

MEETING  
STATE OF CALIFORNIA  
AIR RESOURCES BOARD

BYRON SHER AUDITORIUM  
SECOND FLOOR  
1001 I STREET  
SACRAMENTO, CALIFORNIA 95814

THURSDAY, OCTOBER 24, 2013  
9:17 A.M.

TIFFANY C. KRAFT, CSR  
CERTIFIED SHORTHAND REPORTER  
LICENSE NUMBER 12277

APPEARANCES

BOARD MEMBERS

Ms. Mary Nichols, Chairperson

Dr. John Balmes

Ms. Sandra Berg

Mr. Hector De La Torre

Mr. John Eisenhut

Supervisor John Gioia

Mayor Pro Tem Judy Mitchell

Mrs. Barbara Riordan

Supervisor Ron Roberts

Supervisor Phil Serna

Dr. Alex Sherriffs

Professor Daniel Sperling

STAFF

Mr. Richard Corey, Executive Officer

Mr. Alberto Ayala, Deputy Executive Officer

Ms. Edie Chang, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. La Rhonda Bowen, Ombudsman

Ms. Violet Martin, Air Pollution Specialist, Compliance Assistance and Outreach Branch, Mobile Source Control Division

APPEARANCES CONTINUED

STAFF

Mr. Mike McCarthy, Vehicle Program Specialist, Mobile Source Control Division

Mr. Jim McKinney, Manager, Alternative and Renewable Fuels and Vehicle Technology Program, CEC

Ms. Marcele Surovik, Air Pollution Specialist, Energy Section, Stationary Source Division

Ms. Anna Wong, Air Pollution Specialist, Zero Emission Vehicle Implementation Section, Mobile Source Control Division

STATE REPRESENTATIVES

Deb Markowitz, Vermont Representative

Anne Gobin, Connecticut Representative

Ashley Horvat, Oregon Representative

Kathy Kinsey, Maryland Representative

Christine Kirby, Massachusetts Representative

ALSO PRESENT

Mr. Alan Abbs, Tehama County APCD

Mr. Jason Barbose, Union of Concerned Scientists

Mr. David Barker, Subaru

Mr. Will Barrett, American Lung Association

Ms. Gretchen Bennitt, Northern Sierra AQMD

Mr. Robert Bienefeld, Honda

Mr. Kirk Blackburn, California Tow Truck Association

Mr. Clinton Blair, Jaguar/Land Rover

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Constance Boulware, Yolo Solano AQMD

Dr. Rasto Brezny, MECA

Mr. Ryan Briscoe Young, The Greenlining Institute

Mr. Jack Broadbent, Bay Area AQMD

Mr. Rick Bosetti, Mayor of Redding

Mr. John Cabaniss, Jr., Global Automakers

Mr. Bud Caldwell, Alliance of California Business

Mr. Frank Caponi, LA County Sanitation Districts

Mr. Tim Carmichael, CNGVC

Ms. Angela Casler, Sustainability Alliance for California Business

Mr. Bob Cassidy, Nissan

Ms. Cynthia Cory, California Farm Bureau Federation

Mr. Matt Cox, Senator Ted Gaines

Ms. Pat Cramer, Pat Cramer Ins. Agency

Mr. Marlin Skip Davies, Yolo Solano Air District

Mr. Hank De Carbonel

Ms. Tanya Derivi, SCPPA

Mr. Steven Douglas, Alliance of Automobile Manufacturers

Ms. Mary Jo Dutra, SAFE-BIDCO

Mr. Evan Edgar, California Refuse & Recycling Council

Mr. Allen Faris, Allen Faris Trucking

Mr. Greg Furlong

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Douglas Gearhart, Lake County AQMD

Mr. Larry Greene, Sacrament METropolitan AQMD

Ms. Morgan Hagerty, CE2 Carbon Capital

Ms. Claire Halbrook, PG&E

Mr. Frank Harris, Southern California Edison

Mr. Michael Hartrick, Chrysler Group, LLC

Ms. Vicki Helmar, Tuolumne APCD

Mr. Paul Hernandez, CCSE

Mr. Tony Hobbs, BTI

Mr. Henry Hogo, South Coast AQMD

Ms. Bonnie Holmes-Gen, American Lung Association

Mr. Raymond Horspool, Omstar International LTD

Mr. Steven Jones, Garden City Sanitation

Ms. Trish Kelly, Applied Development Economics

Mr. Jamie Knapp, Clean Cars Campaign

Mr. Paul Larking, Co-Chair Port of Oakland Truck Work Group

Ms. Barbara Lee, Northern Sonoma County Air Pollution Control District

Ms. Julia Levin, Bioenergy Association of California

Mr. Michael Lewis, Construction Industry Air Quality Coalition

Mr. Richard Lokey, Lokey Trucking

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Michael Lord, Toyota

Mr. Tony Luiz

Mr. Ian MacDonald, Clean Diesel Technologies, Inc.

