based on erroneous assumptions of constant model mix and the use of off-the-shelf technologies”;
- “Consumers decide what they purchase based on their needs and requirements. If consumers cannot purchase what they want from their local new vehicle dealer they will seek other solutions such as shopping in another province, or in the U.S., for their new, or nearly new vehicle, thereby not only defeating the intent of the regulation but negatively impacting the B.C. new vehicle dealers”;
- “Fuel-savings pay-back estimates of two years outlined in the Intentions Paper are not realistic”; and
- “The California standards reproduced in appendix B represent an unreasonable expectation in that they start with the 2009 model year and most manufacturers have a significant component of their 2009 model year vehicles already in the marketplace”.

*Response Form Question 2.2: Do you have any comments or suggestions regarding these “additional provisions” related to fleet-average GHG emission standards?*

Respondents who commented on this question raised a number of specific or technical questions or concerns for consideration of the ministry, including:

- “[In the view of our organization] there will not be any consensus from the vehicle manufacturers and distributors concerning the categorization of manufacturers by sales volume for the potential application of less stringent alternative fleet requirements”;
- “The long-standing Corporate Average Fuel Economy (CAFE) approach of regulating the value of the weighted average fuel economy of the car and light truck fleets is being abandoned by the NHTSA, the U.S. federal agency tasked with regulating fuel economy... [as] the unintended consequences of the volume averaging system were seen as a barrier to overall improvements and it was determined that the approach should be reformed”;
- “It is not reasonable to apply any standard retroactively (to 2009 models) nor does it make sense to promulgate a regulation without suitable lead time by just ‘skipping’ a model year or two...the *Motor Vehicle Fuel Consumption Standards Act* (MVFSCA) provides a 3 year lead time for new requirements”;
- “[This proposal] shows a lack of understanding of how GHG emissions are generated... regulators should take into account the fact that... distance traveled, driving style, duty cycles, idling, traffic congestion and geography all play a part [in GHG generation, in addition to consumption characteristics of the vehicle]... encouraging a full life cycle approach

with the necessary incentives for appropriate, lower carbon fuels and incentives for fuel infrastructure changes should be a provincial priority”;

- “The ‘attribute-based’ approach as adopted under the U.S. NPRM process is seen as a fairer approach to fuel consumption / GHG reduction – this provision caused by a fleet average approach in the California regulation responded to the California sales volume which is substantially greater than B.C. and a vehicle model mix which is also different from B.C. – the issue identified by the California solution remains, but the B.C. approach must be B.C. specific”; and
- “A credit system is advisable but again, adds a significant amount of administrative burden to vehicle manufacturers and distributors in the context of the B.C. vehicle sales fleet which represents a relatively small portion of the overall Canadian new vehicle sales market”.

### **3. Compliance and Enforcement**

B.C.’s new Act and regulation would require manufacturers to submit an annual report to the ministry documenting the fleet-average GHG emissions of each of their vehicle fleets (for the preceding model year) and the generation and transfer of any associated credits. Manufacturers will also be required to submit a compliance report to the ministry for each model year (due five years after the annual report for that model year) documenting compliance with applicable standards (see intentions paper section 5). This mirrors the California approach.

*Response Form Question 3.1: Do you have any general comments or suggestions regarding annual and five-year compliance reporting requirements for the new Act and regulation?*

Of the respondents who commented on this question, one set felt that the proposed B.C. compliance reporting requirements would duplicate regulation at the federal level commenting, for example that “regulation at the federal level would require the submission of annual compliance reports for a manufacturer’s sales nationally [and] B.C.’s pursuit of its own standard doubles the compliance burden on manufacturers and distributors”. Other respondents expressed “support [for] the plans for submission of annual reports on fleet average GHG emissions”. Several respondents recommended that submission of compliance reports “should be shortened to three years [from the proposed five years]” – noting, for example, that “other regulations that are focused on climate policy, such as the proposed cap and trade regulations, use a three year window for compliance”.

