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Air Resources Board

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Arnold Schwarzenegger
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TO: ALL PASSENGER CAR MANUFACTURERS
ALL LIGHT-DUTY/MEDIUM-DUTY VEHICLE MANUFACTURERS
ALL HEAVY-DUTY VEHICLE MANUFACTURERS
ALL MOTORCYCLE MANUFACTURERS
ALL OTHER INTERESTED PARTIES

SUBJECT: PUBLIC WORKSHOP REGARDING PROPOSED AMENDMENTS TO
THE PROCEDURES FOR REPORTING FAILURES OF EMISSION-
RELATED COMPONENTS

In 1989, the California Air Resources Board (ARB or Board) adopted Article 2.4, title 13, California Code of Regulations (CCR) that contains reporting requirements for filing emission-related component defect information. The regulation requires that manufacturers track their emission warranty claims and file Emission Warranty Information Reports (EWIR) and Field Information Reports (FIR) when the warranty rate for a specific failure exceeds a threshold for a given class or category of vehicles or engines. If the warranty claims represent a valid emission-related failure, an Emissions Information Report (EIR) can be requested by the ARB to determine the emissions impact of the defect. An engine family, test group or a subgroup is subject to recall when the number of failures of a specific emission-related component exceeds the failure level of 4 percent or 50 vehicles (whichever is greater).

Staff plans to propose amendments to the warranty reporting regulations for consideration by the Board at a public hearing scheduled for September 2006. The proposed amendments to the warranty reporting regulations include additions/modifications to the EWIR, FIR, and EIR reporting requirements. The proposed amendments will streamline the reporting process and the quantification of the emissions impact of defective emission-related components for the purpose of determining the need for recall or other appropriate corrective action.

The staff requests comments from industry in an effort to refine the proposed amendments and implementation schedules in a manner that will allow for efficient and

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

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effective use of developmental resources. ARB staff has scheduled a workshop to discuss its current proposal and to obtain information to further formulate specific proposals prior to the release of the Staff Report and documents relating to the September Board Hearing.

The workshop will be held at the date, time, and location below:

Date: Tuesday, May 2, 2006
Time: 9:00 am to 5:00 p.m.
Location: Air Resources Board
Annex IV Auditorium
9530 Telstar Avenue
El Monte, California 91731

If you would like to make a formal presentation during the workshop, please contact Mr. Harold Mace, Manager, Field Inspection and Testing Section, at (626) 575-6741 or email at hmace@arb.ca.gov.

Interested parties unable to participate in the workshop or those wishing to supply additional information are encouraged to submit written comments by April 25, 2006. Written comments should be sent to Mr. Allen Lyons, Chief, Mobile Source Operations Division, Air Resources Board, 9480 Telstar Avenue, Suite 4, El Monte, California 91731.

A proposed summary of the amended warranty reporting regulations is available on the following ARB website: http://www.arb.ca.gov/msprog/mailouts/mouts_06.htm.

If any party wishes the information it submits to be treated as confidential by ARB staff, it should be clearly marked as "confidential" and should be on pages that are easily detachable from other, non-confidential information. California guidelines (Sections 91000-91002, Title 17, CCR, and Health and Safety Code Section 39660 (e)) will be followed in the handling of confidential information.

To request special accommodations for persons with disabilities, please contact Mr. Harold Mace no later than April 25, 2006. TTY/TDD/Speech-to-Speech users may dial 711 for the California Relay Service.

Sincerely,

/s/

Allen Lyons, Chief
Mobile Source Operations Division

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WARRANTY REPORTING REGULATION ADMENDMENT

Workshop Proposal

BACKGROUND

Currently, vehicle and engine manufacturers must submit Emission Warranty Information Reports (EWIR) when, on an engine family or test group basis, components are being repaired or replaced under warranty at a rate greater than one percent or 25 claims overall, whichever is greater). A second level of reporting is required when the unscreened warranty rate exceeds four percent or 50 claims (whichever is greater). Additional reporting is required when the true failure (or defect) rate exceeds four percent at which point corrective action (recall) may be sought.

