



Maryland
Department of
the Environment

The Clean Car Program Regulation Update



The Air Quality Control Advisory Council
March 13, 2023



The Maryland Clean Car Program

- Adopted in 2007 as required by passage of The Clean Cars Act of 2007.
- Adopts the California Advanced Clean Car Program (formerly known as the Low Emission Vehicle Program) in Maryland through Incorporation by Reference of the California Regulations.
- Applies to new light-duty motor vehicles registered in Maryland.



Regulatory Changes

- California has adopted new and more stringent light-duty vehicle emission standards.
 - Changes impact COMAR 26.11.34.02 Incorporation by Reference.
- The new standards build on the previously adopted Advanced Clean Car (ACC I) Standards (Model Year (MY) 2015 through 2025) that Maryland and several other states adopted in 2012.
 - Currently, 17 states have adopted all or part of California's Low Emission Vehicle (LEV) regulations.
- California's Advanced Clean Cars II (ACC II) standards focus on increasing the requirement for Zero Emission Vehicles (ZEVs) while providing flexibility for manufacturers to meet the program.



Regulatory Changes

- ACC II, like ACC I, includes emission standards for criteria pollutants from internal combustion engines (ICE).
 - Criteria pollutant standards prevent the potential backsliding that could occur in ICE vehicles as a result of more ZEVs in the fleet.
- ACC II will cover MY27-35 light-duty vehicles in Maryland.
- The regulatory standards were approved by the California Air Resources Board (CARB) on August 25, 2022, and effective November 30, 2022.



ZEV Program Overview

- CARB streamlined the compliance approach to make it easier for manufacturers to comply with the more stringent requirements.
- ZEVs (Battery Electrics and Fuel Cells) and Plug-in Hybrid Electrics, with at least 50 miles of range, will earn ZEV credits.
- Manufacturers can take advantage of early action and historical credits, as well as a pooling mechanism to allow credits from one state to meet requirements in another.
- Banking and trading of credits is still allowed to provide more flexibility.
- No manufacturer has been fined for failing to meet the ZEV program credit requirement in any ZEV state. Many manufacturers currently have a surplus of credits available in the ZEV Credit Accounts.



