

July 16, 2013

Chris N. Salmi, Assistant Director
Division of Air Quality, Air Quality Management Element
New Jersey Department of Environmental Protection
401 East State Street, 7th Floor West Wing
Trenton, NJ 08625-0420

Re: OTC Model Rule for Sale of Aftermarket Catalytic Converters

By: E-Mail

Dear Mr. Salmi:

Thank you for the opportunity to comment on the referenced Ozone Transport Commission (OTC) Model Rule. I am writing today to urge the OTC to reconsider the adoption of the California Air Resources Board (CARB) Executive Order (EO) program for new aftermarket catalytic converters (NACC) in this Model Rule. We would however, fully support a renewed effort from the OTC based on their April 2011 letter to the Environmental Protection Agency (EPA) to update federal standards for NACCs, absent the CARB EO provision.

AAIA is a Bethesda, Md.-based association comprised of more than 23,000 members and affiliates that manufacture distribute, and sell motor vehicle parts, accessories, service, tool, equipment, materials and supplies, including catalytic converters. Through its membership, AAIA represents more than 100,000 repair shops, parts stores and distribution outlets.

AAIA's members are in complete support of the goals of the OTC to assist its member-states in strengthening the regulations governing the sale of catalytic converters in order to ensure that aftermarket converters sold in the respective states are working effectively to reduce motor vehicle emissions and are maintaining the integrity of the on-board diagnostic system.

As you are probably aware, we reached out to the New York Department of Environmental Conservation (DEC) after they implemented CARB regulations governing the sale of NACCs. We felt that that our members had identified a number of serious issues that could have caused problems for both New York vehicle owners and the automotive parts and service industry. These issues could unnecessarily increase costs to consumers, reduce availability of products and ultimately compromise or eliminate the air quality benefits which were anticipated to result from the revised regulations. DEC ultimately agreed with many of our concerns and delayed enforcement of their rulemaking.

We believe the following problems are fundamental flaws in any Model rule that attempts to adopt CARB NACC regulations in their own state:

- The CARB Executive Order (EO) certification program for new aftermarket catalytic converters is an exceedingly intricate process that has unnecessarily increased costs for our members and consumers, without any real proof of benefit to the environment. Further, CARB has not had the resources to provide the certifications requested in a reasonable amount of time, thus severely reducing the number of aftermarket converters available to consumers. The adoption of this program by other states will further strain the process in California and increase the problems facing aftermarket converter manufacturers.
- This change would result in an immediate and significant reduction in the number of aftermarket converters available for vehicles in need of converter replacement. In states other than California there are large populations of, if not a majority of Federal emission vehicles, for which CARB effectively prohibits manufacturers from obtaining EO's. This potentially leaves the vehicle owners in those states without a cost effective repair option for those vehicles. In some cases an aftermarket converter is the only repair option available if a converter replacement is required. This is particularly true for vehicle makes such as Saturn and Saab, which are no longer in business, or have no dealer support. In many cases, owners of such vehicles could have no legal repair option available to them.
- This change could result in shortages of repair parts due to the reluctance of retail parts sellers to carry aftermarket converters. When this regulation was introduced in New York, there was considerable concern and confusion within the automotive repair industry and parts distributors as to how the new rules would be enforced. Due to the fact that many states have differing requirements for converters, there was concern as to how inventory could be controlled in states where CARB approved converters are mandated. These liability concerns have caused some retailers and distributors to reconsider whether they wanted to continue selling aftermarket converters in New York. Other states likely will experience the same problems should they choose to adopt the CARB program.
- Of particular significance, manufacturers and parts distributors would experience great difficulty estimating the amount of inventory that would be required to support the market needs in any state under the new regulation. Since no data exists on the breakdown of the various types of emission certified vehicles (CARB, NLEV, FED, etc.) in various states, (Polk does not track) manufacturers will find it extremely difficult to estimate what the actual requirement for CARB approved parts would be in a particular state, or how much of the existing EPA aftermarket converter inventories will be made redundant.
- Without some stringent enforcement program, there would inevitably be a great deal of consumer "cheating" across state borders as a result of the price differences between CARB EO converters and federal converters. The average approximate price for a NACC is approximately \$650.00 and absent an aftermarket option, consumers will be forced to pay anywhere from \$1,000.00 to \$2,000.00 for original equipment (OE) converters.

The likely result of the OTC model rule adopting the CARB program is that many car owners will forgo timely replacement of their converter due to price and the absence of availability of affordable replacement products. The scenario will translate into a great many vehicles either operating outside of emissions standards on the roadways of the respective states, defeating the goal of this regulation, or car owners taking business across the border to other states or Canada where these requirements are not in place.

Thank you again for the opportunity to address our concerns and we would welcome working with OTC to revise the EPA aftermarket program in such a way that it ensures the availability of a large number of affordable high quality aftermarket converters.

Sincerely,

A handwritten signature in cursive script that reads "Aaron Lowe".

Aaron Lowe
Vice President
Government Affairs