

MEMORANDUM OF UNDERSTANDING BETWEEN
THE CALIFORNIA AIR RESOURCES BOARD, OF THE STATE OF CALIFORNIA, AND
ENVIRONMENT AND CLIMATE CHANGE CANADA, OF THE GOVERNMENT OF CANADA

TO ENHANCE COOPERATION ON MEASURES THAT MITIGATE GREENHOUSE GAS EMISSIONS

This Memorandum of Understanding is entered into by the California Air Resources Board of the State of California (CARB) and the department of Environmental and Climate Change Canada of the Government of Canada (ECCC), hereafter jointly referred to as the Participants.

WHEREAS climate change is real, urgent and leading to more frequent extreme weather events, such as stronger storms and droughts, wildfires, eroding coastlines, billions of dollars in economic costs annually for governments, businesses and citizens, and in risks to human health;

WHEREAS climate change is a global threat to the development and the security of individuals and communities, and there is an urgent need to collaborate on solutions;

WHEREAS cleaner vehicles, engines, and fuels, help fight climate change and reduce air pollution that is harming peoples' health, and can reduce costs for households and companies;

WHEREAS the North American auto sector is deeply integrated, including closely aligned standards and general availability of vehicle models, and decarbonisation measures can be shared widely to accelerate their adoption;

WHEREAS consumers are increasingly choosing zero-emission vehicles as costs continue to decrease and technology improves each year;

WHEREAS there is a need to ensure that all can benefit from our transition to a clean transportation future, particularly within low-income and disadvantaged communities;

WHEREAS Canada is currently reviewing its light-duty vehicle standards; and California did a similar review in 2016 and found the light-duty vehicle standards, including its greenhouse gas standards and zero-emission vehicle standards, technically achievable, cost-effective and appropriate;

WHEREAS California Air Resources Board and Environment and Climate Change Canada have been collaborating on vehicle, engine, and fuels regulatory development; and

WHEREAS regulations will not achieve expected emissions reductions without a strong compliance verification program.

THEREFORE, Environment and Climate Change Canada and the California Air Resources Board have reached the following understanding:

PURPOSE

The purpose of this Memorandum of Understanding is to promote and carry out cooperative activities on policy and regulatory measures that reduce emissions from greenhouse gases and air pollutants including from: vehicles, engines, and fuels and according to Environment and Climate Change Canada

and the California Air Resources Board's respective competencies and based on principles of equality, reciprocity, information exchange and mutual benefit.

1. AREAS OF COOPERATION

Collaborate on the development of policies and programs that decarbonize vehicles, engines, and fuels.

Share technical information and best practices to support the California Air Resources Board and Environment and Climate Change Canada's regulatory initiatives to reduce emissions of greenhouse gases and air pollutants from vehicles, engines, and fuels, and promote harmonization, where applicable.

Collaborate on the development of our respective greenhouse gas regulations for light-duty vehicles that require meaningful improvements in vehicle efficiency every year, such as those currently in effect.

Share information and best practices to accelerate the deployment of zero-emission vehicles and innovative transportation technologies for consumers, fleets, off-road equipment and freight transportation, including through purchase incentives, infrastructure investments and low-carbon clean fuel standards.

Work together on analyses of additional potential measures to achieve zero-emission vehicle sales targets, including the role and effectiveness of regulations targeting increased uptake of zero-emission vehicles and consumer-focused education campaigns.

Collaborate on research, emission testing outcomes, and modelling related to alternative-fueled vehicles.

Collaborate on the implementation of compliance-related activities to enhance program effectiveness by: minimizing testing overlap; acting upon non-compliance in a more targeted and efficient way given the expanded scope of regulated products and minimize industry burden while improving regulatory oversight and performance monitoring.

Collaborate on the assessment of technologies that can reduce the carbon intensity of fuels on a lifecycle basis.

Share lessons learned on policies and regulations to reduce the carbon intensity of fuels on a lifecycle basis.

Share information and seek areas of harmonization on life cycle assessment methodologies and data, including around indirect land use change.

