



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

Mary D. Nichols, Chair
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Edmund G. Brown Jr.
Governor

January 12, 2016

Volkswagen AG
Audi AG
Volkswagen Group of America, Inc.

Through:
David Geanacopoulos
Executive Vice President Public Affairs and General Counsel
Volkswagen Group of America, Inc.
2200 Ferdinand Porsche Drive
Herndon, Virginia 20171

Stuart Johnson
General Manager
Engineering and Environmental Office
Volkswagen Group of America, Inc.
3800 Hamlin Road
Auburn Hills, Michigan 48326

**SUBJECT: REJECTION OF DIESEL 2.0L TDI ENGINE INFLUENCED EMISSION
RECALL PLANS;
NOTICE OF VIOLATION DIESEL 2.0L TDI DIESEL VEHICLES; AND
INTENT TO CONTINUE TECHNICAL DISCUSSIONS**

Dear Mr. Geanacopoulos and Mr. Johnson:

As you know, the California Air Resources Board (CARB) has been investigating Volkswagen AG's, Volkswagen Group of America, Inc.'s, Volkswagen Group of America Chattanooga Operations, LLC's and Audi AG's (collectively, VW) 2.0L diesel TDI passenger vehicles' failure to comply with State emission standards, test and certification procedures, on-board diagnostic requirements, and other State requirements. On September 3, 2015, VW admitted in writing to CARB that it designed and manufactured its 2.0L 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 2.0L diesel vehicles manufactured for model years 2009 through 2015 to circumvent CARB and United States Environmental Protection

*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

Agency's (EPA) emission test procedures and make it possible for VW to obtain Executive Orders from CARB and Certificates of Conformity from EPA so these vehicles could be sold in California. As a result, the certifications were illegally obtained. The consequences of VW's actions are significant and must be addressed expeditiously.

The defeat devices on VW's 2.0L diesel vehicles have caused substantial excess, illegal, and on-going emissions of nitrogen oxides (NOx) from these vehicles. NOx emissions in California are the most important contributor to ambient ozone and a key contributor to fine particulate matter pollution which is associated with premature death, increased hospitalizations, emergency room visits due to exacerbation of chronic heart and lung diseases, and other serious health impacts. Unfortunately, and in spite of significant progress to improve air quality, California is home to both the highest ozone levels (South Coast) and ambient particulate matter levels (San Joaquin Valley) in the United States. Twelve million Californians live in communities that exceed the federal ozone and particulate matter ambient air quality standards which were put in place to protect public health. VW must mitigate the harm that these vehicles have already caused and continue to cause.

As a result of VW's admissions and CARB's investigation, CARB is taking two actions today. CARB is rejecting VW's proposed influenced emissions recall plans for its 2.0L diesel TDI vehicles, and also issuing a Notice of Violation for violations of California's air quality statutes and regulations. Both actions are described in greater detail below. However, as also described below, CARB intends to continue its technical discussions with EPA and VW to identify effective solutions.

Rejection of VW's Diesel 2.0L TDI Engine Influenced Emission Recall Plans

In a separate letter today, CARB is rejecting VW's proposed influenced emission recall plans for the diesel 2.0L TDI vehicles. This is one of the specific types of recall under California regulations. (Cal. Code Regs. tit., 13, §§ 2113-2114.) As you know, VW's influenced emission recall plan submissions were in response to CARB's September 18, 2015 in-use compliance letter.

As explained in the enclosed rejection, VW's submission was not complete and is deficient for several reasons, including:

- The proposed plans contain gaps and lack sufficient detail;
- The descriptions of proposed repairs lack enough information for a technical evaluation of their feasibility and likelihood of success; and

- The proposals do not adequately address overall impacts on vehicle performance and durability.

In addition, under California regulations, the influenced emission recall plans must correct the problems in an expeditious manner. VW's submission also failed to meet this requirement.

This rejection only applies to VW's diesel 2.0L vehicles. With respect to CARB's requests for a proposed recall plan for the diesel 3.0L vehicles, the submission has yet to be provided to CARB as the submission deadline is February 2, 2016. (See CARB's November 25, 2015, letter on the 3.0L diesel vehicles (Reference No. IUC-2015-012).) Any forthcoming proposed recall plan for the 3.0L diesel vehicles will be evaluated and addressed after receipt.

Notice of Violation to VW for Violation of California Statutes and Regulations

As outlined in CARB's January 12, 2016, Notice of Violation (NOV), VW acknowledged that it employed defeat devices in its model year 2009 through 2015 diesel 2.0L vehicles and failed to disclose them, as required, in the annual certification applications. None of these vehicles would have been certified but for the incomplete and fraudulent applications. The NOV states that approximately 75,688 vehicles in California do not conform to California law.

California statutes and regulations impose separate requirements for different situations, such as imports and sales. As the NOV explains, VW's actions violated a series of these requirements. Moreover, VW not only sold uncertified vehicles but did so intentionally.


To protect consumers, for decades, CARB has required vehicle manufacturers to design emission control systems to be durable and to prove durability, in advance of certification, with testing. Warranties are also required. These requirements protect consumers from unnecessary repair bills and protect air quality during the life of a vehicle. As outlined in the NOV, VW did not conduct the proper pre-certification testing nor provide the proper warranty. In addition, CARB's on-board diagnostic (OBD) system requirements are designed to notify a driver with a "check engine" light if the emissions system is not properly working and to collect malfunction data. VW's use of a defeat device fundamentally undercut the required OBD system and its protections.

In closing, CARB will continue its investigation and technical evaluations with EPA. Today's actions do not foreclose a recall or other remedy. We plan to continue

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discussions with VW to evaluate options with the objective of expeditiously identifying a solution that protects the environment, public health, and consumers.

Sincerely,


Richard W. Corey
Executive Officer

Enclosures:

- January 12, 2016 letter from Ms. Annette Hebert, Chief, Emissions Compliance, Automotive Regulations, and Science Division, providing Notice of Rejection of Volkswagen Group of America, Inc.'s Diesel 2.0L TDI Engine Influenced Emission Recall Plans (Note: attachment to this letter contains confidential business information and the attachment is not available to the public)
- January 12, 2016, CARB Enforcement Division, Notice of Violation for Volkswagen AG's, Volkswagen Group of America, Inc.'s, Volkswagen Group of America Chattanooga Operations, LLC's, and Audi AG's Diesel 2.0L TDI Engine Vehicles

cc: (via email only and cc: continue on to next page)

Dr. Todd P. Sax, Chief
Enforcement Division
California Air Resources Board
Todd.Sax@arb.ca.gov

Ms. Annette Hebert, Chief
Emissions Compliance, Automotive Regulations, and Science Division
California Air Resources Board
Annette.Hebert@arb.ca.gov

Ms. Ellen M. Peter, Chief Counsel
California Air Resources Board
Ellen.Peter@arb.ca.gov

Mr. Nicklas Akers, Senior Assistant Attorney General
Office of the Attorney General, Consumer Law Section
Nicklas.Akers@doj.ca.gov

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Mr. Gavin McCabe, Supervising Deputy Attorney General
Office of the Attorney General, Natural Resources Section
Gavin.McCabe@doj.ca.gov

Ms. Janet McCabe, Acting Assistant Administrator
Office of Air and Radiation
U.S. Environmental Protection Agency
McCabe.Janet@epa.gov

Ms. Cynthia Giles, Assistant Administrator
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
Giles-Aa.cynthia@epa.gov