

Enhanced Car Scrap Program

Air Resources Board Meeting
Sacramento, California
June 26, 2009

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
 Air Resources Board

Today's Presentation

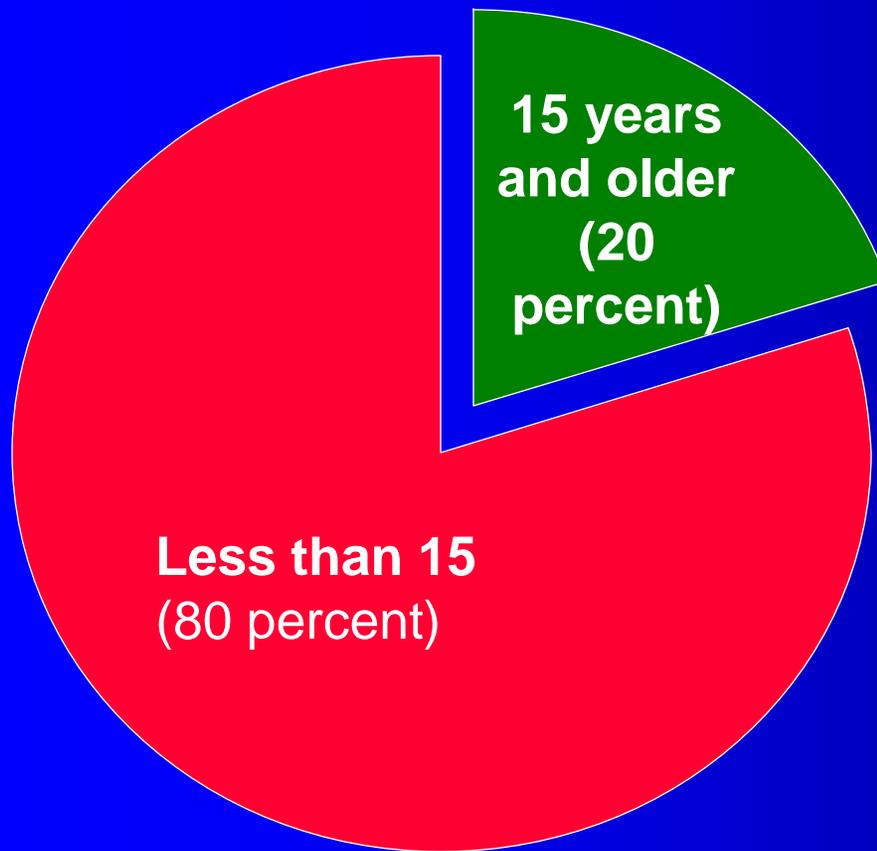
- Background
 - Importance of car scrapping
- Overview of AB 118
- Proposed Car Scrap Program
 - Benefits
 - Cost-Effectiveness
- Staff Recommendation