*Response Form Question 3.2: Do you have any comments or suggestions regarding provisions for penalties (for non-compliance with requirements of the Act and regulation) that are or should be addressed in the regulation?*

Some respondents commenting on this question noted that “it is always the intention of vehicle manufacturers and distributors to comply with all of the laws of the land” while reiterating a concern that “regulation at the federal level would address any issues of non-compliance... a duplicate compliance mechanism for B.C. only burdens the industry and ultimately the consumer with extra cost”. Other respondents commented that penalties “shouldn’t just be consid-

ered another cost of doing business” or that “fines and penalties should act as a deterrent and never represent an alternative to compliance”.

Specific comments included:

- “The most likely way of achieving compliance for vehicle manufacturers and distributors will be to restrict the product offerings available in the B.C. marketplace”;
- “The financial penalty per car should be based on the extent to which the manufacturer is out of compliance”;
- “[We are] concerned with the lack of mandatory enforcement at final when moving penalties to the status of ‘debt due to government’ – this is currently at the discretion of the director... this leaves too large a question about the use of penalties – this final step regarding the penalties should be an action the director MUST take”;
- “The regulation [should] require the director or his/her agent to conduct unannounced independent ‘spot audits’ of manufacturers to verify that reported emissions match actual emissions”.

#### **4. Technical Discussion Issues**

The ministry is seeking specific comment on a number of “technical” issues related to development of regulation under the new Act for application in the B.C. context. These issues are discussed in section 6 of the intentions paper.

*Response Form Question 4.1: Do you have any specific comments or recommendations regarding vehicle emission testing procedures for use in the B.C. context?*

A limited number of specific comments were received in response to this question. One respondent noted the differences between California criteria emissions standards and Canadian federal requirements – and the associated difficulties in using California standards in the B.C. context. Another respondent recommended “independent testing, not by the manufacturers [and] standardized testing across North America to lower compliance costs and bureaucracy”. A respondent in the Lower Mainland noted that their company has “a heavy dynamometer... that can measure fuel consumption in vehicles up to 35 000 pounds in test weight”.

*Response Form Question 4.2: Do you have any specific comments or recommendations regarding specification, or defining a hierarchy, of regulated parties in the regulation for use in the B.C. context?*

Responses to this question were divided. One set of respondents noted “very significant issues associated with the approach proposed by Quebec” noting, for example, that “the draft Quebec regulation is inadvertently more stringent (approximately 27%) than the California standards which they attempted to emulate”. Respondents making these comments often also pointed to complexity inherent in the issue and that “ ‘leakage’ of new or nearly new vehicles into the

province across all borders will undoubtedly occur that are outside of the control of the vehicle manufacturer”.

Other respondents expressed “support [for] the use of a hierarchy of regulated parties, following Quebec’s lead” as the approach “might be suitable for (a) preventing the creation of any loop-holes for vehicles to bypass regulation and enter into BC and (b) for creating a level playing field for all those involved in importing vehicles into B.C.” One respondent recommended “exploring why the California regulation applies exclusively to vehicle manufacturers and not to other potential parties (as outlined in the Quebec model)”.

***Response Form Question 4.3: Do you have any comments or recommendations regarding appropriate B.C.-specific technical approvals and / or inclusion of fees provisions (to be paid by a manufacturer where advice by a third party is required) in the regulation?***

Several respondents expressed strong concern regarding the inclusion of fee provisions in the regulation, commenting, for example, that “our vehicles are independently tested already – we would not expect to pay fee in BC to be told so” and “vehicle manufacturers and dealers have historically always passed governmental costs to the consumer... [and this proposal would] drive up the cost of new vehicles for British Columbians, reducing fleet turnover and negatively impacting environmental and safety benefits”.

Other respondents however, expressed support for “allowing the minister to charge fees to manufacturers to recover costs where advice by an independent third party is required”.

Comments from respondents included:

- “It is not appropriate for the Ministry to involve and to bill manufacturers for 3<sup>rd</sup> party advice as it shows lack of transparency and accountability by the government”;
- “The idea that regulations would be developed by the Government that would allow it to charge vehicle manufacturers for the government to obtain advice from independent third parties to further regulate the industry is pernicious and only adds to the administrative burden associated with the proposed regulation”; and
- “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”.

