

Proposed Fiscal Year (FY) 2014-15 Funding Plan

Air Quality Improvement Program (AQIP)
and
Low Carbon Transportation Investments

June 26, 2014

California Environmental Protection Agency

 **Air Resources Board**

Key Elements of Proposal: New Opportunities for Investment

- Strong support for continued/expanded investments in advanced technologies
 - Freight
 - Light-duty
 - Disadvantaged communities
- State Budget includes:
 - \$22 million (M) for AQIP projects
 - \$200M for Low Carbon Transportation Investments

About AQIP

- Created by Assembly Bill (AB) 118; updated by AB 8
- Funds mobile source technology advancement
- Annual funding plans
- AB 8 Benefit-Cost Score

Coordinated Efforts Across Agencies

ARB

AQIP

~\$22M

Criteria pollutants,
toxics, and
greenhouse gas
(GHG) emissions

**California
Energy
Commission
(Energy Commission)**

*Alternative and
Renewable Fuel and
Vehicle Technology
Program*

~\$100M

GHGs

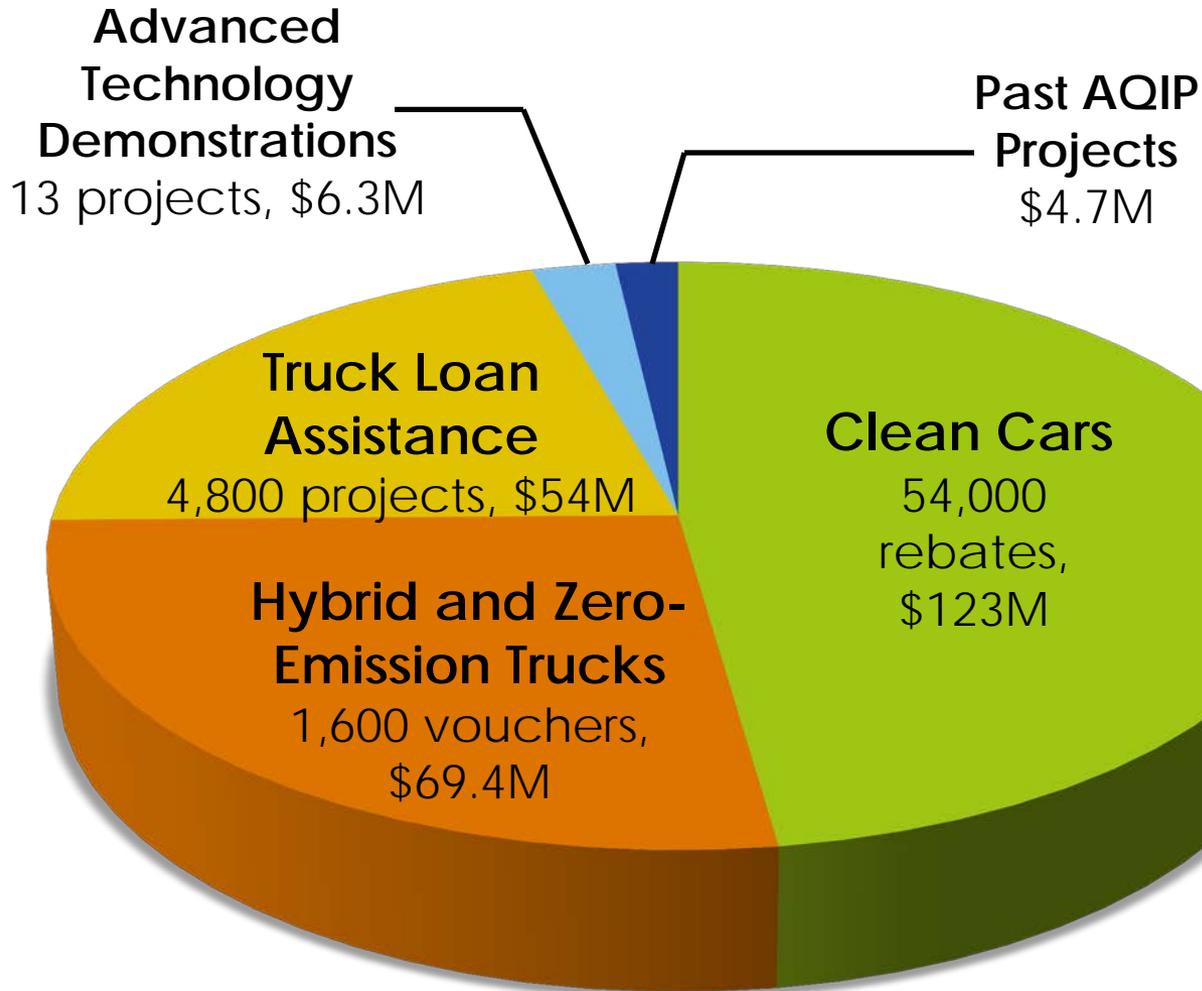
**Bureau of
Automotive
Repair
(BAR)**

*Enhanced Fleet
Modernization
Program (EFMP)*

~\$30M

Criteria pollutants,
toxics, and GHGs

\$258M Invested through AQIP (2009 – 2013)

