DOCKETED	
Docket Number:	26-TIRE-01
Project Title:	Tire Efficiency Rulemaking
TN #:	271798
Document Title:	Continental Tire the Americas, LLC Comments- California Energy Commission's Revised Replacement Tire Efficiency Program Comments - Continental Tire the Americas, LLC Comments- California Energy Commission's Revised Replacement Tire Efficiency Program
Description:	N/A
Filer:	Jay Spears
Organization:	Continental Tire
Submitter Role:	Other Interested Person
Submission Date:	8/3/2026 9:57:49 AM
Docketed Date:	8/3/2026

Continental Tire the Americas, LLC

Comments on the California Energy Commission's Revised Replacement Tire Efficiency Program Rulemaking - July 17th proposed rulemaking

Docket No. 26-TIRE-01

Dear Commissioners:

Continental Tire appreciates the Commission's willingness to revisit portions of the proposed Replacement Tire Efficiency Program following the initial public comment period. The revised proposal published on July 17, 2026 incorporates several meaningful changes, including a delayed implementation schedule, recognition of additional specialty tire categories, the addition of a competition tire exemption, accommodation for all-season winter performance tires, revisions to light truck testing procedures, and additional administrative clarifications. These revisions demonstrate that the Commission has considered stakeholder feedback and made efforts to improve the proposal.

Nevertheless, Continental continues to believe that several fundamental legal, technical, and practical issues remain unresolved. While many of the concerns raised in our prior comments have been partially addressed, the revised proposal still contains structural deficiencies that raise questions regarding statutory authority, implementation, enforceability, consumer impacts, and overall program effectiveness.

Accordingly, Continental respectfully submits the following comments.

I. Statutory Authority and Proper Interpretation of the Limited Production Tire Exemption

A central concern remaining in the revised proposal involves the Commission's interpretation and implementation of the limited production tire exemption. While Continental believes that the 15,000-unit exemption excludes a substantial portion of the replacement tire market and should ultimately be reconsidered by the Legislature, the exemption as currently proposed raises a more fundamental legal concern. Specifically, the proposed regulation appears to extend beyond the authority granted by AB 844 by measuring exemption eligibility based on nationwide business activity rather than California market activity.

A. AB 844 Establishes a California-Focused Regulatory Program

AB 844 authorizes the Commission to regulate replacement tires sold within California and to evaluate impacts occurring within California. The statute does not establish a national tire efficiency program, nor does it authorize regulation based upon nationwide production, importation, or sales volumes that have little or no relationship to California energy consumption.

As a result, every component of the regulation, including any exemptions, should be interpreted within the California-specific framework established by the Legislature. The Commission's authority extends to products entering the California market and the impact those products have on California energy consumption. It does not extend to regulating national production volumes that may have no meaningful relationship with California.

This interpretation is consistent with established California administrative law, which provides that a regulation may not conflict with the statute it implements and must be reasonably necessary to effectuate the purpose of that statute. See Gov. Code §§ 11342.2 and 11349(a). California courts have likewise held that an agency may not expand its authority beyond that delegated by the Legislature. *Morris v. Williams*, 67 Cal.2d 733, 748 (1967); *California Assn. of Psychology Providers v. Rank*, 51 Cal.3d 1, 11 (1990).

B. Section (d) of AB844 Requires a California-Based Interpretation of Exemption Criteria

The structure of AB 844 further supports a California-based interpretation of the exemption.

The Commission's authority under Section (d) is directed toward California-specific market conditions and regulatory outcomes. Because Section (d) is state-specific in scope, the exemptions created pursuant to that authority should likewise be interpreted on a state-specific basis.

As a matter of statutory construction, the scope of an exemption cannot reasonably be broader than the scope of the underlying authority from which it derives. Accordingly, if Section (d) evaluates impacts on the California market, then the exemption provisions contained within subdivisions (1) through (5) should likewise be evaluated using California market activity rather than national market activity.

The Commission cannot rely upon California-specific authority as the basis for regulation while simultaneously relying upon nationwide production volumes as the basis for exemption eligibility. Such an interpretation creates a geographic mismatch that is inconsistent with both the structure and purpose of AB 844.

