

# **AB 118 Air Quality Improvement Program (AQIP)**

## **Proposed 2011 Funding Plan**

Air Resources Board Meeting  
July 21, 2011

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY



**Air Resources Board**

# Today's Presentation

- Overview of AQIP
- Implementation update
- Proposed 2011 Funding Plan
- Staff Recommendation

# AQIP Background

- Created by Assembly Bill 118 (2007)
- \$30-40 million per year through 2015
- Funds mobile source technology advancement
- Complements ARB's other incentive programs



# Guiding Principles

- Support advanced technologies to meet post-2020 air quality and climate change goals
- Start the turnover to a zero- and near-zero emitting fleet
- Focus on project types underserved in other incentive programs

# Program Benefits

- Provide immediate emission reductions
- Accelerate large-scale deployment of advanced technologies
- Support SIP and climate change commitments
- Enable future ARB regulations

# AQIP Projects Funded 1<sup>st</sup> Two Years

Project Category	Two Year Funding
Hybrid Truck & Bus Vouchers (HVIP)	\$43 M
Clean Vehicle Rebates (CVRP)	\$11 M
Advanced Technology Demonstrations	\$3.7 M
Lawn & Garden Equipment Replacement	\$2.6 M
Off-Road Hybrid Equipment Pilot	\$2 M
Zero-Emission Agricultural Work Vehicles	\$1.1 M
<b>Total Funding Awarded</b>	<b>\$64 M*</b>

*\*Includes \$6M from California Energy Commission*

# Coordination with California Energy Commission

- Energy Commission funding augments ARB deployment efforts (HVIP and CVRP)
- Charging/fueling infrastructure
- Work force training to support advanced technologies



# Proposed 2011 Funding Plan



# FY 2011-12 Funding Plan Priorities

- Continue focus on hybrid truck and ZEV incentives
- Continue streamlined project design
- Continue demonstration project allocation
- Anticipate smaller revenues than Budget appropriation

# Proposed 2011 Project Category Funding Targets

Category	\$28M Plan* based on recent revenues		\$40M Plan* Budget appropriation	
	Allocation	Vehicles Funded	Allocation	Vehicles Funded
Clean Vehicle Rebates	\$15 M	5,600	\$21 M	7,800
Hybrid Truck & Bus Vouchers	\$11 M	500	\$16 M	700
Advanced Tech Demos	\$2 M	N/A	\$3 M	N/A