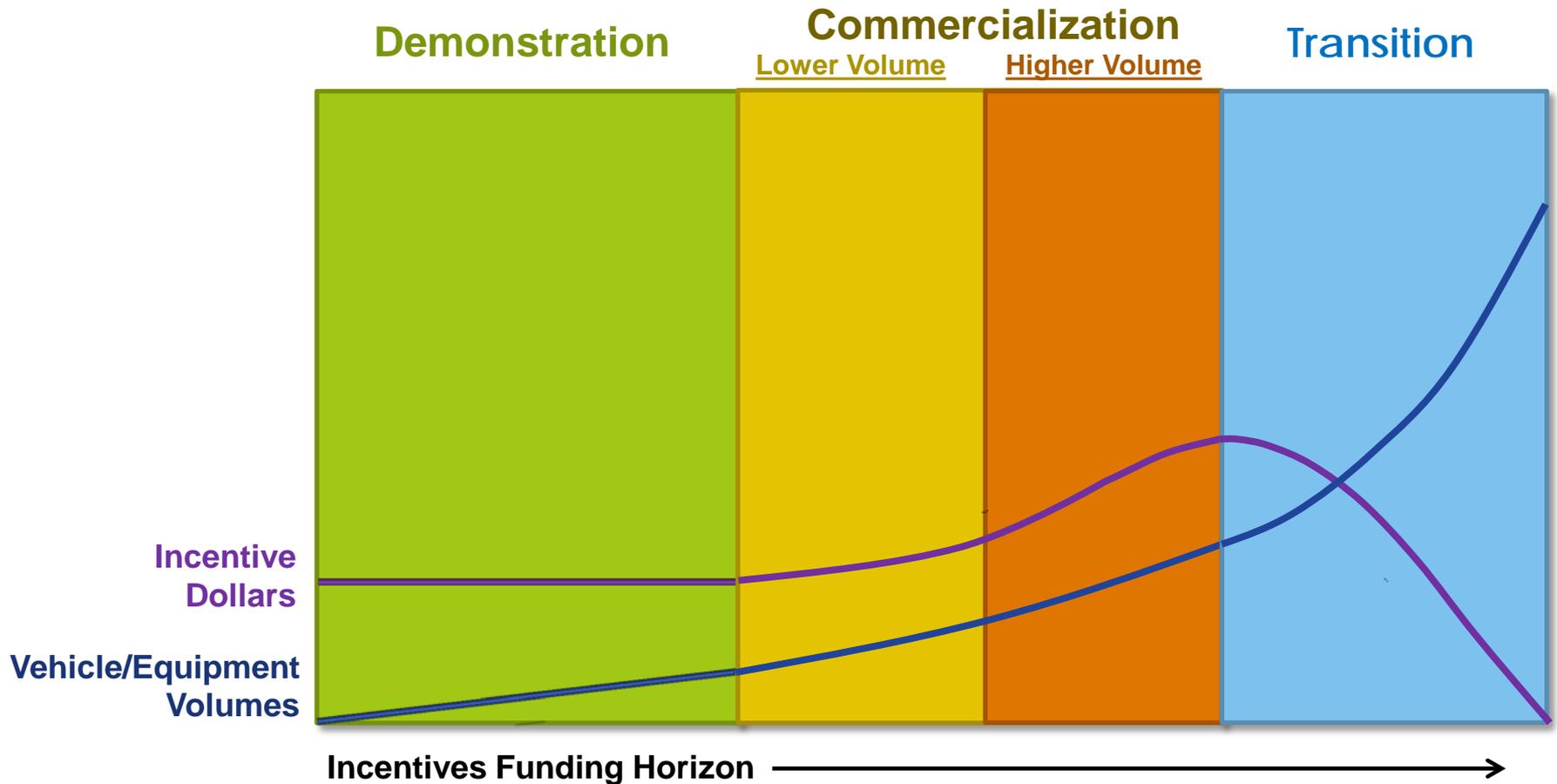


Over 12,000 tons criteria & 6 MMTCO₂e emissions reduced

Proposed Funding Plan

- Traditional AQIP funding (\$22M)
- New Low Carbon Transportation appropriation (\$200M)
 - Supports GHG reduction projects
 - Consistent with cap-and-trade proceeds legislation (Senate Bill (SB) 1018, AB 1532, and SB 535)
 - Consistent with three-year Investment Plan
 - Opportunity to build on AQIP successes

Evolution of Technologies Through Incentive Programs



Projected Project Allocations by Funding Source	AQIP Funding	Low Carbon Transportation Funding
Light-Duty Vehicle Projects -- \$125M		
<ul style="list-style-type: none"> • Classic CVRP • Pilot Projects 	\$5M	\$111M
		\$9M
Heavy-Duty Vehicle and Equipment Projects -- \$85M		
<ul style="list-style-type: none"> • Traditional HVIP 	\$5M	\$5-\$10M
<ul style="list-style-type: none"> • Zero Emission Truck and Bus Pilot 		\$20-\$25M
<ul style="list-style-type: none"> • Advanced Technology Freight Demonstrations 		\$50M
