

SUMMARY OF BOARD ITEM

ITEM # 00-11-2: PUBLIC MEETING TO CONSIDER PROPOSED GUIDELINES FOR A ZERO EMISSION VEHICLE (ZEV) INCENTIVE PROGRAM PURSUANT TO AB 2061 (LOWENTHAL)

STAFF RECOMMENDATION: Staff recommends that the Board approve the Proposed Guidelines for the Zero Emission Vehicle (ZEV) Incentive Program Created by AB 2061 (Lowenthal)

DISCUSSION: Signed by Governor Davis on September 30, 2000, AB 2061 (Lowenthal) creates a timely and significant ZEV incentive program, providing \$18 million for grants. A maximum grant of up to \$9,000 may be provided to qualified private and public consumers that purchase or lease a new ZEV between October 1, 2000, and December 31, 2002. Grants of \$3,000 may be provided for each of three, 12-month periods following the purchase or lease of an eligible ZEV. The program is to be administered by the Air Resources Board (ARB), in consultation with the State Energy Resources Conservation and Development Commission ("California Energy Commission" or "CEC"). Local air quality management or air pollution control districts may administer the program on a voluntary basis.

SUMMARY AND IMPACTS: The ZEV incentive program will ease the transition to a self-sustaining ZEV market, providing grants totaling up to \$9,000 for two thousand, or more, ZEVs in the 2001-2003 timeframe. The proposed guidelines provide an implementation schedule, criteria for qualified recipients, criteria for eligible zero emission vehicles, procedures for determining the maximum available grant, procedures for administering the program and criteria to be met by districts volunteering to administer the program.

ARB staff has solicited input from interested parties throughout the development of the guidelines, holding numerous meetings and telephone conferences in October and early November 2000.

CALIFORNIA AIR RESOURCES BOARD**NOTICE OF PUBLIC MEETING TO CONSIDER PROPOSED GUIDELINES FOR A ZERO EMISSION VEHICLE INCENTIVE PROGRAM PURSUANT TO AB 2061 (LOWENTHAL)**

The California Air Resources Board (Board or ARB) will conduct a public meeting at the time and place noted below to consider proposed guidelines for a zero emission vehicle (ZEV) incentive program created by AB 2061 (Lowenthal). AB 2061 provides grants of up to \$3,000, for three 12-month periods, to qualified recipients to encourage the purchase or lease of a new ZEV between October 1, 2000 and December 31, 2002.

DATE: November 16, 2000
TIME: 9:30 a.m.
PLACE: Air Resources Board
Board Hearing Room, Lower Level
2020 L St.
Sacramento, CA 95814

This item will be considered at a two-day meeting of the Board, which will commence at 9:30 a.m., on November 16, 2000 and may continue at 8:30 a.m., November 17, 2000. This item may not be considered until November 17, 2000. Please consult the agenda for the meeting which will be available at least 10 days before November 16, 2000, to determine when this item will be considered.

This facility is accessible to persons with disabilities. If accommodation is needed, please contact ARB's Clerk of the Board at (916) 322-5594 by November 2, 2000, to ensure accommodation. Persons with hearing or speech impairments can contact us by using our Telephone Device for the Deaf (TDD) at (916) 324-9531, or (800) 700-8326 for TDD calls from outside the Sacramento area.

Background

California's ZEV program was originally adopted following a hearing in 1990, as part of the Low Emission Vehicle regulations. The ZEV program is an integral part of California's mobile source control efforts, and is intended to create a market for advanced technologies that will secure increasing air quality benefits for California now and into the future. The ZEV regulation – section 1962, title 13, California Code of Regulations – requires that ten percent of the passenger cars and lightest light-duty trucks offered for sale in California by large and intermediate volume auto manufacturers be ZEVs, beginning in the 2003 model year.

When the ZEV requirement was first adopted, low- and zero-emission vehicle technology was in a very early stage of development. The Board acknowledged that many issues would need to be addressed prior to the implementation date. Thus the Board directed staff to provide an update on the ZEV program on a biennial basis, in order to provide a context for the necessary policy discussion and deliberation. After a 1996 biennial review



of the ZEV program, the ARB entered into Memoranda of Agreement (MOAs) with the seven largest vehicle manufacturers to encourage continued research and early introduction of electric vehicle technologies. Under the MOAs, the manufacturers agreed to place more than 1,800 advanced-battery electric vehicles (EVs) in California in the years 1998 through 2000. To provide flexibility in the ZEV program, the regulation was further modified in 1998 to allow different types of vehicles to be used to meet program requirements. For example, manufacturers can use extremely clean advanced-technology vehicles (referred to as "partial" ZEVs) to meet the requirement, except that large-volume manufacturers must, at a minimum, have four percent of their sales be vehicles classified as "full" ZEVs.