***Response Form Question 4.4: Do you have any specific comments or recommendations regarding categorization of manufacturers for use in the B.C. context?***

While most respondents who addressed this question expressed support for “applying the fleet average GHG requirements equally to all manufacturers”, one respondent from the auto manufacturing sector commented that “there will not be any consensus from the vehicle manufacturers and distributors concerning the categorization of manufacturers by sales volume for the potential application of less stringent alternative fleet requirements”.

Specific comments included:

- “Sales volumes in British Columbia do not reflect the size, technical capability or international presence of a vehicle manufacturer”;
- “Any manufacturer, however large and well established globally, that enters the B.C. market, post regulation, would automatically be classified as a ‘small manufacturer’ and enjoy an unwarranted market advantage”;
- “A sales volume biased regulation could drive some automakers to restrict availability of low fuel consumption models to avoid reaching the proposed volume thresholds that would invoke constraints”;
- “The B.C. Government is ignoring the value that the existing Transport Canada resources would contribute to efficiencies for the benefit of new vehicle buyers in B.C.”; and
- “Given that the primary objective of the GHG Reduction (VES) Act is GHG reduction, it would be reasonable that GHG reduction be given the most weight in such a decision”.

## 5. Confidentiality of Information

The new Act sets out requirements to protect the confidentiality of potentially sensitive information obtained by government from manufacturers while respecting the public’s right of access under the *Freedom of Information and Protection of Privacy Act*.

**Response Form Question 5.1: Do you have any comments regarding confidentiality or public reporting of information under provisions of the new Act?**

Respondents to this question commonly advised a transparent reporting process, that also protects the “competitively sensitive information in a manufacturer’s possession”. Several respondents also noted that the “onus for exceptions should be placed on the manufacturer, not on the public”.

Specific comments included:

- “To minimize cost to B.C. consumers, reporting should be as straightforward as possible”;
- “Transport Canada will make data available publicly – this data will include B.C.”;
- “The default starting point for the Act and regulation should be that all reported information is public unless specifically stipulated in the regulation to be excluded on the basis of confidentiality”;
- “[Our organization] does not agree that numbers of each type of vehicle with a distinct emission value that the manufacturer delivered to BC for sale or lease should be confidential information”; and
- “All information regarding reports, emission levels and fleet sales should be made public to encourage informed public debate on the issue”.

## 6. Additional Comments

*Response Form Question 6.1: Do you have any comments regarding implications of the New Act and regulation for the vehicle manufacturing and retail sales industry?*

Many of the respondents identified themselves as “New Car Dealers” and voiced a common set of concerns with respect to the intentions set out in the paper (summarized in section 1.3 of this document). These concerns are encapsulated in the following quote from a submission from a vehicle manufacturer’s association: “We are very concerned that if B.C. proceeds with the proposed approach of forcing manufacturers and dealers in B.C along a differentiated regulatory path, this will predictably curtail product availability for B.C. consumers – particularly vehicles required by consumers with large families, by small businesses, farmers, and the resource sector. The impact will be retention of older vehicles or purchases outside the province, with the potential of forcing certain B.C. dealers out of business. These choices would negate any of the forecasted GHG benefits and cause air quality improvements to backslide. Also the California approach offers a strong incentive for individual manufacturers to curtail availability of offerings to get below the threshold and not be impacted”.

Comments contrary to the above view included: “this legislation will help to support a worldwide push on manufacturers to produce cars with lower emissions” and “vehicle manufacturers will have no alternative but to manage the fleet of vehicles available in B.C. to achieve compliance”.

Additional comments included:

- “We would note that the EU lawmakers just yesterday (September 25) approved more aggressive GHG emission standards, with aggressive targets for 2012 thought 2020”;
- “[The new vehicle emission standards] will help our business [as a local manufacturer] and B.C. jobs, particularly if extended to the weight range covered in California”; [Editor’s note: the ministry’s proposal set out in the intentions paper is for the B.C. regulation to follow the same weight range and categories as California.] and
- “The auto industry would look forward to being involved in a proper consultation that provides an opportunity to ensure implication of unique to B.C. regulation for the vehicle manufacturing and retail sales industry in terms of the impact on B.C. dealers and B.C. consumers is clearly understood”.