C. The 15,000-Tire Threshold Should Be Applied Within California

Under the current proposal, exemption eligibility remains tied to production, importation, or other business activity measured on a nationwide basis. Continental respectfully submits that this interpretation is inconsistent with the California-focused framework established by AB 844.

The logical and legally supportable interpretation is that the 15,000-unit threshold should be measured exclusively based on activity occurring within California. Because AB 844 is directed toward reducing California transportation energy consumption through regulation of tires sold in California, the applicability of the regulation should likewise be determined by a tire's significance within the California market rather than its sales performance elsewhere in the United States.

Under this interpretation, the regulation would not become applicable to a tire manufacturer, importer, or brand name owner until the relevant tire exceeds 15,000 units annually within California. This approach maintains a direct nexus between the Commission's statutory authority and the operation of the exemption, ensuring that products are regulated based on their actual impact on California energy consumption and emissions outcomes.

Accordingly:

- A tire selling only 500 units annually in California would remain exempt because its contribution to statewide energy consumption is negligible, regardless of national sales volumes.
- A tire selling 20,000 units annually within California would become subject to the regulation because it has achieved sufficient California market penetration to materially influence statewide energy consumption and emissions outcomes.
- Regulatory obligations can only be imposed based upon actual California market activity rather than nationwide business activity.
- Projected energy savings, compliance costs, and environmental benefits would reflect California-specific conditions and impacts.

This interpretation is also consistent with California administrative law requiring that regulations remain reasonably necessary to effectuate the purpose of the statute and not exceed the scope of authority delegated by the Legislature. See Gov. Code §§ 11342.2 and 11349(a); *Morris v. Williams*, 67 Cal.2d 733, 748 (1967); *California Assn. of Psychology Providers v. Rank*, 51 Cal.3d 1, 11 (1990).

D. The Current Interpretation Produces Arbitrary Results

The nationwide threshold creates outcomes that are difficult to reconcile with the purpose of AB 844.

For example:

- A tire selling 50,000 units nationally but only several hundred units annually in California could become regulated.
- A different tire selling nearly 15,000 units annually within California could remain exempt if nationwide sales remain below the threshold.

Under such circumstances, the tire with the greater effect on California energy consumption could receive more favorable regulatory treatment than the tire with the lesser effect.

These outcomes demonstrate that the current approach is measuring national business activity rather than California market significance. The result is an exemption framework that is disconnected from the environmental objective the statute seeks to achieve.

E. Recommendation

Continental respectfully recommends that the 15,000-unit exclusion be removed from the statute altogether, but the jurisdiction issues within AB844 require that the Commission revise the exemption framework to clarify that limited production tire eligibility is determined exclusively on the basis of annual production, importation, distribution, or sales occurring within California.

Specifically, the regulation should not become applicable until a manufacturer, importer, or brand name owner exceeds 15,000 tires annually within the State of California as can not look into the past for sales information, it also cannot foresee the future hopes of production and sales. The only option within the statute of limitation of AB844 is to regulate current production in real time. There is already a provision within the proposal for this very situation as a product goes beyond the 15,000-unit level.

Such a revision would better align the exemption with the California-focused structure of AB 844, ensure that regulatory obligations are tied to products that meaningfully affect California energy consumption, and strengthen the legal defensibility of the final rule under established principles of California administrative law.

II. Original Equipment Replacement Tire Exemption

The revised proposal does not adequately resolve concerns regarding Original Equipment (OE) replacement tires.

The fundamental issue remains unchanged: a tire may be legally specified, engineered, validated, and sold as Original Equipment on a vehicle, yet become unavailable as a replacement tire solely because it fails to satisfy a rolling resistance threshold established years after vehicle development was completed.

This produces a regulatory outcome in which identical tires are treated differently based solely upon the point in the product lifecycle at which they are sold.

OE tires are not generic commodities.

They are engineered as integrated components of vehicle systems that influence:

- braking performance,
- handling,
- vehicle stability,
- electronic safety system calibration,
- electric vehicle range management,
- load carrying capability, and
- autonomous vehicle operational performance.

Preventing consumers from purchasing OE-equivalent replacement tires creates several negative consequences:

- Loss of vehicle-level validation.
- Potential degradation of braking and handling performance.
- Compromised calibration of electronic systems.
- Reduced consumer choice.
- Increased costs associated with redesigning replacement-market offerings.