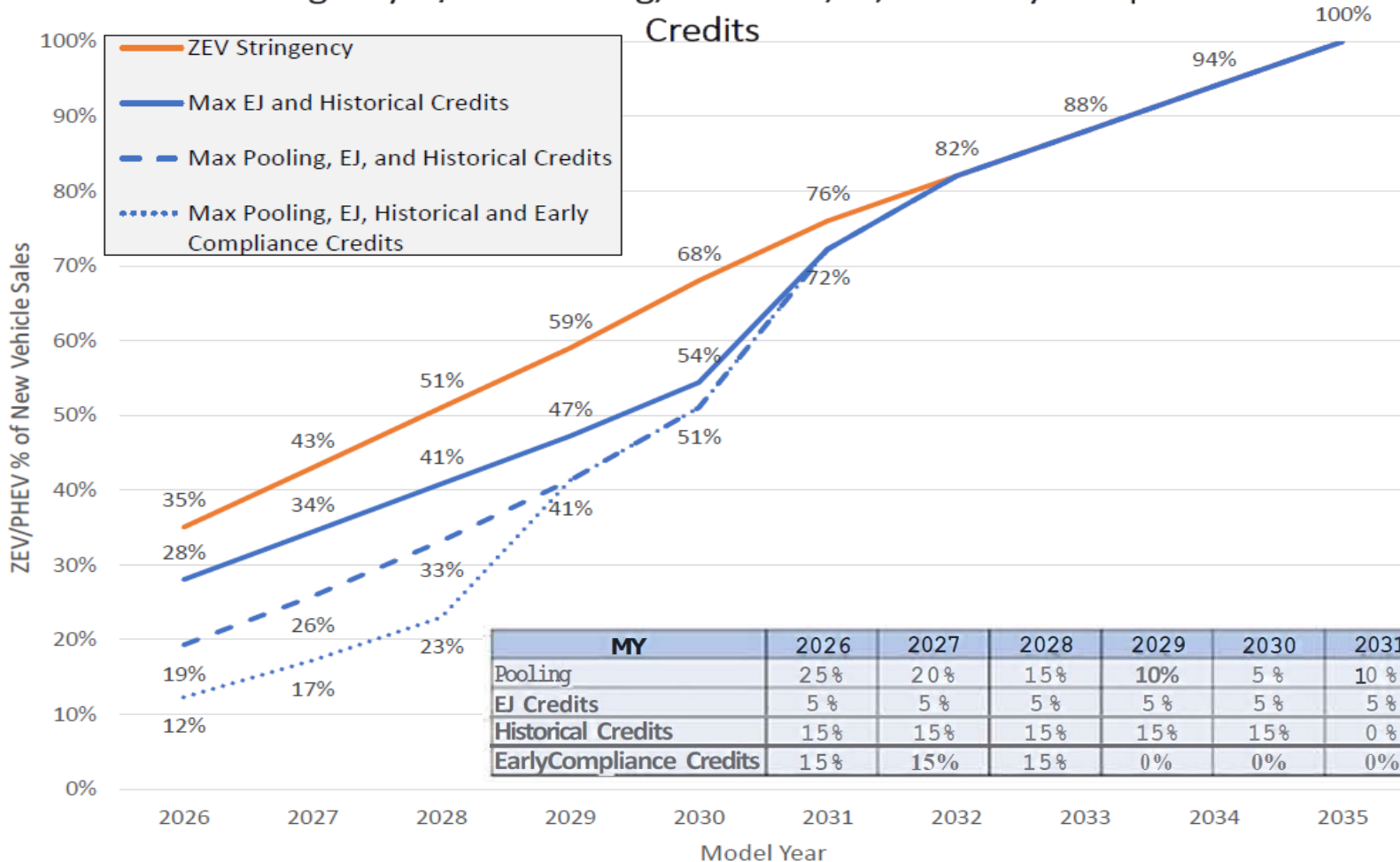
Program Flexibilities

FLEXIBILITY	DESCRIPTION	SHORTFALL CAP REQUIRED	SUNSET	IMPACT ON TOTAL REQUIREMENT	
Historical Credits	OEM may use converted ACC I ZEV and PHEV credit balances	Yes	15%	After MY 2030	Results in fewer vehicles due to large existing credit balances (cannot be pooled)
Pooling	OEM may transfer excess ZEV and PHEV credits earned in one ZEV state to another ZEV state	Yes	MY 2026 – 25% MY 2027 – 20% MY 2028 – 15% MY 2029 – 10% MY 2030 – 5%	After MY 2030	Same volume of vehicles but allows some variation in where vehicles are delivered
Early Compliance Credits	OEM may meet portion of requirement with qualifying ZEVs and PHEVs delivered in MY 2024 and 2025 in §177 ZEV states	No	15%	After MY 2028	Same volume of vehicles but increases time period for delivery to §177 ZEV states by two years
EJ Credits	OEM receives <u>extra</u> credit for new vehicles <u>placed</u> in community-based programs, etc.	No	5%	After MY 2031	Slightly reduces volume of vehicles in state where EJ credits are accrued (cannot be pooled)
PHEV Credits	OEM may meet portion of requirement with qualifying PHEVs	No	20%	None	Allows portion of ZEVs required to be replaced with PHEVs
Banked 2026+ Credits	OEM may bank 2026+ credits for future use, for 4 additional MYs	Yes	None	None	Same volume of vehicles but allows for some variation from year to year
Trading	OEM may trade or acquire excess ZEV or PHEV credits	Yes	None	None	Same volume of vehicles but allows for variation among OEMs



ZEV Requirement

ZEV Stringency w/Max Pooling, Historical, EJ, and Early Compliance Credits





Gap Year

- What happens to the 2026MY?
- Maryland and several other Section 177 States were unable to adopt by the end of 2022 and are therefore unable to enforce ACC II in 2026.
 - MD and these states will revert to the federal (EPA) emission standard for 2026.
- Manufacturers can earn Early Compliance Credits if they place more vehicles than the regulation requires in the two years prior to implementation. (MY25-MY26 in MD)
 - This should help ensure Maryland still receives Zero Emission Vehicles during the gap year as the manufacturers will still want these easy to earn credits to help comply with the out years when the percentages increase.
 - 177 States are continuing to hold discussions with the OEMs on how best to address the 2026 Gap Year.



Next Steps

- MDE adopts California's ACC II standards through Incorporation by Reference.
- Regulation scheduled to be effective September 4, 2023.
- ACC II becomes enforceable for 2027MY.
- Questions?