

CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC MEETING TO CONSIDER THE APPROVAL OF THE PROPOSED ASSEMBLY BILL 118 AIR QUALITY IMPROVEMENT PROGRAM FUNDING PLAN FOR FISCAL YEAR 2012-13

The Air Resources Board (ARB or Board) will conduct a public meeting at the time and place noted below to consider approval of the *Proposed Assembly Bill 118 Air Quality Improvement Program Funding Plan for Fiscal Year 2012-13* (Fiscal Year 2012-13 Funding Plan).

DATE: June 28, 2012

TIME: 9:00 a.m.

PLACE: California Environmental Protection Agency
Air Resources Board
Byron Sher Auditorium
1001 I Street
Sacramento, California 95814

This item will be considered at a one-day meeting of the Board, which will commence at 9:00 a.m., June 28, 2012. Please consult the agenda for the meeting, which will be available at least ten days before June 28, 2012, to determine the order of agenda items.

Background:

The Air Quality Improvement Program (AQIP) is a voluntary incentive program created under the *California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007* (Assembly Bill 118, Statutes of 2007). AQIP provides funding through 2015 for clean vehicle and equipment projects that reduce criteria pollutant and air toxics emissions often with concurrent climate change benefits. AQIP expands ARB's portfolio of air quality incentives, providing the opportunity to fund projects not covered by other incentive programs which focus on near-term emission reductions. AQIP is ARB's only incentive program structured to enable investments in technology advancing projects that also provide immediate emission reductions.

AQIP investments to date support the deployment of hybrid and zero-emission trucks, advanced clean cars, and other advanced technologies critical to meeting California's long-term air quality and climate change goals. These investments are an important first step in the fundamental transformation of the California vehicle fleet to one with widespread use of zero- and near-zero emission vehicles.

The Governor's proposed Fiscal Year 2012-13 State Budget provides \$40 million for AQIP projects. ARB's regulatory guidelines governing implementation of AQIP require that the Board approve an annual Funding Plan describing how AQIP funds appropriated to ARB in the State Budget will be spent. The proposed Fiscal Year 2012-13 Funding Plan outlines: (1) ARB priorities for the funding cycle; (2) funding allocations by project category; (3) project category descriptions, including refinements based on public input and evaluation of previous years' project implementation; and (4) contingency provisions to address uncertainties in available funding levels.

Description of Fiscal Year 2012-13 Funding Plan:

For Fiscal Year 2012-13 funding cycle, ARB staff proposes to focus most AQIP funding on the two largest project categories from previous years – the Clean Vehicle Rebate Project, which provides consumer rebates for zero-emission and plug-in hybrid passenger cars, and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, which targets commercial vehicles. In developing AQIP, ARB staff envisioned that these project categories would receive funding for multiple years. While we are seeing strong demand for funding in the Clean Vehicle Rebate Project, demand for vouchers in the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project has slowed over the past year. However, hybrid and electric truck technologies are at a key point where continued public incentives can help them penetrate the California marketplace and become mainstream choices.

Staff also proposes to continue a small allocation for advanced technology demonstrations. These are an important part of AQIP because successful demonstration projects can potentially lead to new deployment project opportunities.

Table 1 presents ARB staff's proposed Fiscal Year 2012-13 project category allocations along with the estimated number of vehicles that these funding levels would support. The Table shows 2 separate funding levels to manage uncertainty regarding available funding. The \$40 million level reflects the funding for AQIP projects in the Governor's proposed State Budget. The \$27 million level is a conservative estimate of total funding based on AQIP revenues over the past 3 years which have been 25-30 percent lower than the appropriated amount. ARB staff proposes to initially issue solicitations for the lower funding targets shown in Table 1 with provisions to scale up funding if revenues are higher or additional funding becomes available. The contingency provisions to address this uncertainty are described in greater detail in the Funding Plan.