The concern is particularly acute for electric vehicles and autonomous fleets, where vehicle systems increasingly depend on highly specialized OE tire designs.

Continental therefore reiterates its recommendation that the Commission establish an explicit exemption for OE-identical replacement tires and OEM-controlled fleets and look forward to continuing to work with the CEC on ways this issue can be addressed going forward as the safety of these vehicles are of the utmost concern within the state of California.

III. Enforcement, Compliance, and Market Surveillance

Although the revised proposal contains additional administrative procedures and reporting requirements, it still relies heavily upon self-certification and manufacturer reporting.

This remains one of the most significant weaknesses of the regulation.

The Commission's projected environmental benefits depend upon widespread compliance. Yet the revised proposal still does not establish a comprehensive market surveillance framework comparable to internationally recognized tire regulatory programs.

The global tire market is highly fragmented.

Numerous products are imported under private-label brands, distributed through independent channels, and sold across multiple jurisdictions.

Without robust auditing and verification capabilities, non-compliant products may remain in commerce for extended periods without detection.

This creates a classic free-rider problem:

- Compliant manufacturers incur significant redesign and testing costs.
- Non-compliant manufacturers avoid those costs.
- Competitive pressure shifts toward non-compliant products.
- Environmental benefits become theoretical rather than measurable.

Continental continues to believe that an effective program requires:

- Independent compliance verification;

- Product-level audits;
- Periodic market surveillance;
- Retail inspections;
- Clear penalties for non-compliance; and
- Public reporting of enforcement activities.

Absent such mechanisms, the Commission cannot reliably verify that predicted rolling resistance reductions are occurring in the marketplace. Continental looks forward to seeing the details of this program and are happy to help in their creation and implementation to ensure enforcement.

IV. Remaining Specialty Tire Clarifications

Continental appreciates that the Commission added important exemptions and accommodations for several specialty tire categories, including:

- Competition tires;
- Large off-road tires;
- All-season winter performance tires;
- Run-flat and extended mobility tires; and
- Revised treatment of certain light truck and commercial tire categories.

These revisions represent substantial improvements over the April proposal.

However, additional clarification remains necessary.

A. Competition Tire Definition

The Commission added a new definition for competition tires based upon tread depth, speed rating, UTQG treadwear, and classification criteria.

While Continental highly supports the inclusion of a competition tire exemption, the final regulation should explicitly confirm that all non-DOT tires, race tires, motorsport tires, rally tires, drag racing tires, karting tires, autocross tires, and track-only tires are excluded from the scope of the regulation.

To include all competition race series requirements, the speed symbol section of the regulation should be extended to include V speed symbol and tires without a speed symbol. The lack of speed symbol will not affect any standard replacement tires on the road but only those used and marketed as competition tires. This will allow for the continued motorsport use within the state without disruption.

B. Light Truck Applications

The Commission's adoption of revised testing methodologies for light truck and commercial replacement tires is a positive development.

Nevertheless, Continental continues to believe that work vehicles, emergency response vehicles, utility fleets, agricultural vehicles, and other specialized light-truck applications warrant further consideration due to the unique safety and durability demands placed upon these products. Continental is unsure how the tires for these vehicles will be distinguished to retailers to show their exempt status and without a clear path to do so, the operators of these vehicles (including state and local police, fire and emergency departments) may be forced to purchase tires out of state to ensure compliance.

Conclusion

Continental appreciates the substantial revisions incorporated into the July 2026 proposal and recognizes the Commission's efforts to address stakeholder concerns. The delayed implementation timeline, new specialty tire exemptions, competition tire provisions, and revised testing procedures represent meaningful improvements.

However, significant concerns remain regarding:

1. The statutory interpretation of the limited production tire exemption;
2. The continued absence of an OE replacement tire exemption;
3. The lack of a comprehensive enforcement and market-surveillance framework; and
4. Clarification of remaining specialty tire categories.

Continental respectfully urges the Commission to address these issues before adopting final regulations to ensure that the program remains legally defensible, technically feasible, enforceable in practice, and consistent with the legislative objectives of AB 844. Continental would like to not only respond to the commission's work but would ask to meet with the commission going forward to ensure the most effective rule going forward.

Respectfully submitted,

Jay Spears
Director of Standards and Regulation, The Americas
Continental Tire the Americas, LLC