*Response Form Question 6.2: Do you have any comments regarding implications of the new Act and regulation for vehicle purchasers?*

Respondents who specifically addressed this question often reiterated concerns or expressions of support for the standards made in other sections of their response. Additional comments included:

- “[Our organization] recommends that the regulation should require public labeling/consumer information on both new and used vehicles to be sold/leased providing data with respect to both vehicle fuel consumption and GHG emissions, together with compara-

tive information... the EU and the B.C. government has itself recognized that labeling consumer products allows consumers to make an informed choice and plays a role in their choices; there is an opportunity here to use a requirement for labels to influence buyers toward lower consumption and low GHG emitting vehicles;”

- “We believe this would force significant number of consumers to circumvent the spirit of the Act by purchasing and importing new vehicles from outside the province, vehicles that our dealers would be prohibited from selling in B.C. ... these choices would negate any of the forecasted GHG benefits and cause air quality improvements to backslide”;
- “The California approach offers a strong incentive for individual manufacturers to curtail availability of offerings to get below the threshold and not be impacted”; and
- “The Province should first demonstrate that any new regulations will not lead to product limitations, increased cross-border "grey market" imports or damage to B.C. consumers when unique technology costs are passed on to them – (in addition to the high fuel prices they already face) – vehicle emissions regulations taking effect in B.C. must be fully aligned with other Canadian provinces, if they are to avoid unintended negative consequences”.

**Response Form Question 6.3: Do you have any other comments or suggestions for the ministry?**

As well as providing additional suggestions, many respondents reiterated comments made in response to earlier questions. Specific comments included:

- “The *Greenhouse Gas Reduction Act* focuses on the California Emission Standards and marketing of a Zero Emission Vehicle by multiple manufacturers – the Act leaves implementation of both issues subject to California, over who[m] neither B.C. nor vehicle manufacturers have any control given the narrow time frame suggested”;
- “We are well aware that every industry must do all that it can to not only help B.C. reach its GHG reduction target, but also strive to even greater success on the road to sustainability – consequently, we ask before the B.C. government implements any aspects of the GHG Act to please carefully evaluate and measure the unintended consequences that could jeopardize not only our [new car dealer] business and the livelihood of our employees, but also the very purpose for which the Act is intended”;
- “[Our business encourages] the Province, before considering any new vehicle emissions regulations, to first fully support and adopt the new forthcoming national level fuel economy standards, which will require a 40% industry-wide fuel economy improvement by 2020 – this very stringent new national standard will maximize environmental benefits in B.C., enable necessary economies of scale and avoid unintended negative consequences for dealers and consumers”;
- “[Our organization] strongly encourages B.C. to engage in further direct consultation with the industry and with B.C. auto dealers, with the objective of more fully understanding the predictable unintended consequences of its proposed approach for B.C. consumers and new car dealers – in doing so, the Province is ‘backstopped’ in its overall plans and objectives by significant recent consumer reactions to higher fuel prices and by the very stringent new

pending national fuel economy standards that will require at least a 40% fuel economy improvement by 2020 – in addition to this further consultation and consideration, the Province will benefit from the opportunity to work closely with manufacturers and dealers in B.C. to develop integrated approaches that comprehend the interplay between vehicle technology, consumer preference, fuel pricing, quality and the availability of alternative fuels and consumer driving behaviours’;

