

Proposed Modifications to Fiscal Year (FY) 2016-17 Funding Plan

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

October 20, 2016

California Environmental Protection Agency
 **Air Resources Board**



June 23, 2016 Board Action

- Board approved the FY 2016-17 Funding Plan
- Contingent on budget appropriations
 - \$500 million for Low Carbon Transportation (Cap-and-Trade auction proceeds) pending at time
 - ✓ AQIP funds appropriated in June Budget bill
- Board directed staff to return with proposed modifications if final budget less than \$400 million

August 2016 Legislative Action

- Appropriated \$363 million to ARB for Low Carbon Transportation projects
 - Direction to ARB on project allocations
- Appropriated \$5 million to ARB for black carbon wood smoke¹
- Approved associated legislation mandating changes to Clean Vehicle Rebate Project (CVRP)

¹ *Not part of today's Board action*

Comparison of Board-Approved Funding Plan and Final Budget

Low Carbon Transportation Project Category	Board-Approved Plan (millions)	Final Budget (millions)
CVRP	\$230	\$133
Car scrap/replace and other light-duty equity projects	\$50	\$80
Heavy-duty vehicles and off-road equipment	\$175	\$150
Very low carbon fuels production	\$40	\$0
State operations*	\$5*	\$5*
TOTAL	\$500	\$368

*Appropriated in June 2016 as part of Budget Act of 2016

Legislative Changes to CVRP

- Lowers income cap

	New Cap	Current Cap
Single filers	\$150,000	<i>\$250,000</i>
Head-of-household filers	\$204,000	<i>\$340,000</i>
Joint filers	\$300,000	<i>\$500,000</i>

- Increases rebates for low-income applicants

	Low-Income Rebate	Std Rebate (unchanged)
Plug-in hybrid	\$3,500	<i>\$1,500</i>
Battery electric vehicle	\$4,500	<i>\$2,500</i>
Fuel cell electric vehicle	\$7,000	<i>\$5,000</i>

Legislative Changes to CVRP (cont.)

- Limits plug-in hybrid eligibility to vehicles with electric range of at least 20 miles
- Requires additional outreach to low-income households
- Prioritizes low-income consumer rebate payment

Staff Proposal

- Guiding principles
 - Address the smaller budget appropriation
 - Address statutory direction
 - Retain June Funding Plan priorities and direction to the extent possible

CVRP

- \$133 million allocation and new eligibility limits mandated in statute
 - Staff will update CVRP applications and eligibility criteria
 - Changes effective November 1, 2016
- Approved Funding Plan already includes:
 - ✓ Outreach to low-income households
 - ✓ Prioritized rebate payment for low-income applicants
- No further Board action required



Impact of Reduced Budget Allocation on CVRP

- In Funding Plan, staff estimated 16-month funding need of \$230 million
 - Corresponds to 12-month need of \$170 million
- Staff revised estimate to account for:
 - Lower income cap
 - Higher rebates for low-income applicants
 - Plug-in hybrid vehicle eligibility limits
 - CVRP rebate data through September 2016
- Revised 12-month funding need \$125-135 million
 - ✓ \$133 million allocation should meet demand until June

Actions to Expedite CVRP Waiting List Rebate Payment

- CVRP in waiting list mode since June
- Executed grant agreement for \$55 million consistent with Funding Plan
- Released competitive solicitation for administrator to implement the rest of FY 2016-17 CVRP funds
 - New administrator in place by December

Light-Duty Vehicle Equity Projects

- \$80 million budget allocation, with at least \$60 million for scrap and replace

Project Category	Board Approved Funding (millions)	Proposed Revised Funding (millions)
Scrap and replace (EFMP/EFMP Plus-up)	\$30	\$60
Car Sharing and Mobility Options	\$8	\$8
Agricultural Worker Van Pools in SJV	\$3	\$3
Increased Public Fleet CVRP Incentives	\$3	\$3
Low-Income Financing Assistance	\$6	\$6
TOTAL	\$50	\$80

Proposed Changes to Scrap and Replace

- \$60 million allocation, double the funding in June Funding Plan
- Propose allocating \$40 million immediately
 - \$15 million for San Joaquin Valley
 - \$15 million for South Coast
 - \$10 million reserved for other districts
- Propose awarding final \$20 million in spring based on demand



Heavy-Duty Vehicles and Off-Road Equipment

- \$150 million budget allocation is \$25 million less than in Funding Plan
- Propose reducing advanced demonstration funding by \$25 million
 - Leaves deployment projects fully funded
 - Maximizes funding for most shovel-ready projects
 - Primarily focus demonstration projects on freight
- Propose increasing maximum incentive amount for low NOx engines to \$25,000
 - Per stakeholder and Board input at June Board meeting

Proposed Heavy-Duty Vehicle and Off-Road Equipment Project Allocations

Project Category	Board Approved Funding (millions)	Proposed Revised Funding (millions)
Advanced Technology Demonstrations	\$59	\$34
Zero-Emission Freight Equipment Pilot Commercial Deployments	\$5	\$5
Zero-Emission Truck Pilot Commercial Deployments	\$18	\$18
Zero-Emission Bus Pilot Commercial Deployments	\$42	\$42
Rural School Bus Pilot	\$10	\$10
Low NOx Engine Incentives with Renewable Fuel Use	\$23	\$23
HVIP	\$18	\$18
TOTAL	\$175	\$150

Low Carbon Transportation and AQIP Investments	Climate Change Scoping Plan	Short-Lived Climate Poll	Ozone & PM SIPs	Sustainable Freight	Air Toxics	Petroleum Reduction	Disadvantaged Communities
CVRP	✓	✓	✓		✓	✓	✓
Light-Duty Equity Projects	✓	✓	✓		✓	✓	✓
Advanced Technology Demos	✓	✓	✓	✓	✓	✓	✓
Zero-Emission Freight Equipment	✓	✓	✓	✓	✓	✓	✓
Zero-Emission Truck Pilots	✓	✓	✓	✓	✓	✓	✓
Zero-Emission Bus Pilots	✓	✓	✓		✓	✓	✓
Rural School Bus Pilots	✓	✓	✓		✓	✓	tbd
Low NOx Engines/Renewable Fuel	✓	✓	✓	✓	✓	✓	✓
HVIP	✓	✓	✓	✓	✓	✓	✓
Truck Loan Assistance (AQIP)	✓	✓	✓	✓	✓		✓
Ag Equipment Trade Up Pilot (AQIP)	✓	✓	✓		✓		tbd

Conclusion and Recommendation

- Proposed modifications address smaller budget and Legislative direction while keeping bulk of Funding Plan intact
- Recommend Board approval

