Proposed Modification to the Fiscal Year (FY) 2015-16 Funding Plan

Low Carbon Transportation Investments and Air Quality Improvement Program

October 22, 2015

California Environmental Protection Agency
Air Resources Board

June 25, 2015 Board Action

- Board approved FY 2015-16 Funding Plan
  - $350 million in Low Carbon Transportation funds from Greenhouse Gas Reduction Fund (GGRF)
  - $23 million in AQIP funds
- Contingent on budget appropriations
  - GGRF appropriations for all State agencies still pending at time of June Board meeting
  - AQIP funds were appropriated in June Budget bill

September 2015 Legislative Action

- Appropriated $90 million to ARB for Low Carbon Transportation
  - Legislature's and Administration's intent is to keep ARB's existing rebate and voucher projects running until Spring 2016
- Deferred consideration of remaining Cap-and-Trade auction proceeds to future date

Proposal for $90 Million Low Carbon Transportation Appropriation

- Allocate to the 3 existing rebate and voucher projects
  - $75 million to Clean Vehicle Rebate Project (CVRP)
  - $10 million to Enhanced Fleet Modernization Program (EFMP) Plus Up Pilot Projects (car scrap and replace)
  - $5 million to Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)
- Proportional share of original allocations
- Defer implementation of 9 other projects until additional funding available

Light-Duty Projects

Project Category	Funding Plan Allocations (in millions)	Proposed Partial Allocations (in millions)	Pending Further Legislative Action (in millions)
CVRP	$160	$75	$85
EFMP Plus-Up	$20	$10	$10
Increased Incentives for Public Fleets	$5	Defer Implementation	$5
Car Sharing and Mobility Options	$5		$5
Financing Assistance	$4		$4
Agricultural Worker Vanpools in San Joaquin Valley	$3		$3

Heavy-Duty and Freight Projects

Project Category	Funding Plan Allocations (in millions)	Proposed Partial Allocations (in millions)	Pending Further Legislative Action (in millions)
HVIP	$10	$5	$5
Low NOx Truck Incentives	$5	Defer Implementation	$5
Zero-Emission Truck Pilot Commercial Deployment	$20		$20
Zero-Emission Bus Pilot Commercial Deployment	$45		$45
Advanced Technology Demonstration	$59		$59
Zero-Emission Freight Equipment Pilot Commercial Deployment	$9		$9

Implementation Schedule

- Agencies can only commit up to 75 percent of funds prior to 4th Cap-and-Trade auction (May 2016)
- Initial grants will be limited to 75 percent of each project's allocation
  - CVRP: $56.25 million
  - EFMP Plus-Up: $7.5 million, split evenly between South Coast and San Joaquin Valley
  - HVIP: $3.75 million

Early Grant Agreement for CVRP

- FY 2014-15 CVRP funds exhausted in early October
- Executive Officer executed early, partial CVRP grant to avoid funding lapse
  - Utilized contingency provisions in Funding Plan
- Income eligibility provisions begin early 2016
- With Board approval of today's proposal, would amend CVRP grant up to $56.25 million

Next Steps

- If Legislature appropriates full $350 million, implement Funding Plan as approved in June
- If Legislature appropriates partial funding:
  - Request additional flexibility to add funding to just these 3 projects, up to the amounts in the Funding Plan, if necessary to meet consumer demand
- Return to Board for further direction if necessary

Recommendation

- Approve staff’s proposed update to Funding Plan to implement initial $90 million in Low Carbon Transportation funding