After the most recent biennial technical review which was held on September 7 and 8, 2000, the Board unanimously reaffirmed its commitment to the ZEV mandate. However, the Board received testimony that the initial cost of ZEVs, today and in the 2003 timeframe, is much higher than for comparable conventional cars. The Board recognized that while increased volumes and continued technology advancement would reduce vehicle costs, incentives and market assurances are needed to ease the transition to a self-sustaining ZEV market, especially in the 2001-2003 timeframe. Therefore, the Board directed staff to investigate and develop additional mechanisms to help with the ZEV market transition and to present an implementation plan to the Board. Staff intends to present such a plan, along with modifications to the ZEV regulation necessary to implement the plan, at a public meeting of the Board on January 25 and 26, 2001, in Sacramento.

The signing of AB 2061 by Governor Davis is timely as it creates a significant ZEV incentive program. The \$18 million program will provide grants of up to \$3,000 for three 12-month periods, to qualified private and public consumers that lease or purchase a new zero emission vehicle between October 1, 2000, and December 31, 2002. The program will ease the transition to a self-sustaining ZEV market in 2003 and beyond. AB 2061 specifies that the grant program will be developed and administered by the ARB, in conjunction with the State Energy Resources Conservation and Development Commission ("California Energy Commission" or "CEC"). AB 2061 further provides that the grant program may be administered by a local air quality management district or air pollution control district on a voluntary basis, provided that the district administers the program based on guidelines developed by the ARB, in conjunction with the CEC.

DESCRIPTION OF PROPOSED GUIDELINES

The proposed guidelines for the ZEV incentive program will be consistent with the language and intent of AB 2061. The guidelines will contain a proposed implementation schedule for the program, identify criteria for qualified recipients and criteria for eligible zero emission vehicles, procedures for determining the maximum available grant, procedures for administering the program and criteria to be met by districts volunteering to administer the program.

In preparing the guidelines, ARB staff has worked closely with stakeholders in the short time period available to ensure that they have an opportunity to provide comments and suggestions. As part of the effort, staff has met with individual stakeholders and held a working meeting on the guidelines for all stakeholders. The proposed guidelines are

expected to be available to the public by November 9, 2000. The Board will consider the proposed guidelines and information presented by staff and all interested parties.

AVAILABILITY OF DOCUMENTS AND AGENCY CONTACT PERSON

The ARB staff has prepared a fact sheet that provides a preliminary description of the ZEV incentive program created by AB 2061. Staff anticipates that proposed guidelines for the ZEV incentive program will be available by November 9, 2000. This notice, the fact sheet, and, when available, the proposed guidelines may be obtained from ARB's Public Information Office, 2020 L Street, Sacramento, California 95814, (916) 322-2990, or from the ARB internet site at <http://www.arb.ca.gov/msprog/zevprog/zevprog.htm>.

To obtain these documents in an alternate format, please contact the Air Resources Board ADA Coordinator at (916) 323-4916, TDD (916) 324-9531, or (800) 700-8326 for TDD calls from outside the Sacramento area.

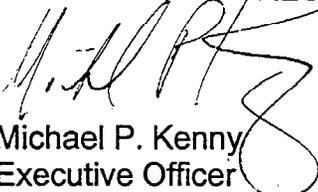
If you need additional information or have further inquiries, please contact Judy Yee, Air Pollution Specialist, at (916) 327-5610 or Gayle Sweigert, Air Pollution Specialist, at (916) 322-6923.

SUBMITTAL OF COMMENTS

The public may present comments relating to this matter orally or in writing at the meeting, and in writing or by e-mail before the meeting. To be considered by the Board, written submissions must be addressed to and received by the Clerk of the Board, Air Resources Board, P.O. Box 2815, Sacramento, California 95812, or 2020 L Street, 4th Floor, Sacramento, CA 95814, no later than 12:00 noon on November 15, 2000, or received by the Clerk of the Board at the meeting. To be considered by the Board, e-mail submissions must be addressed to zip00@listserv.arb.ca.gov and received at the ARB no later than 12:00 noon on November 15, 2000.

The Board encourages members of the public to bring to the attention of staff in advance of the meeting any suggestions or comments. The Board requests, but does not require, that 30 copies of any written statement be submitted as early as possible prior to the meeting date, so that ARB staff and Board Members have time to fully consider each comment.

CALIFORNIA AIR RESOURCES BOARD



Michael P. Kenny
Executive Officer

Date: November 3, 2000