*\*Funding targets reflect uncertainty in AQIP revenues*

# Clean Vehicle Rebate Project (CVRP)

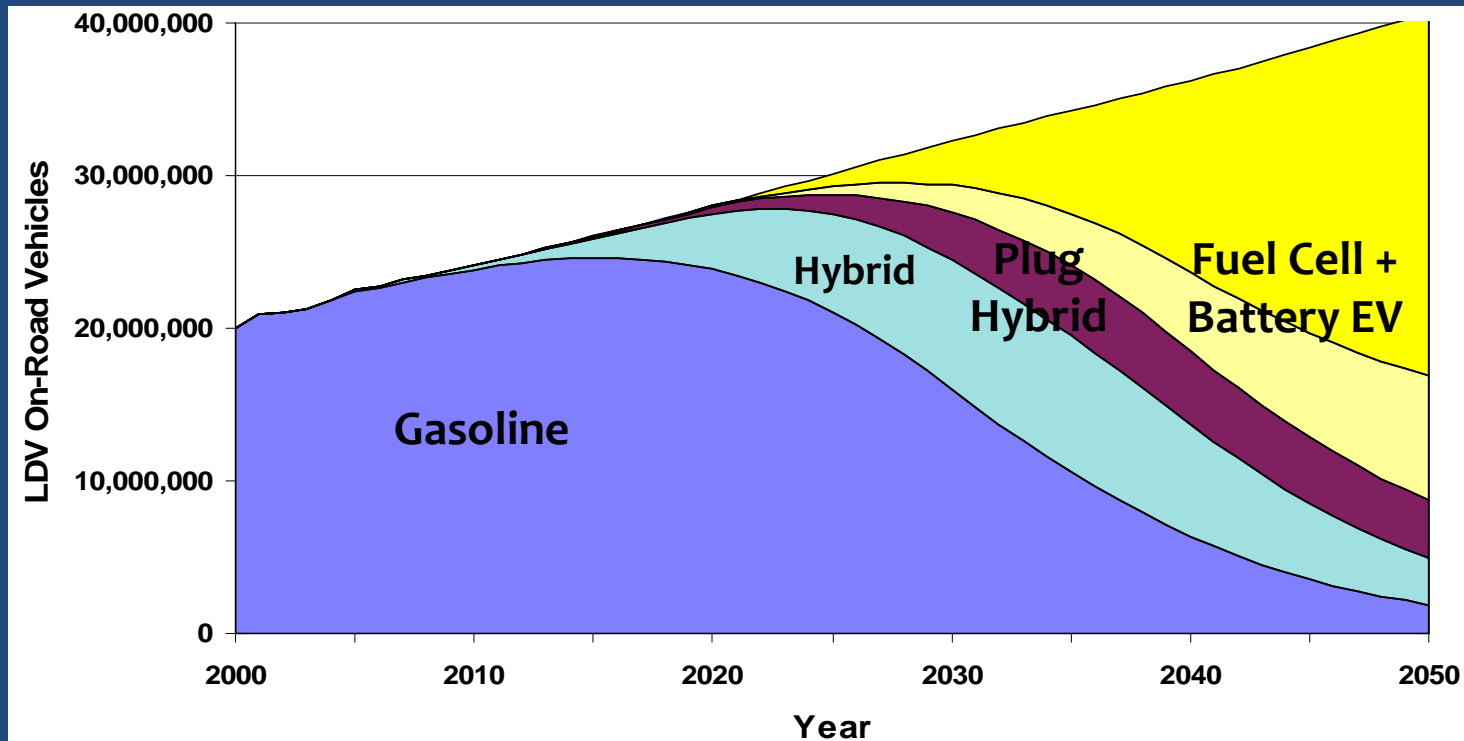
Funding Target: \$15 M

- Consumer rebates for light-duty ZEVs and plug-in hybrids
- Priorities for 2011-2012
  - Substantial growth in consumer demand
  - Balance growing demand with limited funding