Mr. Bill Magavern, Coalition for Clean Air

Mr. Mike Manna

Mr. Paul Mason, Pacific Forest Trust

Mr. Joe Matlen, Valley Farm Transport

Ms. Erika Morehouse, Environmental Defense Fund

Mr. Edward Moreno, Sierra Club

Mr. Ken Morgan, Tesla Motors

Mr. Simon Mui, NRDC

Mr. Diarmuid O'Connell

Mr. Justin Oldfield, CA Cattlemen's Association

Mr. Dave Patterson, Mitsubishi

Ms. Tanya Peacock, Souther CA Gas Company

Ms. Karen Pelle, Truck Drivers

Mr. Charlie Peters, Clean Air Performance Professionals

Ms. Betty Plowman, CCTA

Mr. Michael Quigley, CA Alliance for Jobs

Ms. Tiffany Rau, Hydrogen Energy California

APPEARANCES CONTINUED

ALSO PRESENT

Ms. Julia Rege, GlobalAutomakers

Dr. David Reichmuth, Union of Concerned Scientists

Ms. Mary Rose Taruc, Asian Pacific Environmental Network

Mr. Daniel Ryan, Mazda

Mr. Seyed Sadredin, San Joaquin Valley APCD

Mr. Chris Shimoda, CTA

Mr. Don Siefkes, E100 Ethanol Group

Mr. Richard Skaggs, Omstar Environmental Products USA

Mr. Matt Solomon, NESCAUM

Mr. Blain Stumpf

Ms. Tara Thronson, Valley Vision

Mr. Chris Torres, F&L Farms Trucking, Inc.

Ms. Eileen Tutt, CalETC

Mr. Jim Wagoner, Butte County AQMD

Mr. Michael Wang, WSPA

Mr. Chuck White, Waste Management and SWICS

V. John White, Center for Energy Efficiency & Renewable Technologies

Ms. Katherine Yehl, Volvo

INDEX

PAGE

Item 13-9-3

Chairperson Nichols	3
Executive Officer Corey	7
Staff Presentation	8
Mr. Hartrick	52
Mr. Cabaniss	54
Mr. O'Connell	56
Mr. Reichmuth	59
Mr. Cassidy	61
Mr. Knapp	63
Mr. Magavern	65
Ms. Holmes-Gen	66
Mr. Mui	69

Item 13-9-4

Chairperson Nichols	73
Executive Officer Corey	73
Staff Presentation	73
Mr. Solomon	84
Mr. Morgan	85
Mr. Siefkes	88
Ms. Rege	90
Mr. Bienefeld	92
Mr. Reichmuth	94
Mr. Douglas	95
Mr. Lord	98
Mr. Cassidy	100
Mr. Hernandez	101
Ms. Tutt	103
Mr. Mui	105
Mr. Barrett	107
Mr. Patterson	109
Mr. Barker	112
Ms. Yehl	113
Mr. Ryan	115
Mr. Blair	117
Mr. Hatrick	118
Motion	137
Vote	147



INDEX CONTINUED

	<u>PAGE</u>
Item 13-9-5	
Chairperson Nichols	148
Executive Officer Corey	149
Staff Presentation	151
Mr. Cox	170
Mr. Bosetti	171
Mr. Hogo	172
Mr. Sadredin	174
Mr. Gearhart	177
Mr. Davies	180
Mr. Boulware	185
Mr. Thomson	187
Ms. Helmar	188
Ms. Bennitt	190
Mr. Abbs	192
Mr. Broadbent	193
Mr. Greene	195
Mr. Furlong	197
Ms. Plowman	198
Mr. Shimoda	201
Ms. Holmes-Gen	203
Mr. Peters	205
Mr. Oldfield	207
Mr. Barbose	210
Ms. Pelle	212
Ms. Morehouse	214
Mr. Caldwell	215
Ms. Casler	217
Mr. Hobbs	220
Mr. De Carbonel	222
Mr. Manna	225
Ms. Cramer	226
Mr. Blackburn	228
Mr. Faris	229
Mr. Horspool	230
Mr. Lokey	232
Mr. Luiz	234
Mr. Stumpf	235
Mr. Larking	237
Mr. Torres	240
Mr. Skaggs	242
Mr. Matlen	244
Mr. Lewis	246
Mr. MacDonald	250

INDEX CONTINUED

	<u>PAGE</u>
Dr. Brezny	251
Ms. Cory	254
Ms. Dutra	256
Mr. Wagoner	258
Mr. Magavern	259
Board Discussion	260
Item 13-9-6	
Chairperson Nichols	281
Executive Officer Corey	284
Staff Presentation	285
Ms. Lee	302
EJAC members	306
Mr. Hogo	316
Mr. Caponi	318
Mr. Shimoda	320
Mr. Moreno	321
Mr. Barrett	323
Mr. Quigley	325
Ms. Peacock	326
Ms. Morehouse	327
Ms. Halbbrook	328
Mr. Carmichael	330
Mr. Barbose	331
Ms. Rau	333
Ms. Thronson	335
Ms. Kelly	336
Mr. Hagerty	338
Mr. White	339
Mr. Harris	341
Mr. Mason	343
Mr. White	345
Ms. Levin	347
Mr. Wang	349
Ms. Derivi	351
Mr. Jones	352
Mr. Edgar	354
Mr. Magavern	355
Recess	357
Reporter's Certificate	358

PROCEEDINGS

1  
2           CHAIRPERSON NICHOLS: We will now come to order.  
3 And ask everybody to stand so that we can say the Pledge  
4 of Allegiance.

