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# Stellantis stops stocking gasoline vehicles in 14 states

Stellantis car dealers in the states following California's emissions guidelines can only get gasoline vehicles ordered by customers.

VINCE BOND JR.


Stellantis says dealerships in the states that follow California's emissions guidelines can get gasoline vehicles only if they have been ordered by customers. Dealerships in other states no longer are receiving plug-in vehicles without a customer order.

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Stellantis dealer David Kelleher is taking every plug-in hybrid Jeep Wrangler he can get from the factory these days.

That's because the automaker is no longer allocating gasoline-only Wranglers to his dealership in Pennsylvania, one of 14 states following emissions guidelines set by the California Air Resources Board that exceed nationwide standards.

Although the rules don't require automakers to sell a certain percentage of zero-emission vehicles until 2026, Stellantis said it has stopped shipping internal combustion models to dealerships in those 14 states unless customers have ordered them. Meanwhile, dealers in non-CARB states can no longer get the Wrangler 4xe and other plug-ins without a customer order.

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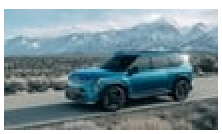

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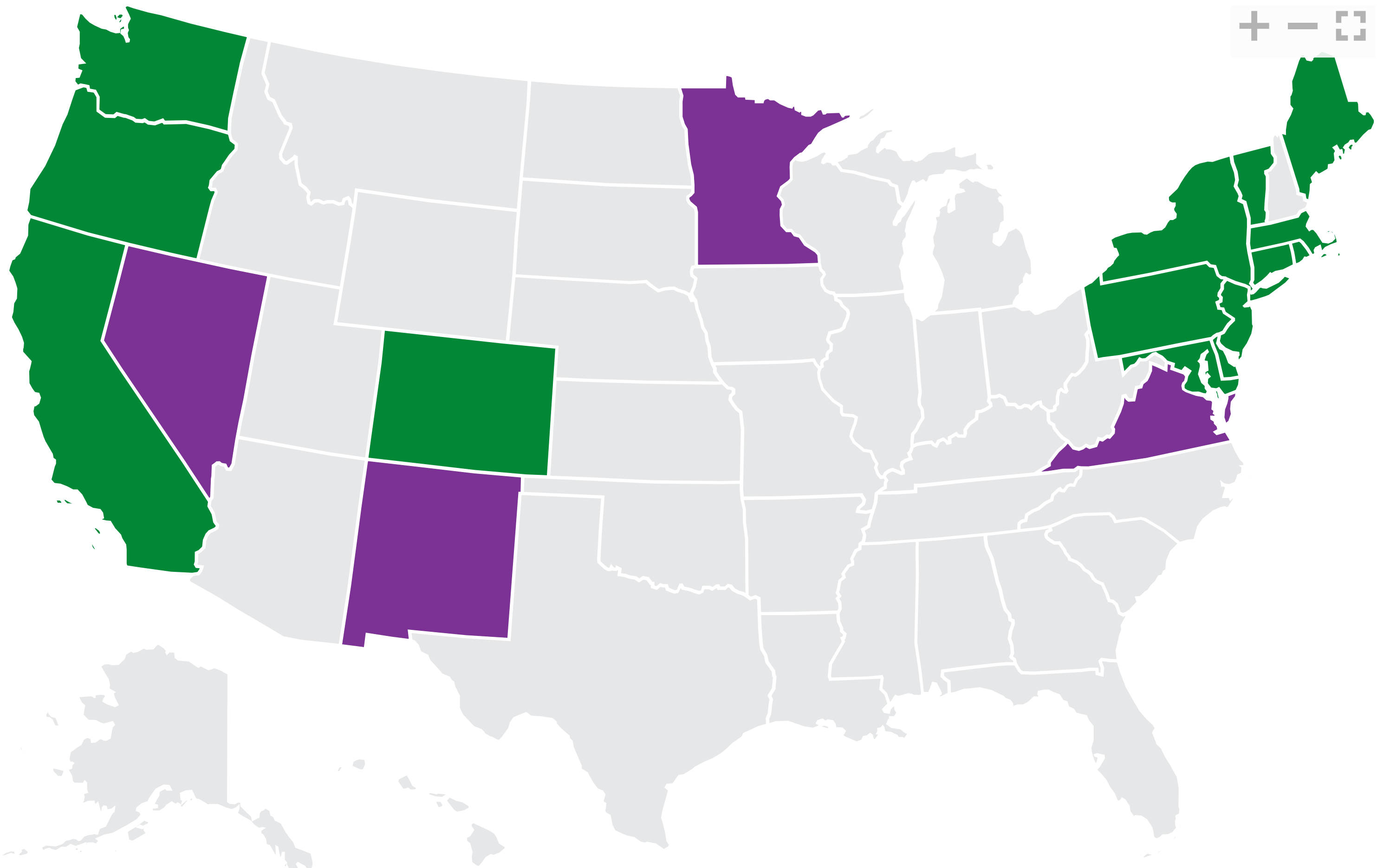
Kelleher said his salespeople have been trained on how to pitch the benefits of the 4xe models, which offer a performance boost in addition to fuel savings, and are selling them successfully. But he said Stellantis' changes will have a "significant impact" on dealerships' sales.

