Adopting the Advanced Clean Cars II and Advanced Clean Trucks Rule in Vermont

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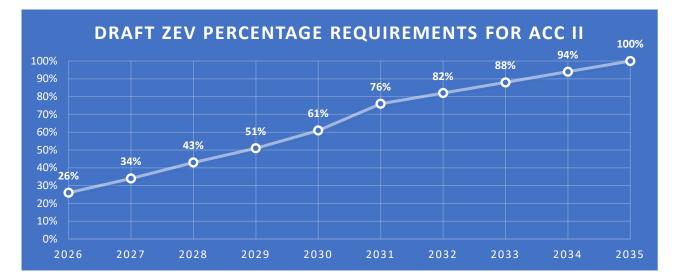
Regulating motor vehicle emissions in Vermont

Pursuant to the Clean Air Act, Vermont has the authority to regulate emissions from motor vehicles so long as those regulations are identical to California's. Over the past few decades, Vermont has adopted many of California's regulatory programs for light and medium duty vehicles, including a Low Emission Vehicle (LEV) program which focuses on the emissions of criteria air pollutants and greenhouse gases, and a Zero Emission Vehicle (ZEV) program which requires auto manufacturers to deliver a certain percentage of battery electric and plug-in hybrid vehicles to Vermont. These two programs are a part of Advanced Clean Cars (ACC), which Vermont first adopted two decades ago. Vermont's program, to date, has not focused on regulating emissions from heavy-duty vehicles.

Advanced Clean Cars II

Advanced Clean Cars II (ACCII) is an amendment to the existing ACC program, and continues to cover light duty passengar cars and trucks. ACCII is not a requirement that consumers purchase an EV, or that dealers sell a required volume of EVs. It is a requirement imposed solely on auto manufacturers to deliver to Vermont only vehicles that meet stricter emission standards, and a certain annual percentage of EVs, increasing to 100% EVs by 2035.

ACCII also includes enhanced consumer protection measures to improve vehicle warranties and ensure durability of battery technology. Adoption of ACCII was included in the Initial Vermont Climate Action Plan as a critical measure towards meeting Vermont's required reductions of greenhouse gas emissions from the trnasportation sector. To ensure timely adoption to mirror implementation in California, to avoid defaulting back to less stringent federal standards with no ZEV sales obligations, and to maximize emission reductions projected to be acheieved via the amended rule starting with model year 2026, ANR needs to adopt the ACCII amendments before the end of 2022. Per federal law, motor vehicle emission standards must be adopted two *model years* in advance of the effective model year. A model year begins on January 2 of the prior calendar year, therefore to adopt new standards for MY2026, Vermont must adopt these standards two years in advance of January 2, 2025, or January 2, 2023.



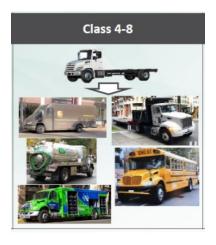
Advanced Clean Trucks Rule

The Advanced Clean Trucks Rule (ACT) is a new regulatory program that has been adopted and implemented in California and a number of other states, including New York, Massachusetts, and New Jersey. The rule requires auto manufacturers to sell zero-emission trucks as an increasing percentage of their annual sales from model years 2024 to 2035. Again, this is not a requirement that fleet owners or truck operators purchase EVs, but a requirement on the manufacturers of medium and heavy duty trucks. By model year 2035, zero-emission truck/chassis sales would need to be 55% of Class 2b – 3 truck sales, 75% of Class 4 – 8 straight truck sales, and 40% of truck tractor sales. Light-duty trucks (e.g. the F-150 Lightning) will be covered under ACCII. The Climate Action Plan also directs ANR to adopt CARB's Low NOx Omnibus Rule, and the Phase 2 Greenhouse Gas Rule for Truck Trailers, and these rules will be adopted along with the ACT rule. These rules also address emissions from medium and heavy duty trucks, specifically efficient design of truck trailers and criteria pollutant emissions like nitrogen oxides and particulate matter from new medium and heavy-duty engines.

Because ACT has been adopted and takes effect in California in model year 2024, Vermont can adopt this rule at any time. Vermont has had limited to no regulations covering emissions from medium and heavy duty vehicles in the past, so this would be a new rule and not an amendment. Note that Vermont will not be able to adopt this rule in time to mirror the implementation date in California due to the two-model year lead time requirement explained above. In order to maximize emission reductions projected to be acheieved via the ACT rule starting with model year 2026, ANR must adopt this rule by the end of 2022.



Vehicle Groupings Used in ACT



Source: CARB