Loan Assistance Programs -- \$10M		
<ul style="list-style-type: none"> • Truck Loan Assistance Program 	\$10M	
Other -- \$2M		
<ul style="list-style-type: none"> • Reserve for Revenue Uncertainty 	\$2M	
Total	\$22M	\$200M

Note: Amounts listed includes administrative costs; actual project amounts may be lower.

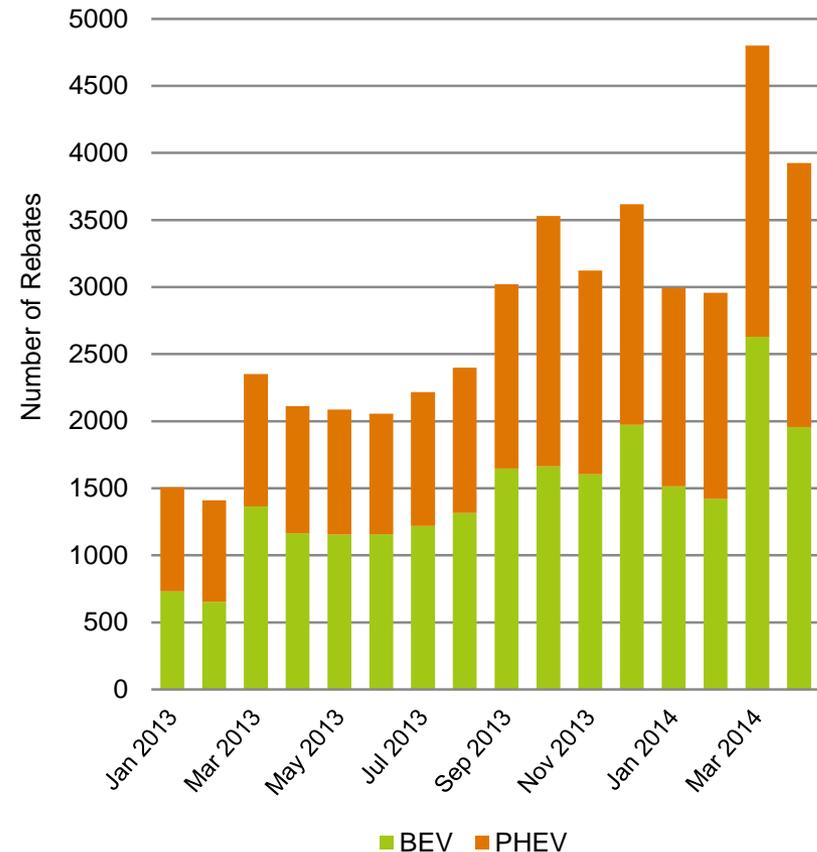
Disadvantaged Community Investments	Low Carbon Transportation Funding	Proposed to Benefit Disadvantaged Communities
Light-Duty Vehicle Projects		
• Classic CVRP	\$111M	10% <i>or</i> \$11M
• Pilot Projects	\$9M	100% <i>or</i> \$9M
Heavy-Duty Vehicle and Equipment Projects		
• Traditional HVIP	\$5-\$10M	100% <i>or</i> \$10M
• Zero Emission Truck and Bus Pilot	\$20-\$25M	100% <i>or</i> \$20M
• Advanced Technology Freight Demonstrations	\$50M	100% <i>or</i> \$50M
Total	\$200M	50% <i>or</i> \$100M

Note: Amounts listed includes administrative costs; actual project amounts may be lower.

