



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

Mary D. Nichols, Chair
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Edmund G. Brown Jr.
Governor

Note: This letter, but not the attachment containing confidential business information, is public.

January 12, 2016

Reference No. IUC-2016-001

Volkswagen AG
Audi AG
Volkswagen Group of America, Inc.

Through:
David Geanacopoulos
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Stuart Johnson
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SUBJECT: NOTICE OF REJECTION OF VOLKSWAGEN GROUP OF AMERICA, INC.'S DIESEL 2.0L TDI ENGINE INFLUENCED EMISSION RECALL PLANS

Dear Mr. Geanacopoulos and Mr. Johnson:

As you know, the California Air Resources Board (CARB) has been investigating the failure of Volkswagen AG's, Volkswagen Group of America, Inc.'s, Volkswagen Group of America Chattanooga Operations, LLC's and Audi AG's (collectively, VW) vehicles to comply with State emission standards, test procedures, on-board diagnostic system requirements, and other regulatory requirements. On September 3, 2015, VW admitted in writing to CARB that it designed and manufactured its diesel vehicles with defeat devices to bypass, defeat, or render inoperative elements of the vehicles' emission control system. The defeat devices were installed on VW's diesel vehicles, manufactured for model years (MY) 2009 through 2015, in order to circumvent CARB's

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

and United States Environmental Protection Agency's (EPA) emission test procedures so VW could obtain Executive Orders from CARB and Certificates of Conformity from EPA. These were documents required before these vehicles were allowed to be introduced into commerce in California.

As a result of VW's disclosures and CARB's investigation, on September 18, 2015, CARB issued VW an in-use compliance letter covering these VW 2.0L diesel vehicles (Reference No. IUC-2015-007). CARB's in-use compliance letter, among other things, directed VW to return those vehicles to the claimed certified configuration. Pursuant to California Code of Regulations, title 13, section 2113(b), VW had until November 20, 2015, to submit proposed influenced emission recall plans (recall plans) to CARB that met the elements prescribed in California Code of Regulations, title 13, section 2114. VW's recall plans were required to correct the nonconformities of its MY 2009-2015 (Generations [Gen] 1, 2 and 3) 2.0L light-duty diesel vehicles in an expeditious manner.

Since receiving CARB's September 18, 2015, in-use compliance letter, VW has provided data and information to CARB, including a proposed recall plan on November 20, 2015. In addition, after the November 20, 2015, deadline, VW continued to submit additional significant information and data, both in writing and orally, to CARB relating to the affected vehicles' nonconformities. CARB informed VW in a confidential letter dated November 25, 2015 (Reference No. IUC-2015-13) that VW's recall plan failed to address the basic requirements outlined in California Code of Regulations, title 13, sections 2113-2119. This letter also reiterated what was needed to fully meet regulatory requirements.

VW's submissions are incomplete, substantially deficient, and fall far short of meeting the legal requirements to return these vehicles to the claimed certified configuration. CARB received VW's December 15, 2015, letter requesting substantial additional time to submit complete recall plans. However, California recall regulations require expeditious action, and VW's proposed extension is not acceptable.

VW's proposed 2.0L influenced emission recall plans do not meet the requirements of California Code of Regulations, title 13, section 2113, subdivision (c), and fail to contain all of the required elements. Among other deficiencies, the proposed plans fail, as required under California Code of Regulations, title 13, section 2114, to do the following for Gen 1, 2, and 3 vehicles:

- adequately identify and describe the affected vehicles;
- adequately describe the nonconformities of affected vehicles;
- include a sufficient method for obtaining owners' names, addresses, and related information;
- sufficiently describe the remedial procedure for affected vehicles;
- contain a notification letter;

- specify the system by which VW will ensure the availability of sufficient repair parts to institute the proposed fixes;
- include repair instructions;
- contain the impact of proposed fixes on fuel economy, drivability, performance and safety;
- provide an estimated capture rate in California;
- describe the impact of repairs on emissions, particularly average noncompliance emission levels, average emission reductions per pollutant, and an average emission level after proposed fixes;
- demonstrate how the proposed fixes are designed to correct the nonconformities;
- provide on-board diagnostic (OBD) system demonstration data;
- demonstrate how the plans are designed to correct the nonconformities in an expeditious manner; and
- provide sufficient detail for CARB to evaluate the feasibility and success of the proposed plans.

CARB considers three of the deficiencies in VW's proposed influenced emission recall plans to be the most serious. First, VW fails to describe the nonconformities in sufficient detail for CARB to adequately understand them in the context of the recall plans, in order to determine whether the proposed fixes are feasible or would remedy each of the nonconformities. Second, VW fails to specifically describe the fixes in its proposed recall plans in a manner that allows CARB to adequately evaluate whether they could be successful or are even technically feasible. Third, the proposed plans do not sufficiently address impacts on the engine, the vehicle's overall operation, and all related emission control technologies, including the OBD system. These three problems, as well as additional deficiencies with the proposed plans, are described in more detail in the confidential attachment to this letter.

Therefore, CARB is rejecting VW's proposed 2.0L influenced emission recall plans for Gens 1, 2, and 3. CARB is also rejecting VW's proposed time extension proposal.

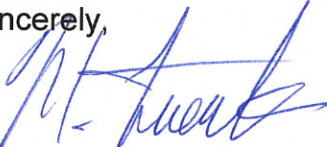
VW's 2.0L diesel vehicles are equipped with defeat devices, and have been emitting and continue to emit excess oxides of nitrogen well beyond their certified emissions levels. These emissions are illegal and pose an environmental and public health hazard that must be corrected expeditiously.

CARB, in conjunction with EPA as part of their ongoing joint technical discussions with VW, will continue to evaluate VW's proposals and will continue to work with VW through the enforcement action process to ensure a legally acceptable and expedited resolution as outlined in Executive Officer Richard W. Corey's letter of today.

Mr. Geanacopoulos and Mr. Johnson
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If you have any questions, I can be reached at (626) 450-6150.

Sincerely,

for 

Annette Hebert, Chief
Emissions Compliance, Automotive Regulations, and Science Division

Confidential Attachment not to be released to public

Cc: (via email only)

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