



South Coast Air Quality Management District

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April 17, 2009

Mary Nichols, Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Dear Chair Nichols:

South Coast Air Quality Management District Staff Comments regarding
CARB Proposed AB 118 Air Quality Improvement Program
Guidelines and Funding Plan for Fiscal Year 2009-10

In general, South Coast Air Quality Management District (SCAQMD) staff supports the AB 118 AQIP Guidelines and Funding Plan for Fiscal Year 2009-10. Our specific SCAQMD staff comments are provided below.

Guidelines

Overall, SCAQMD agrees with goal of allowing flexibility so that specific requirements will be provided in individual solicitations. The ISOR indicates AB 118 AQIP funds are intended to fund vehicle categories that "do not already have a significant source of incentive funding" [ISOR, pg. 4]. This broad elimination of vehicle categories, however, does not take into account the complexity of existing programs, e.g. the Carl Moyer program, which is restricted in funding heavy-duty drayage trucks. The SCAQMD proposes that the adoption of the guidelines and any subsequent updates to the state's incentive funding programs, including AB 118, the Carl Moyer, and the Proposition 1B programs, *be coordinated to align their requirements and provide adequate amounts of funding for all low-emitting and commercially available technologies*. Having such a comprehensive and integrated approach would identify areas of actual overlap, simplify the evaluation of projects and streamline the implementation process for all programs.

Funding Plan

SCAQMD has two specific suggestions for the Deployment/Commercialization Projects.

1. The voucher incentive for hybrids in Table IV-1 – Staff Recommended Hybrid Vehicle Incentive Amounts [pg. 21] - range from \$10,000 for vehicles under 14,000 lbs GVW to \$35,000 for vehicles over 33,000 lbs GVW. Even with the federal tax credit of \$3,000 - \$12,000 the combined amount appears too low for hybrid vehicles. Presently the Fleet Modernization Program offers greater incentives. SCAQMD believes an amount of \$50,000

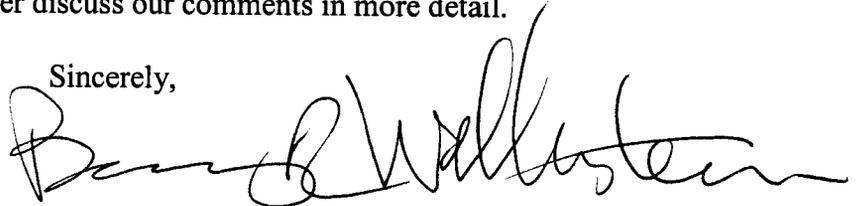
per truck for Class 8 trucks, on par with Proposition 1B, would result in successful implementation of the program. Further, individual applicants and non-profit organizations may not be able to benefit from federal tax credits. Increasing the incentive amounts in place of tax credits could yield better results.

The incentive should also be increased for vehicles with the lowest certified engine or certified hybrid test cycle emissions. Appendix A-1 indicates emissions will only be factored in FY 2010-11 Funding Plan.

2. In order to satisfy the first guiding principle identified for deployment projects as "Attain Ambient Air Quality Standards" [pg. 10], the cleanest available heavy-duty trucks should also be allowed under AB 118, specifically natural gas trucks certified at 2010 levels. AB 118 funds should be provided either in combination with other state incentive funds or separately to help fund these trucks up to an amount that makes them competitive with diesel trucks (approximately \$90,000 total incentive).

SCAQMD staff has appreciated working with CARB staff in developing the Proposed AB 118 Air Quality Improvement Guidelines. We look forward to working with CARB on the above critical issues and participating in the on-going regulatory process. Please contact me if you have any questions or would like to further discuss our comments in more detail.

Sincerely,



Barry R. Wallerstein, D.Env.
Executive Officer

cc: CARB Board Members
James Goldstene
J. Kitowski
A. Panson

CSL:MMM:FM:SS