Advancing the Zero-Emission Car Market



- CVRP accelerates commercialization; influence consumer choice
- Over 60,000 rebates issued totaling \$132M
- 1.5M ZEVs by 2025; Executive Order B-16-2012



Building on CVRP Success

Funding Source	Proposed Funding
AQIP	\$5M
Low Carbon Transportation	\$111M
Energy Commission	\$5M
Total	\$121

Core Principles

- Effectively motivate clean car purchases
- Easy to implement and simple structure
- Continuity and sustainability
- Demand of at least \$130M estimated for FY 2014-15

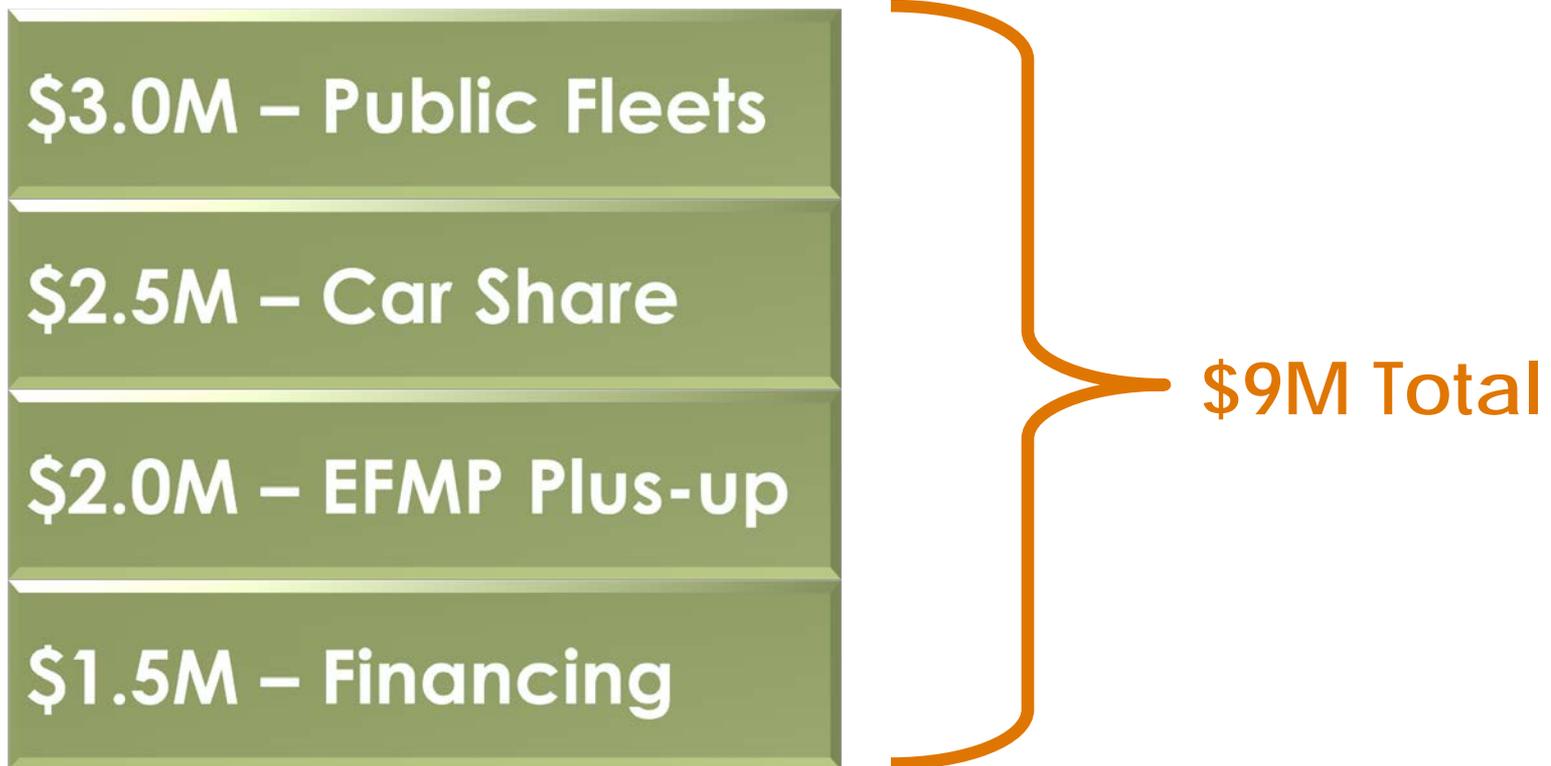
Staff Proposal

- Maintain battery-electric vehicle (BEV) and plug-in hybrid electric vehicle (PHEV) rebate levels
 - Return with mid-year CVRP adjustments, if necessary
- Increase rebates for fuel-cell electric vehicles consistent with BEV vehicles at introduction
- Limit to 2 rebates overall for individuals
- Potential for waiting list

Next Steps for CVRP

- Continue to:
 - Refine market demand projections
 - Evaluate best ways to motivate consumer purchasing decisions
 - Review existing research