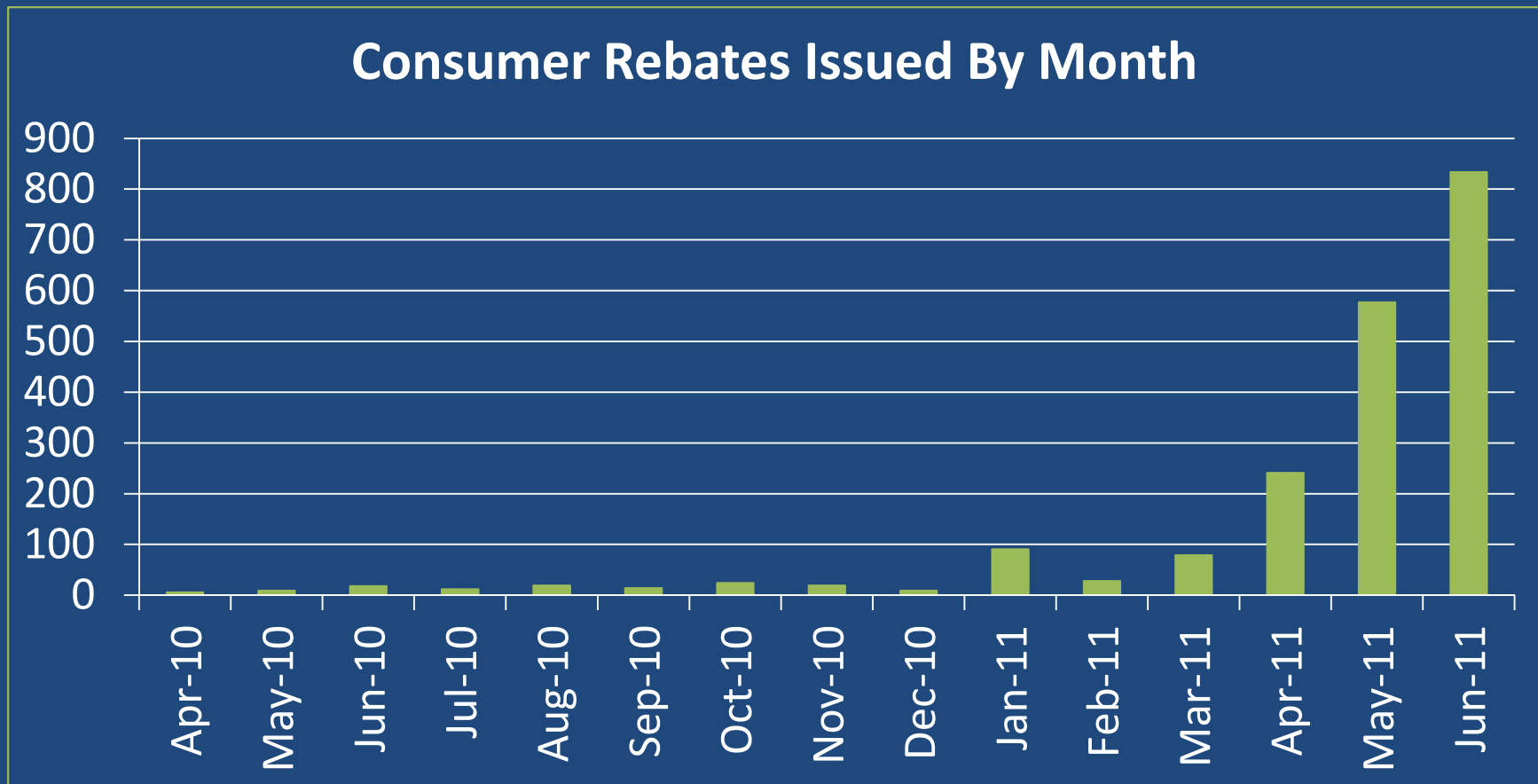


# Why Fund ZEVs?

- Early consumer acceptance key
- Significant fraction of fleet must be zero-emitting to meet 2050 goal



# CVRP Success: 2,000 Rebates Issued



Rebate funds exhausted June 2011, additional consumers on waiting list

# Proposed Changes Increase Number of Rebates Available

- Triple funding from last year's level
- Reduce ARB rebates amounts
  - \$5,000 → \$2,500 for full functioning ZEV
  - Consumers still eligible for \$7,500 federal tax credit, for \$10,000 full incentive
- Set aside 10 percent of funds for car shares

# Summary of Comments on CVRP

- General support for proposal
- Suggested changes from stakeholders
  - Set aside or higher rebates for vehicles from California-based manufacturers
  - Retain higher rebate levels across the board or for car shares
  - Higher rebates for light-duty zero-emission commercial delivery vehicles





# CVRP Beyond 2011

- Consumer demand will out pace AQIP funding
- New strategies to support ZEV deployment will be needed





# Hybrid Truck & Bus Vouchers (HVIP)

Funding Target: \$11 M



- Consumer vouchers for about ½ increment cost of new hybrid
  - Electric trucks also eligible
- Goals for 2011-2012
  - Continue successful project design
  - Refinements to encourage wider participation

