Enhanced Fleet Modernization Program Update

Air Resources Board Meeting
November 21, 2013 - Sacramento, California

California Environmental Protection Agency
Air Resources Board

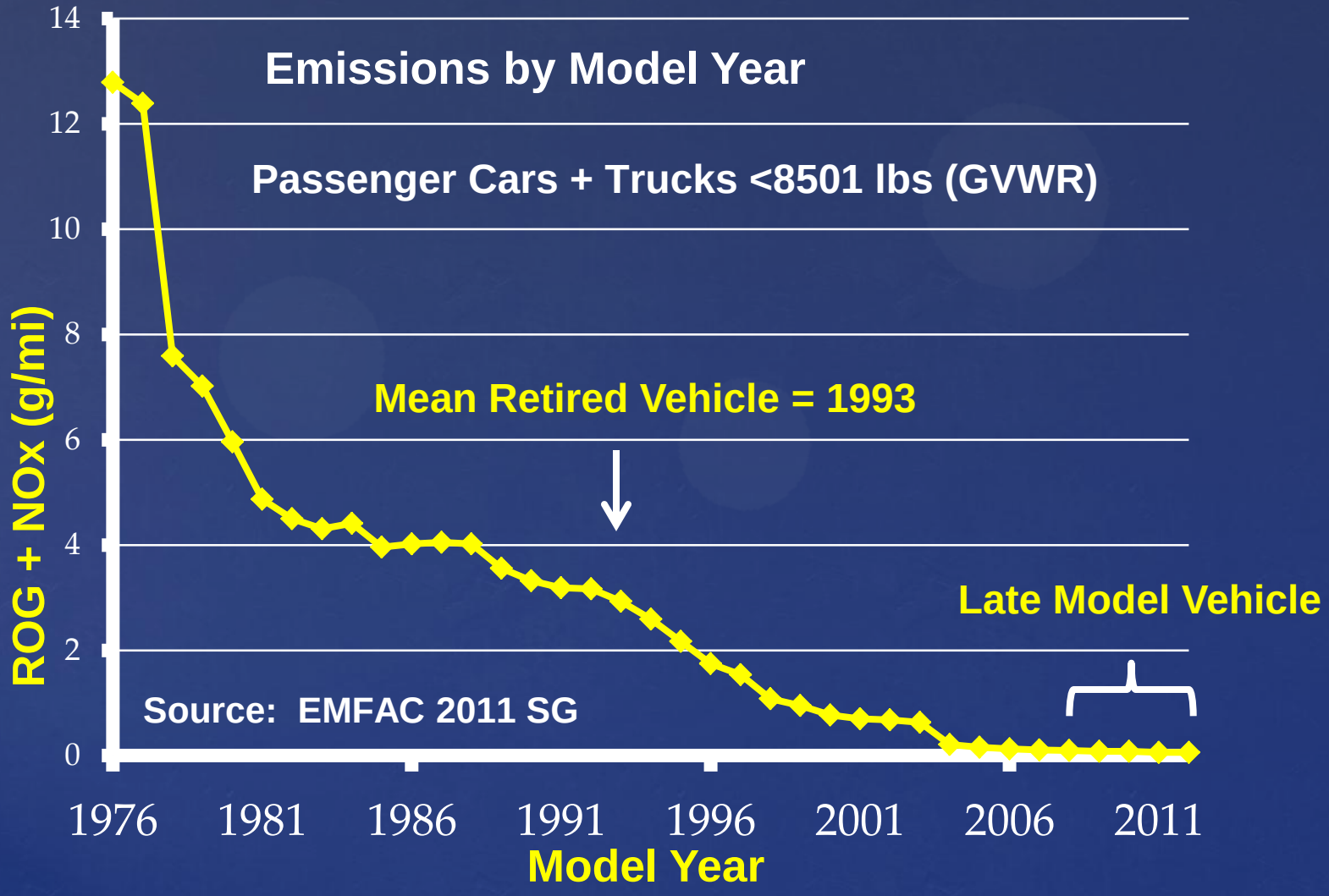
Today's Presentation

- EFMP Program Overview
- EFMP Program Assessment
- Potential Program Improvements
- Next Steps

Enhanced Fleet Modernization Program

- Purpose: retirement and replacement of passenger vehicles
- Annual funding ~$30 Million
- Funding source: vehicle registration fees
- First vehicles retired in 2010
- Two elements: retirement-only and retirement plus replacement

