



# South Coast Air Quality Management District

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*Office of the Executive Officer  
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November 7, 2008

Mr. James Goldstene  
Executive Officer  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812

Dear Mr. Goldstene:

SCAQMD Staff Comments Regarding the Notice of Public Availability of Modified  
Text – Proposed AB 118 Air Quality Guidelines for the Air Quality Improvement  
Program and the Alternative and Renewable Fuel and Vehicle and Technology Program

The South Coast Air Quality Management District (AQMD) staff appreciates the opportunity to provide comments on CARB's proposed AB 118 Air Quality Guidelines for the Air Quality Improvement Program and the Alternative and Renewable Fuel and Vehicle and Technology Program. The proposed air quality guidelines would establish the criteria by which projects proposed for AB 118 funding would be deemed eligible based on the provisions of AB 118. The AQMD staff strongly supports the principle that selected projects must reduce criteria pollutant emissions and provide greenhouse gas benefits. Project selection should be made in a manner to achieve ambient air quality standards and reduce air toxic impacts as expeditiously as possible. The AQMD staff supports the three modifications that your Board adopted on September 25, 2008. We strongly believe that sufficient time should be provided to conduct adequate public review of the full fuel cycle supplemental evaluation and localized health impacts, given the complexities associated with estimating the benefits of the various fuel types that are available for projects under consideration in the AB 118 program. However, we remain concerned that the proposed guidelines may result in delayed implementation of the cleanest available engine technologies and result in a status quo use of conventional fuels over alternative fuels and electricity.

The AQMD staff's primary concern is the two-step approach provided in the guidelines [Section 2343(b)(2)]. As stated on Page 11 of the Initial Statement of Reasoning (ISOR) for the proposed rulemaking, the first step of the project evaluation is whether the proposed fuel used for the project would result in greenhouse gas emissions benefits compared to the baseline fuel. If the greenhouse gas emissions of the proposed fuel is greater than those of the baseline fuel, the project is not eligible for funding [Section 2343(b)(2)(A)]. However, if the greenhouse gas emissions of the proposed fuel are equal to or less than the baseline fuel, then the project fuel would then be compared with the baseline fuel relative to criteria pollutants and toxic air contaminants. We continue to believe that this two-step approach would lead to unintended consequences relative to projects that have significant criteria emissions benefits and reduction in localized air toxic impacts. For example, one of the categories eligible for project funding is lawn and garden equipment. As you are aware, the AQMD and other air districts have very successful lawn mower exchange programs where existing gasoline lawn mowers are replaced with electric battery mowers. There is a potential that the full fuel-cycle assessment for these projects may lead to making these projects ineligible if the electricity generation leads to increased greenhouse gas emissions. Since the first step automatically eliminates the project, there is no opportunity to evaluate the criteria emissions and local air toxic benefits. I strongly recommend that the implementation of Section 2343(b)(2) be monitored closely; and, should unintended consequences of the two step approach be realized, CARB staff should propose amendments to the guidelines as soon as possible prior to the next round of funding.

While we are supportive of the flexibility provided to evaluate candidate projects to ensure that potential emission increases of criteria pollutants or toxic air contaminants would be offset by emission benefits associated with other projects, we believe that the proposed approach provided in Section 2343(b)(2)(B)1.a to offset potential emission increases solely "with other projects funded within the same air basin during the same funding cycle" and "if the emission increases can not be fully mitigated by other projects funded within the same air basin during the same funding cycle, then the project is not eligible for funding" too restrictive if the requirement is that the "other projects" identified are limited to the AB 118 funding and within the current funding cycle. Since the AB 118 Program is similar to the other voluntary incentive programs, in any given funding cycle, we may receive projects that provide significant reductions in one or two criteria pollutants and projects that provide reductions in different criteria pollutants. As such, we may not be able to find sufficient projects to offset potential emission increases. We believe that rather than seeking "other projects" to mitigate or offset proposed projects that have some increase in emissions, an assessment of all projects proposed for funding from the various funding programs such as Carl Moyer and the Lower Emission School Bus Programs along with projects proposed for AB 118 funding be conducted to determine in the aggregate if the region will realize emission reduction benefits and provide further progress in meeting the State Implementation Plan. We believe that the details of the assessment can be further defined during the implementation of AB 118.

In conclusion, I would urge CARB to move forward as soon as possible with proposals to allocate the AB 118 funds in a manner similar to the Proposition 1B approach that your Board approved earlier this year. In addition, I strongly urge CARB staff to allocate funds in a manner that achieves the greatest possible reduction in health risk in communities with the highest risk levels. I strongly believe that providing funds throughout the nonattainment areas of California will not only help these areas in attaining ambient air quality standards earlier, but also incentivize and promote technology research and demonstrate projects throughout California.

Given the short number of years that the region must attain ambient air quality standards, we urge you to finalize the guidelines adopted by the CARB Board on September 25, 2008, and that your staff begin development of the second step in the AB 118 process as soon as possible in a manner similar to the Proposition 1B process. Thank you again for the opportunity for providing these comments. If you have any questions about these comments, please feel free to call me or Dr. Chung Liu, Deputy Executive Officer - Science and Technology Advancement, at 909-396-2105.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry R. Wallerstein". The signature is fluid and cursive, with a large initial "B" and "W".

Barry R. Wallerstein, D.Env  
Executive Officer

CSL:HH