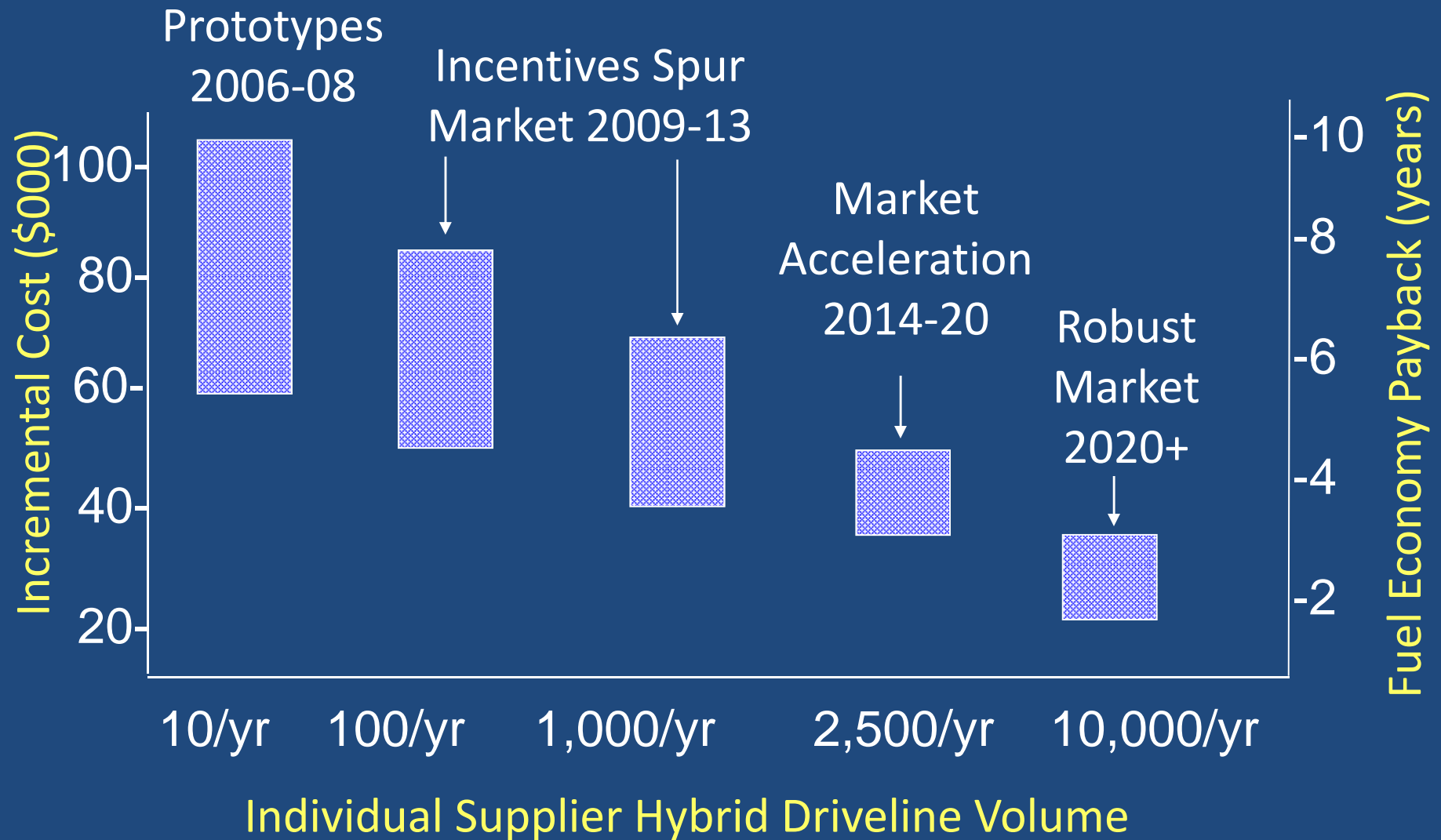


# Why Fund Hybrid Trucks?

- Reduce criteria pollutants and CO<sub>2</sub> emissions to meet long-term air quality goals
- Technology transfer
  - Hybrid → advanced hybrid → electric
  - Light-duty → heavy-duty → off-road
- Hybrid technology has high potential to be self sustaining



# Path to Sustainable Hybrid Truck Market



# HVIP Status: 900 Vouchers Issued



# Proposed Changes to Encourage More Participation

- Base voucher amounts unchanged
  - \$10,000 to \$30,000 depending on vehicle weight
- Refinements to encourage wider participation
  - Extra \$10,000 for first three vehicles
  - Extra \$10,000 for school bus purchases
  - Declining voucher amounts for large purchases



# Advanced Technology Demonstrations

Funding Target: \$2 M

- 10 projects in progress
  - Focus on technologies within 3 years of commercialization
- Proposed projects for 2011-2012
  - Locomotives
  - Advanced hybrid school buses
  - Hybrid truck testing





# Other Categories from Previous Years



- Lawn and garden equipment replacement moved to Moyer Program



- Agricultural work vehicle rebate project has funding to meet expected demand



- Off-road hybrid pilot kicks off in July



- Truck loan program continuing

# Staff Recommendation

- Approve proposed 2011 Funding Plan
- Direct ARB staff to start releasing grant solicitations