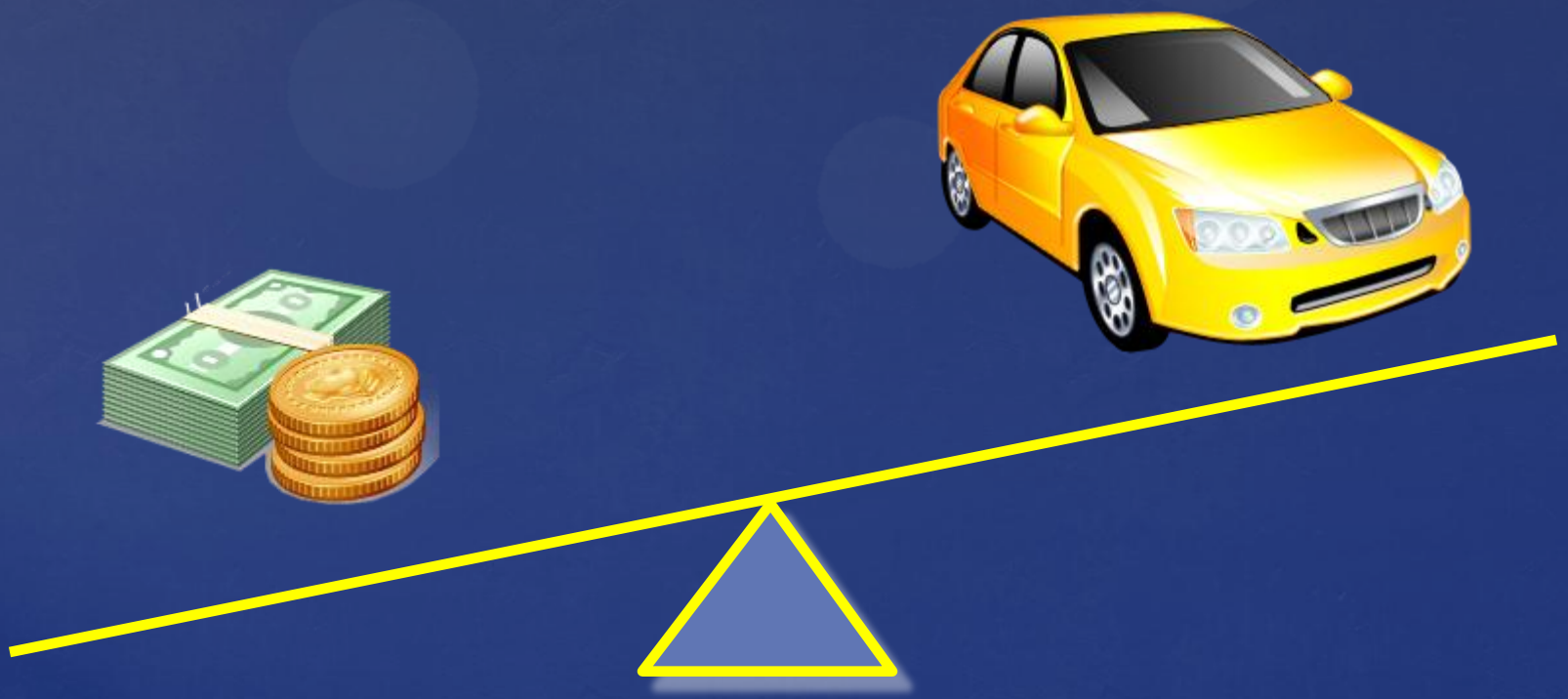
Why Vehicle Retirement?



SIP Commitments For Vehicle Retirement

- 2007 Ozone SIP
  - Aggregate emission reductions from all sources including vehicles
  - Expand vehicle retirement program to vehicles that are off-cycle of Smog Check

Fundamental Challenge: Retire old, but *functional* cars



Need to Avoid End-of-Life

Several Programs Available to Retire Cars

- 6 Local Air District Programs
- 2 Statewide Programs administered by BAR
  - Consumer Assistance Program ~$30M/yr
  - Enhanced Fleet Modernization Program ~$30M/yr
- ARB approves EFMP regulations
- ARB coordinates closely with BAR

CAP Works through Smog Check Program

- Option for motorists who fail Smog Check
- Retirement
  - $1000 ($1500 low income)
  - Apply to BAR by mail
  - Scrap car at dismantler
  - BAR reimburses dismantler
- Repair assistance
  - $500 for low income

EFMP Retirement Only

- Functions like CAP, except broader eligibility:
  - Do not have to fail smog
  - May be unregistered
- $1000 ($1500 low income)
- Approved by BAR via mail
- Scrap car at dismantler for check
- BAR reimburses dismantler

Operational Requirements

- Driven under its own power to dismantler
- Starts readily without the use of starting fluids or external booster batteries.
- Drivability is not affected by any body, steering, or suspension damage.
- Drive forward a minimum distance of ten yards under its own power

EFMP Retirement Assessment

- ARB/BAR joint effort
- 164 vehicles inspected (140 tested) at dismantler

- Majority:
  - failed smog check
  - at end-of-life
  - unregistered

Retirement Assessment Conclusions

- Very popular program: 70,000 vehicles retired to date.
- Vehicles are generally high emitting, but have limited remaining useful life
- More cost-effective program is possible

Retirement Plus Replacement Pilot Program

- $1000 for retirement plus $2000 for replacement ($1500 +$2500 low income)
- Approved by BAR via mail
- Scrap car at dismantler for check
  - BAR reimburses dismantler
- Buy replacement at dealership with voucher
  - Air District reimburses dealership