"We've learned how to sell these, and they're not that difficult to sell," Kelleher told *Automotive News*. "That being said, I still have customers that want gas."

## CARB states

Stellantis has stopped allocating unsold inventory of gasoline vehicles to these states, which follow emissions guidelines set by the California Air Resources Board.

CARB states  Future CARB states



Source: Stellantis memo to dealers

Stellantis began changing allocations for the two groups of states about two months ago. The automaker told dealers in April that the CARB states are enforcing tougher greenhouse gas standards retroactively to the 2021 model year. Those standards are separate from the zero-emission sales minimums that begin in 2026.

About 36 percent of the U.S. population lives in the 14 CARB states, according to 2023 Census Bureau estimates. Four additional states are adopting the California standards for future model years.

Dealers in the CARB states worry they'll be at a disadvantage if consumers start crossing state lines to buy gasoline vehicles from another store's inventory rather than wait for a factory order. Some are working to trade for gasoline vehicles with stores in adjacent states.

"I think many of us expected when the CARB rules actually kick in in 2026 in a meaningful way that we'd have some allocation challenges," said Brian Maas, president of the California New Car Dealers Association. "The fact that it's happening [with Stellantis] in the middle of 2023 is a bit of a surprise. ... People are going to go to Reno and Vegas and Phoenix to get ICE Wranglers, if that's what they want."

Kelleher, who owns David Dodge-Chrysler-Jeep-Ram, received no gasoline-only Wranglers last month and 80 plug-ins. Last year, he typically got 40 gasoline models and 15 of the 4xe each month.

All the states close to Kelleher's store near Philadelphia are part of the CARB framework, but he said dealers in western Pennsylvania could lose customers to Ohio or West Virginia, where Stellantis is still allocating gasoline vehicles.

Brian Heney, CEO of Kelly Automotive Group in Massachusetts, a CARB state, said many customers have grown accustomed to ordering new vehicles and waiting for them to arrive. "While we are being impacted by this move, we are finding ways to assist our customers, and keep them in our family," Heney said in an email. "We do find that some Wrangler customers have less patience for waiting, however, in the warm weather months and will see how this affects our business and our local customers moving forwards into the summer."

## 2020 framework

Stellantis said it changed how internal combustion and plug-in inventory is allocated because the company is not part of the 2020 agreement that CARB reached with five automakers that applies to the 2021-26 model years.

Shortly after Stellantis was formed in January 2021, the company said, officials approached California about joining the deal but were told it was not accepting new members. The automakers that signed the framework — Ford Motor Co., BMW, Honda, Volkswagen Group of America and Volvo — are allowed to meet the standards with their nationwide average, while Stellantis and others must do so with just the vehicles sold in CARB states.

"The communication to our dealers simply acknowledges the reality that we may need to adjust vehicle allocations among the California and Federal states to ensure that Stellantis complies with different standards in the California states," Stellantis said in a statement. "We will continue to support our dealer network as they work to meet the needs of our consumers during this time, and we will continue to seek a level playing field for our company and our dealers. The ultimate solution rests with a program that allows compliance based on sales in all 50 states."

A Stellantis spokesperson said the objective is to direct vehicles to the markets where they're needed to meet the varying emissions requirements.

## ‘New to everybody'

California is moving to drastically increase the number of electrified vehicles on its roads.

The CARB rules call for zero-emission vehicles and plug-in hybrids to be 35 percent of light-duty sales in the 2026 model year, 68 percent in 2030 and 100 percent in 2035.

The changes Stellantis already has made to its allocation process in anticipation of those requirements illustrate some of the uncertainty being created during the transition to electric vehicles.

"All of us dealers, and I think even the manufacturers — this is all new to everybody — we're all just waiting and seeing what happens," said Brandon Moreland, vice president of Moreland Auto Group. The group has Stellantis stores in Colorado, a CARB state, and Wyoming, a non-CARB state.

"It's tough," Moreland said. "You call and ask questions, and you can tell the manufacturer doesn't really have great answers because it's all new to them."

Inline Play

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