- “The federal government is moving to implement a fuel consumption regulation in time for the 2011 model year... [and] has expressed the view that it will align with the U.S. federal approach, which will ensure British Columbians will continue to benefit from the availability of a wide assortment of vehicles, at price points that are the most economical for everyone”;
- “The background information of the Policy Intentions Paper contains certain inadvertent inaccuracies and overstatements in regard to transportation emissions and the stated benefits of California standards and understates the impact of these unique standards on vehicle availability, safety and costs...[and] also did not fully discuss alternatives such as the tough new reformed Canada-U.S. (North American standards) and its anticipated significant impacts”;
- “The need to more fully determine whether the benefits of pursuing a provincial GHG standard outweigh the costs in all respects is apparent – there appear to be a number of externalities for manufacturers and distributors (e.g., extra cost of compliance burden) that have not been fully considered”;
- “The impact of the provincial standard on the provincial dealer network also needs to be considered as local investment decisions were predicated on existing sales and vehicle model profitability expectations”;
- Intentions Paper is currently silent on the issue of inspection powers, authorities and procedures, a matter which the Act contemplates will be addressed through the regulations. In addition to a "spot audit" function urged above, we would submit that the regulations should be very clear that inspections are authorized and may be conducted both regularly and on a 'spot audit' basis for the purpose of ensuring compliance with the Act and regulations – the regulation needs to be very clear with respect to detailing how the inspection and seizure powers currently authorized in section 30 of the Act will be implemented – the Intentions Paper is also currently silent on the issue of appeals, and the Act currently limits the right of appeal to the manufacturer or person subject to a "decision" as defined in section 14 of the Act – [our organization] would like to see a mechanism that would provide an opportunity for a member of the public to initiate a review of alleged non-compliance. In our view, this might be achieved in one of two ways: (1) ... to broaden the definition in the Act of a 'decision' to include [for example] a decision on an inspection or other exercise of regulatory power by the director or inspector, with a corresponding expansion that 'any person' might appeal such a decision to the Environmental Appeal Board...this option would require an amendment to the Act; [or, alternatively] (2) ... to make provision – either in the regulation under the inspection authority or through statutory amendment – to allow individuals to apply for an investigation under the Act by the Chief Conservation Officer or by the director...there is value in standardizing this type of public involvement opportunity across the provincial statutes dealing with greenhouse gas emissions”;

- “[Our organization] would like to emphasize that the over-arching objective of any greenhouse gas standard should be to reduce the total tonnage of greenhouse gases (GHGs) emitted (i.e., absolute reduction), rather the GHG per kilometer traveled (i.e. ‘intensity’ reduction) – for this reason, BC’s carbon tax (which encourages people to drive less as well as purchase more efficient vehicles) should be supported and strengthened... policies that encourage people to purchase more efficient vehicles can and should be part of a comprehensive greenhouse gas strategy – we believe that the Intentions Paper provides enough latitude to design an effective policy along these lines, but there are several potential traps that should be avoided: a) the proposed regulations that are outlined in the Intentions Paper are not sufficiently differentiated from the already-existing CAFE (Corporate Average Fuel Economy) standards... b) GHG standards would have to be met by influencing the make-up of the light-duty vehicle fleet in the province, likely by targeting retailer or franchise owners – fleet averaging applied to such entities would be likely to lead to a wide range of unintended consequences... administration of the regulation to deal with all such eventualities would be expensive and cumbersome, and the regulations may even be punitive to new and/or small car-selling entities... c) if fuel prices continue to increase, consumers will buy more efficient vehicles, and the efficiency targets might be exceeded even without regulatory influence – in this case, the regulations would carry administrative costs without providing any additional benefit... d) plug-in hybrid and electric vehicles may become common, so the regulations must include upstream CO<sub>2</sub> emissions (related to the generation and distribution of electricity) – the upstream emission calculation must also consider extra non-hydro electricity that would need to be imported to power the vehicles... [and] e) as with electricity for hybrids, credible upstream emissions for biofuels must be added to tailpipe emissions before any credits are given to biofuel-powered vehicles – [these] pitfalls could be avoided by restructuring the regulation as a fee/rebate (or ‘feebate’) system, based on whether a vehicle produces more or less than the fleet average GHG emissions or fuel consumption – this economic policy instrument can be designed to be cost-neutral and has a low administrative burden, and it is of proven effectiveness”; and
- “[Our organization] support[s] 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... [our submission outlines] three opportunities to move beyond the California standards – either immediately or as updates occur...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... [our organization] believes 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... opportunities to move beyond California's standards: 1) implement more stringent vehicle emission standards immediately... 2) implement California vehicle emission standards independent of California... [and/or] 3) implement more stringent vehicle emissions standards within three years...".