Replacement Pilot Assessment

- 21 participants
- Program can be simplified to improve motorist participation
- Value of suitable replacement vehicles is likely higher than incentive amounts
- Low-income households may not have sufficient resources to participate in the replacement program

Senate Bill 459

- Intended to enhance both emission reductions and low income participation
  - Require sufficient remaining useful life
  - Increase outreach
  - Provide options to adequately serve low and moderate income motorists
- Update guidelines by June 2015

SB 459 – Other Considerations

- Other financial assistance
- Dealer participation
- Variable incentive structure
- Increase emphasis on cleaner replacement
- Increase emphasis on GHG reductions
- Increased outreach and community partnerships

Retirement Concept: Restrict End-of-Life Vehicles

- Smog Check dynamometer test
- Eligibility based on vehicle mileage

Retirement Concept: Offer Fairer Market Value for Scrapped Vehicles

- Increase incentive if participation declines after adding end-of-life test
  - Track participation and benefits
  - Adjust incentive levels if needed

Replacement Concept: Simplify Program through Dealerships

- Allow interested motorists to initiate replacement through dealership
- Accept and retire older trade-in vehicles
- Use dealerships to assess vehicle condition and eligibility

Replacement Concept: Larger Incentives for Cleaner Replacement Vehicles

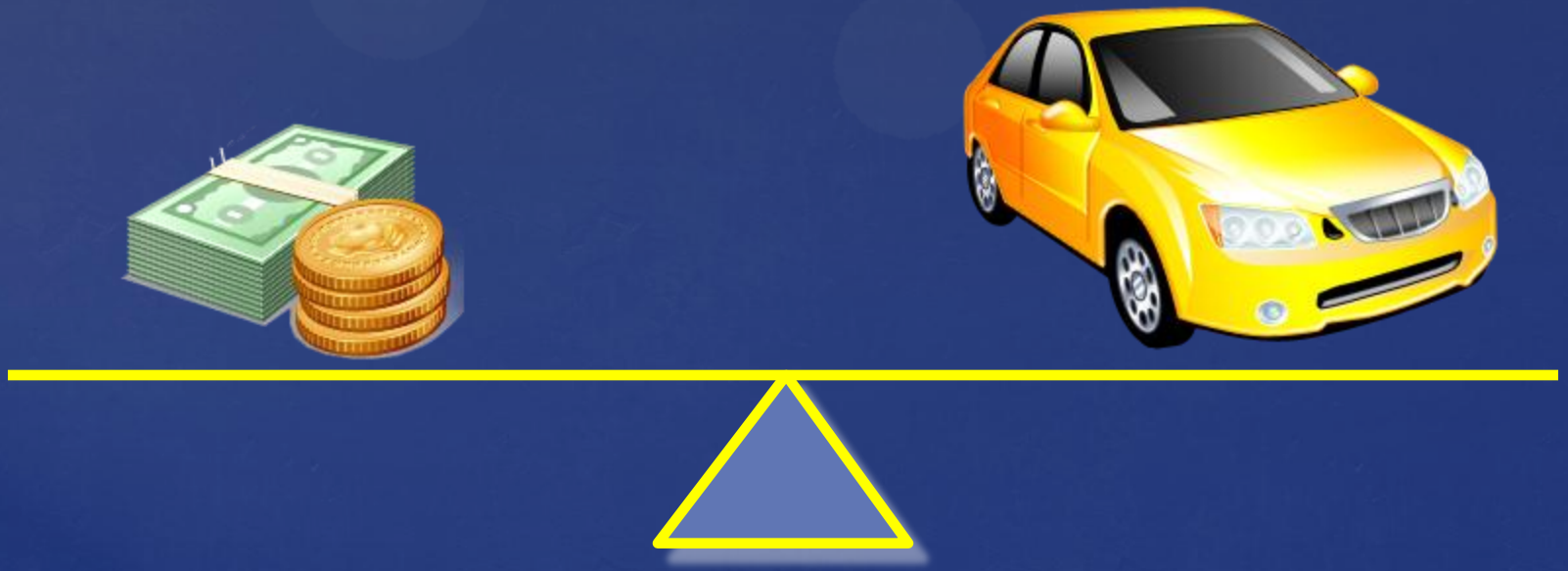
- Base amount for traditional gas vehicle
  - SB 459 requires minimum $2500 for low-income, less for all others.
- Tiered Increased compensation for advanced technology vehicles (PZEV, Hybrid, EV)

Replacement Concept: Better Coordination with Other Incentive Programs

- Leverage other funding for cleanest vehicles
- CVRP available for PHEV or ZEV purchase

Next Steps

- Workshop concepts with stakeholders
- Work with BAR to coordinate with CAP
- Develop community partnerships
- Proposal to Board Summer 2014

Goal is Balanced Program

- Emission benefits
- Low-Income participation
- Clean cars for all