PROPOSAL

The staff proposes to increase the initial trigger for submitting an EWIR to four percent or 50 claims (whichever is greater). Additionally, the EWIR would be required, with one exception¹, only on an annual basis within 25 days after the end of each calendar year in the electronic format already established by the Air Resources Board (ARB). The requirement to submit a Field Information Report (FIR) would be eliminated, but portions of that reporting requirement may be included in the Emission Information Report (EIR).

After an EWIR is submitted, manufacturers would review their warranty data and, if any engine family or group reaches a ten percent unscreened failure rate or 100 claims (whichever is greater), it would submit an EIR within 45 days from the date that the EWIR was submitted. In most cases, based on ARB experience, the EIR would establish that a test group has reached a true four percent (or 50 defects) failure rate. In such cases, the EIR must contain a test plan to quantify the emissions impact of the worst-case failure mode of the defective component. The manufacturer's determination of the worst-case failure mode would be submitted to ARB for approval prior to testing. Generic test plans may be submitted to the ARB in advance to minimize the delay in obtaining approval to begin testing. With ARB approval, the manufacturer must then test the component with the worst-case failure mode on one in-use vehicle with a minimum mileage accumulation of 40 percent of the vehicle's certified useful life to quantify the emissions impact of the defective component. This testing would include the applicable certification emissions tests (FTP, SFTP, HWFET and, for

¹ If an emission-related component reaches an unscreened claim rate of 20 percent or 200 claims (whichever number is greater) before the annual filing of the EWIR is due, the manufacturer must submit an EWIR to ARB within 25 days after the component reaches the established failure level. The manufacturer must then submit the EIR 45 days after the EWIR is submitted.

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evaporative control system components, the applicable SHED test). A baseline test on a typical in-use vehicle will be compared to that same vehicle equipped with the defective component. This testing must be completed and results submitted to the ARB within 45 days from the date of the ARB approval of the test plan.

Based on the test results and the nature of the defect, the staff's proposal specifies the type of remedial action that would be required (as outlined below). Emissions testing can be waived if the manufacturer concedes that the component defect will result in an exceedance of the applicable emission standards. The normal submittal and ARB review/approval of the remedial plan will remain unchanged.

Remedial Action

Manufacturers replacing emission-related components under a remedial action plan must provide an improved component for replacement under recall or an extended warranty plan.

(When Exceeding the Applicable Emission Standards)

- Recall Required If:
 - Defect causes secondary component damage, or
 - No OBD detection, or
 - The failure mode of the defect occurs gradually, resulting in excess emissions prior to detection by the vehicle/engine OBD system.
- Otherwise, manufacturers may offer an extended warranty to address the component failures. The minimum acceptable warranty coverage would be to the end of the regulatory useful life of the vehicle/engine.

For example, if a manufacturer is experiencing a high warranty rate for a rattling ceramic catalyst substrate that has been shown to mechanically erode, resulting in an empty catalyst container, the manufacturer would be required to test a vehicle with the catalyst substrate completely missing. If emissions exceed applicable standards, the manufacturer would be required under the proposal, considering the gradual nature of the catalyst's failure, to recall all affected vehicles or engines and replace the original catalyst with an improved component design.

(When Still Meeting Applicable Emission Standards)

- Recall If:
 - Defect causes secondary component damage.
- Extend Warranty If:
 - Defect is detected by OBD, or

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- The component is installed specifically for emissions control and is causing severe drivability or safety concerns.
- Manufacturers that already provide warranty to cover the useful life period (i.e., for PZEVs) would not be required to provide further coverage for the vehicle.

Manufacturers that are conducting computer updates or reflashes under warranty that are reported in an EIR shall include information to determine if the original calibration is causing an emissions increase or the exceedance of applicable standards. Additionally, the EIR shall describe the conditions that are being addressed by the update/reflash action; what, if any, OBD requirements are being remedied and/or affected; and the number of vehicles requiring the recalibration. EIRs involving OBD calibration updates or reflashes shall be reviewed by the ARB's OBD Staff for further remedial action considerations; otherwise, no action will be required. A manufacturer may submit a copy of the running change or field fix documentation to assist in supporting the action.

Proposed Amendments to the Warranty Reporting Regulations- Flowchart