Background

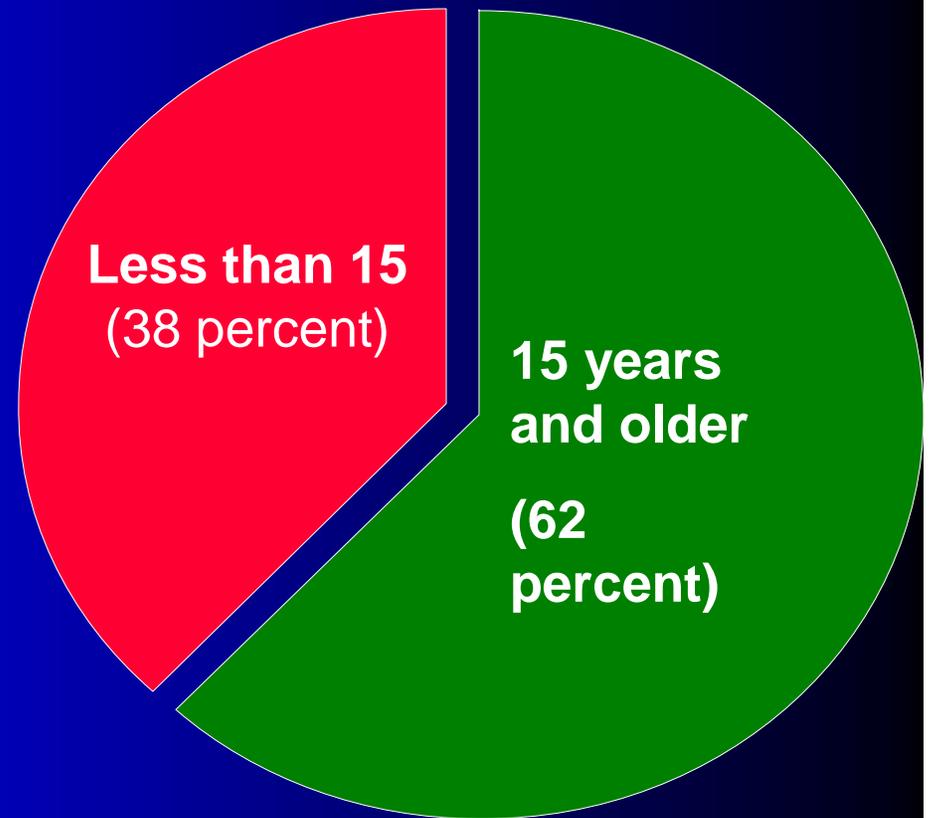
- Retirement incentives accelerate normal attrition
- Emission benefits from newer vehicle replacement
- Included in 2007 SIP for Ozone
- Eligibility and functional requirements ensure remaining useful life