Share information and lessons learned on the establishment and operation of a credit market in support of a regulation to reduce the life cycle carbon intensity of fuels.

Share best practices on the development and implementation of compliance verification approaches and establish areas of collaboration on verification of facility carbon intensity values in respective jurisdictions.

3. FORMS OF COOPERATION

Forms of cooperation under this Memorandum of Understanding may include the following:

- 1) Establishing a working group that meets annually to discuss opportunities to collaborate in the development and implementation of relevant policies and programs;
- 2) Sharing information and experiences about policies and programs that have effectively reduced greenhouse gas emissions and strengthened climate change mitigation and adaptation efforts for vehicles, engines, and fuels;
- 3) Sharing information and experiences about policies and programs that have promoted zero emission vehicles;
- 4) Sharing policy design and providing capacity building and technical support to develop and implement decarbonisation measures for transportation and measures that reduce the lifecycle carbon intensity of fuels;
- 5) Inviting the other Participant to comment on program and policy design and rule-making processes it has developed and/or is developing;
- 6) Exchanges and temporary assignments of personnel from one of the Participants to the other;
- 7) Cooperative research, development, and deployment projects on clean, energy efficient and/or low carbon fuels and technologies;
- 8) Joint organization of symposia, seminars, workshops, exhibitions, training and virtual meetings;
- 9) Any other form of cooperation that the Participants consider may contribute to the goals of this Memorandum of Understanding.

4. FUNDING

The Participants intend to finance activities referred to in this Memorandum of Understanding with resources allocated in their respective budgets, as these resources become available and as stipulated by their own legislation. Each Participant intends to pay for expenses related to its own participation, unless alternative financial mechanisms can be used for specific activities, as appropriate and as approved by their respective authority.

5. INTELLECTUAL PROPERTY

If, as a result of the activities developed in accordance with this Memorandum of Understanding, products of commercial or intellectual value are derived, the Participants should decide in connection with the respective intellectual property rights under a separate legal instrument pursuant to this Memorandum of Understanding.

6. DURATION

This Memorandum of Understanding shall be effective for five (5) years from the date it becomes effective unless otherwise amended in writing and signed by the participants.

7. AMENDMENT

This Memorandum of Understanding may be revised by mutual written consent of the participants at any given time during the five-year period.

8. EFFECTIVE DATE

This Memorandum of Understanding becomes effective following signatures by the participants.

9. TERMINATION

Either participant may terminate this Memorandum of Understanding by providing notice in writing to the other participant, specifying their intention to terminate this MEMORANDUM OF UNDERSTANDING and the effective date of termination, sent to the other Participants thirty (30) calendar days in advance. In this case, the ongoing cooperative activities that have been approved or initiated and that have not concluded should continue, unless otherwise decided by the Participants.

10. SUPPLEMENTARY PROVISION

The Participants acknowledge that this Memorandum of Understanding is only intended to provide for cooperation between the Participants and does not create any legally binding rights or obligations. To the extent any other provision of this Memorandum of Understanding is inconsistent with this paragraph, this paragraph shall prevail.

11. PRIMARY POINTS OF CONTACT

1) The primary points of contact under this Memorandum of Understanding are:

Lauren Sanchez, International Policy Director, California Air Resources Board, with support from the California International Affairs and Trade Development Interagency Committee

Nathalie Morin, Director General, Energy and Transportation Directorate, Environment and Climate Change Canada

2) The points of contact for this Memorandum of Understanding will:

- a. act as the official points of contact for the participants
- b. meet as often as is mutually agreed to be appropriate, but no less frequent than on an annual basis
- c. exchange contact information; and
- d. inform of a change in point of contact as soon as is practicable, and provide relevant contact information for a new point of contact.

12. SIGNATURES

Signed on 26th June 2019 in duplicate in English and French, both versions being equally authentic.

A handwritten signature in blue ink, appearing to read 'C McKenna', written above a horizontal line.

Catherine McKenna

Environment and Climate Change Canada

A handwritten signature in blue ink, appearing to read 'Mary D. Nichols', written above a horizontal line.

Mary D. Nichols

California Air Resources Board