- Maintain efforts with current ARB research on incentives
- Develop and solicit new ARB sponsored research to inform when incentives can transition

Light-Duty Pilot Investments in Disadvantaged Communities

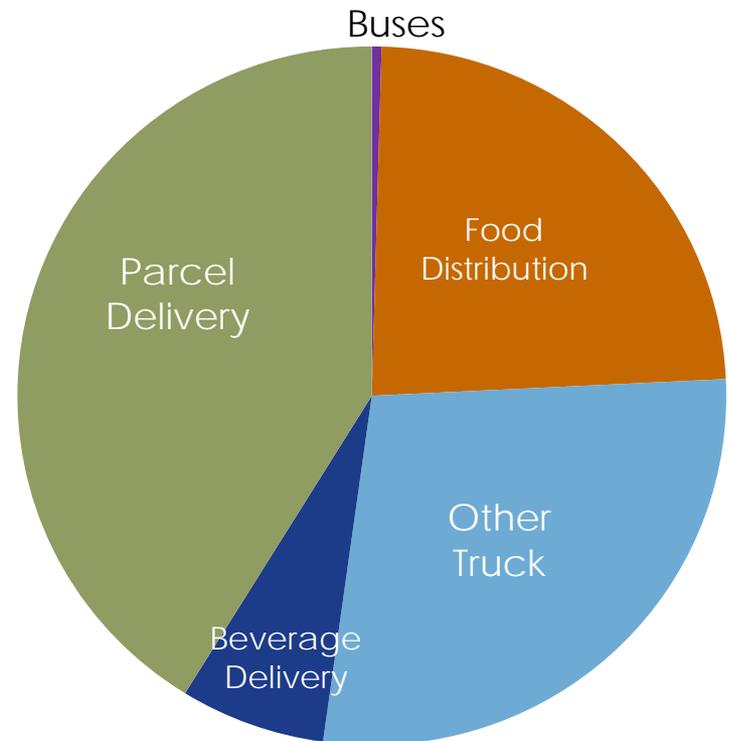


Hybrid and Zero-Emission Trucks



- HVIP accelerates commercialization of new hybrid and zero-emission trucks and buses
- Over 1,600 vouchers issued totaling \$50M
- Additional support for zero-emission trucks needed

454 Electric Vehicles



Expand Support for Clean Trucks

- \$10-\$15M proposed for HVIP
 - \$5M from AQIP
 - \$5-\$10M from Low Carbon Transportation Investments
- Proposed modifications
 - Increased base voucher amounts for zero-emission vehicles; more in disadvantaged communities
 - Strengthen hybrid vehicle eligibility requirements

Zero-Emission Truck and Bus Pilots in Disadvantaged Communities

- \$20-25M proposed for advanced technology “hubs”
 - Connect vehicles with infrastructure, marketing, workforce training, and other synergies
 - Transit buses, school buses, and/or freight/delivery trucks