Impact of Older Vehicles



Fleet Composition

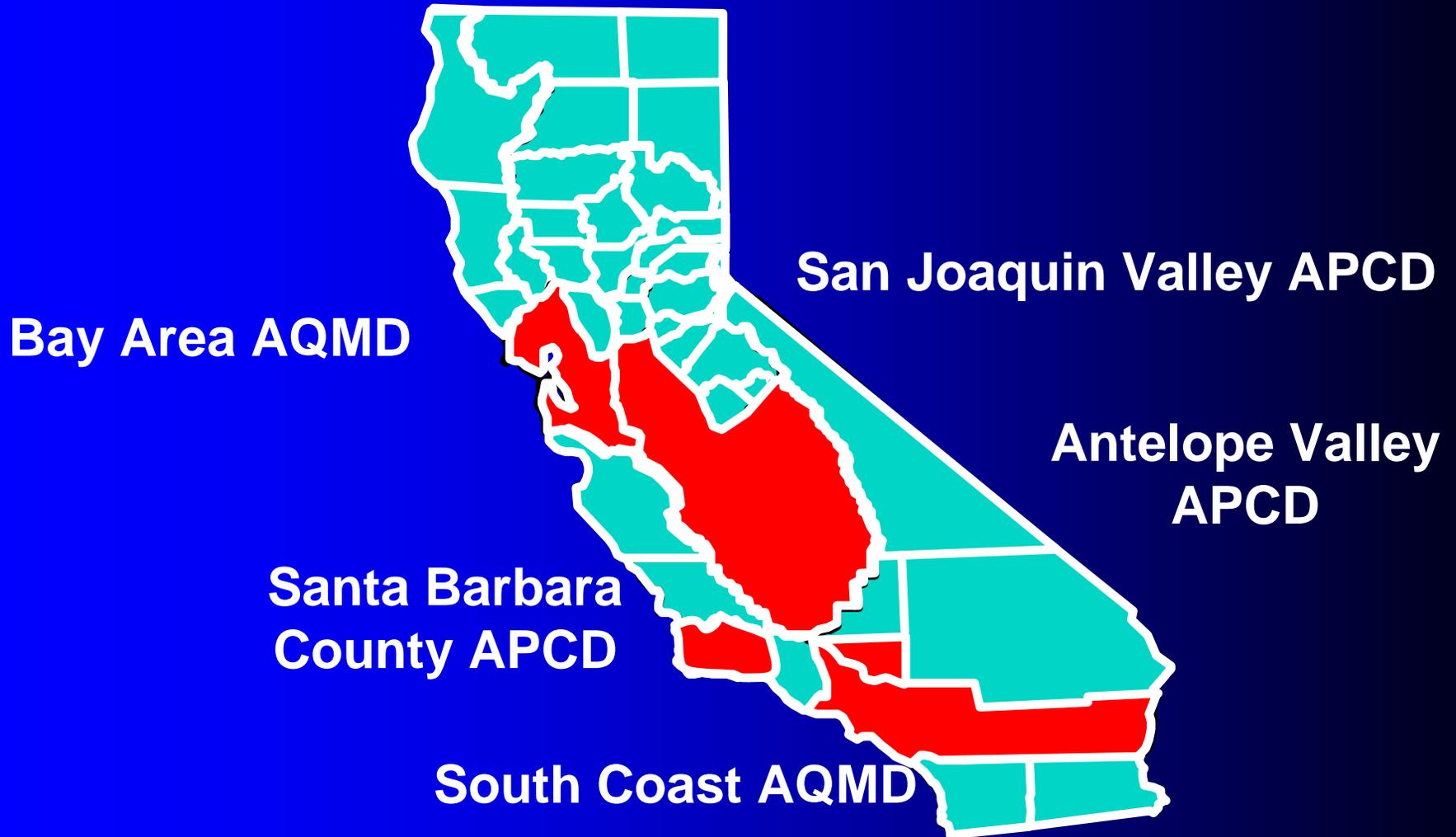


Emissions Contribution

District Scrap Programs

- Benefits retired for clean air
- Financial incentives range from \$650 to \$900
- Must have passed last Smog Check test

Existing District Programs



State: Consumer Assistance Program

- \$1,000 Retirement Incentive
- Provides options for consumers failing Smog Check
- Pre-1976 and diesel vehicles not eligible
- Annual retirement: ~22,000 vehicles

Overview of AB 118



Overview of AB 118

- Voluntary scrap program
 - ~\$30 million annually through 2015
- Target highest emitting vehicles
- Focus on areas with worst air quality
- Consider flexible compensation and low-income populations

Proposed Car Scrap



Proposed Car Scrap

- Vehicle Retirement Incentive
 - Statewide
 - Greater Eligibility
- Pilot Voucher Program
 - Limited to South Coast and San Joaquin Valley in the first year
 - Probable gross-polluters

Vehicle Retirement Incentive

Expanded

Consumer	Incentive	
General	\$1,000	
Income-Eligible	\$1,500	

New Pilot Voucher Program

- Targeted consumers also receive voucher for purchase of “newer” vehicle
- Administered through local air districts
- Replacement vehicles to be purchased at new and used car dealerships

Incentives for Replacement Vehicles

New

Consumer	Voucher 	Replacement Vehicle
General	\$2,000	Newest 4 model years
Income Eligible	\$2,500	Newest 8 model years

South Coast and San Joaquin Valley only

Voucher Eligible

- BAR's list of likely high polluters
- Pre-1976 model year vehicles
(not subject to Smog Check)
- Light-duty diesels

Total Funding

Consumer	Incentive	Voucher	Total	Replacement Vehicle
General	\$1,000	\$2,000	\$3,000	Newest 4 model years
Income Eligible	\$1,500	\$2,500	\$4,000	Newest 8 model years

Emission Reductions (tons per day)

	Vehicles	NOx and HC
Vehicle Retirement	11,500	1.3
Retirement and Replacement	3,500	0.3
Total	15,000	1.6
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SIP Commitment	60,000	6.4

Cost-Effectiveness

(\$/ton NO_x + HC)

General	Low-Income	Overall Program
\$13,100	\$18,100	\$15,900

Federal Incentive Program

- Vehicles with less than 18 mpg
- New vehicle purchase only
 - \$3,500 - \$4,500
 - 4 -10 mpg improvement required
- Limited overlap
- Combining programs prohibited

Staff Recommendation

Adopt the proposed Car Scrap Program for implementation by the BAR

Adopt staff's proposed clarifying language