Table 1: Proposed Fiscal Year 2012-13 Project Category Funding Levels

Project Category	\$27 Million Plan Based on Recent Revenues		\$40 Million Plan ¹ Revised Budget Appropriation	
	Proposed Allocation	Vehicles Funded	Proposed Allocation	Vehicles Funded
Clean Vehicle Rebate Project ²	\$15 M	7,700	\$21 M	10,700
Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project	\$10 M	350	\$14 M	500
Advanced Technology Demonstration/Testing	\$2 M	N/A	\$5 M	N/A

1- Based on Governor's revised State Budget of \$43 million minus estimated administrative costs.

2- An additional \$3 million from fiscal year 2008-09 is being reallocated to the Clean Vehicle Rebate Project.

ARB staff proposes continuing its large investment in the Clean Vehicle Rebate Project at the same level as last year. In addition, \$3 million from fiscal year 2008-09 is being reallocated to the Clean Vehicle Rebate Project. In the past several months, there has been a substantial increase in the number and diversity of zero-emission vehicles and plug-in hybrids offered for sale in California, and this trend is expected to continue. Even with this large investment, ARB expects that the proposed funding will only provide rebates for about half of the vehicles sold.

The \$10 million proposed for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project would provide funding for about 350 new hybrid and zero-emission trucks and buses that staff believes, when combined with previous years' funding, will adequately support the continuing deployment of hybrid and zero-emission technology into the California fleet in Fiscal Year 2012-13. Several refinements to the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project are proposed with the goals of boosting demand and encouraging additional fleets to purchase hybrid and zero-emission trucks. Staff also proposes a \$2 million allocation to continue funding for advanced technology demonstrations.

AVAILABILITY OF DOCUMENTS AND AGENCY CONTACT PERSONS

ARB staff will present the *Proposed AB 118 Air Quality Improvement Program Funding Plan for Fiscal Year 2012-13* at the meeting. Copies of the report may be obtained from ARB's Public Information Office, 1001 I Street, First Floor, Environmental Services Center, Sacramento, California, 95814, (916) 322-2990 at least 30 days prior to the scheduled meeting on June 28, 2012. The report may also be obtained from ARB's website at <http://www.arb.ca.gov/msprog/aqip/aqip.htm> .

SUBMITTAL OF COMMENTS

Interested members of the public may present comments verbally or in writing at the meeting and may be submitted by postal mail or by electronic submittal before the meeting. To be considered by the Board, written comments not physically submitted at the meeting must be received **no later than 12:00 noon, June 27, 2012, before meeting begins**, and addressed to the following:

Postal mail: Clerk of the Board, Air Resources Board
1001 I Street, Sacramento, California 95814

Electronic submittal: <http://www.arb.ca.gov/lispub/comm/bclist.php>

You can sign up online in advance to speak at the Board meeting when you submit an electronic board item comment. For more information go to:
<http://www.arb.ca.gov/board/online-signup.htm>.

Please note that under the California Public Records Act (Government Code section 6250 et seq.), your written and verbal comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request.

ARB requests that written and email statements on this item be filed at least 10 days prior to the meeting so that ARB staff and Board members have additional time to consider each comment. Further inquiries regarding this matter should be directed to Ms. Johanna Levine, Air Pollution Specialist, at (916) 324-6971, or Ms. Graciela Garcia, Air Pollution Specialist, at (916) 323-2781.

SPECIAL ACCOMMODATION REQUEST

Special accommodation or language needs can be provided for any of the following:

An interpreter to be available at the hearing;
Documents made available in an alternate format or another language;
A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 10 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Comodidad especial o necesidad de otro idioma puede ser proveído para alguna de las siguientes:

Un intérprete que esté disponible en la audiencia.
Documentos disponibles en un formato alternativo u otro idioma.

Una acomodación razonable relacionados con una incapacidad.

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

CALIFORNIA AIR RESOURCES BOARD

/s/

James N. Goldstene
Executive Officer

Date: May 29, 2012

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website at www.arb.ca.gov.