Demonstrating Advanced Freight Technologies

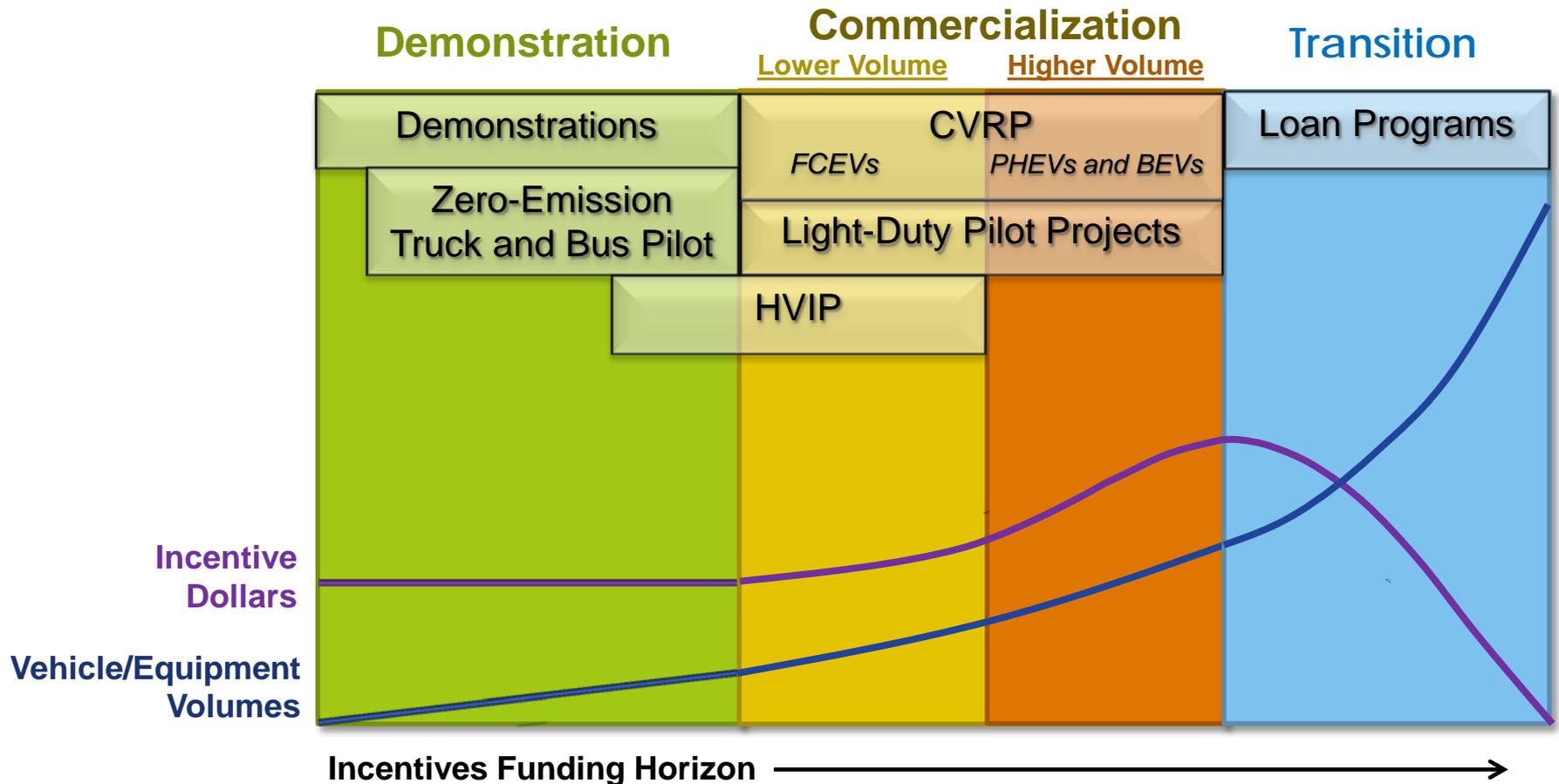
- Zero/near-zero emission freight are key to our near source toxic, air quality, and climate goals
- \$50M proposed for freight demonstrations :
 - \$20-\$25M for zero-emission drayage trucks
 - \$20-\$25M for multi-source facility projects
 - Up to \$10M for other freight projects
- Request for Information for future demonstration projects

Continuing Truck Loan Assistance



- Enables financing for small-business truckers
- \$39M spent
 - Over 4,000 loans issued
 - Over 4,800 cleaner trucks, exhaust retrofits, and trailers
 - ~\$282M in private dollars leveraged
- \$10M from AQIP

Evolution of Incentivized Technologies – Proposed Projects



Long-Term Vision and Metrics of Success

- AQIP long-term vision
 - Continue to support technologies as they move to full commercialization
 - Continue to support technology transfer
- Continue project specific long-term planning and defining metrics of success
- Evaluate and update the Board each year

Staff Recommendation:

- Approve proposed Fiscal Year 2014-15 Funding Plan for AQIP and Low Carbon Transportation Investments
 - Including modified CVRP recommendation