5           (Thereupon the Pledge of Allegiance was  
6 Recited in unison.)

7           CHAIRPERSON NICHOLS: Madam Clerk, would you  
8 please call the roll?

9           BOARD CLERK JENSEN: Dr. Balmes?

10          BOARD MEMBER BALMES: Here.

11          BOARD CLERK JENSEN: Ms. Berg?

12          BOARD MEMBER BERG: Here.

13          BOARD CLERK JENSEN: Mr. De La Torre?

14          BOARD MEMBER DE LA TORRE: Here.

15          BOARD CLERK JENSEN: Mr. Eisenhut?

16          BOARD MEMBER EISENHUT: Here.

17          BOARD CLERK JENSEN: Supervisor Gioia?

18          BOARD MEMBER GIOIA: Here.

19          BOARD CLERK JENSEN: Mayor Pro Tem Mitchell?

20          BOARD MEMBER MITCHELL: Here.

21          BOARD CLERK JENSEN: Mrs. Riordan?

22          ACTING CHAIRPERSON RIORDAN: Here.

23          BOARD CLERK JENSEN: Supervisor Roberts?

24          BOARD MEMBER ROBERTS: Here.

25          BOARD CLERK JENSEN: Supervisor Serna?

1 BOARD MEMBER SERNA: Here.

2 BOARD CLERK JENSEN: Dr. Sherriffs?

3 BOARD MEMBER SHERRIFFS: Here.

4 BOARD CLERK JENSEN: Professor Sperling?

5 BOARD MEMBER SPERLING: Here.

6 BOARD CLERK JENSEN: Chairman Nichols?

7 Madam Chair, we have a quorum.

8 CHAIRPERSON NICHOLS: We sure do. Practically a  
9 full house. This is wonderful.

10 A couple of announcements before we get started  
11 this morning. First of all, just a reminder for anybody  
12 who's new to the process here, if you wish to testify and  
13 you didn't sign up online, we would like you to fill out a  
14 request to speak card. They're available in the lobby  
15 outside the room. You turn it into the Clerk of the Board  
16 here, please, as soon as possible.

17 Secondly, if you did sign up online, of course  
18 you don't need to fill out a request to speak card, but  
19 you do need to check in with the Clerk so she knows your  
20 here or your name is removed from the speakers' list.

21 The Board does impose a three-minute time limit  
22 on speakers. So you can make your three minutes go  
23 further if you state your name when you get up to the  
24 podium and then summarize your written testimony.  
25 Particularly if you did submit testimony in advance, you

1 don't need to read it into the record. It will be entered  
2 into the record automatically.

3 We are required to remind you that there are  
4 safety exits, emergency exits at the rear of the room as  
5 well as on either side of the podium here. And if there  
6 is a fire alarm, which does happen from time to time, we  
7 need to evacuate the room immediately and go downstairs  
8 until we hear the all-clear signal. We gather out in the  
9 park across the street. I think that's it for advance  
10 announcements. We have a very full agenda.

11 So let's get started. The first item on today's  
12 agenda is a status report on the Advanced Clean Cars  
13 Program. This program was adopted by the Board in its  
14 current form in January 2012, and it sets ambitious but  
15 achievable standards for reducing criteria pollution and  
16 greenhouse gas emissions from passenger vehicles through  
17 the 2025 model year.

18 This program also fosters the commercialization  
19 of the cleanest zero emission vehicles that will be needed  
20 to achieve our ongoing criteria pollutant and greenhouse  
21 gas goals, which as everybody knows are very challenging.

22 When the program is fully phased in, California  
23 consumers will be driving the cleanest and most efficient  
24 vehicles available, while at the same time saving  
25 thousands of dollars over the lifetime of the vehicles.

1 So we believe that this is a good deal, a really win-win  
2 situation.

3 The zero emission vehicle rule continues to be a  
4 driver for technology development and market growth in  
5 California for some of the cleanest most advanced  
6 vehicles. And of course, other states that have adopted  
7 the ZEV program are also sharing in that and we're going  
8 to be hearing from them in a bit, too.

9 It's important that California provides certainty  
10 for auto makers to guide their investment and marketing  
11 strategies and to support them in bearing what we know is  
12 a financial risk to accelerate the market development for  
13 these vehicles. Our commitment is clear and it's guided  
14 by both science and federal law. In order to meet our  
15 federal air quality requirements, we need as many zero  
16 emission vehicles as we can get to be on our roads as  
17 quickly as possible. In fact, we may even need more than  
18 our zero emission than our mandates call for. For that  
19 reason, we really need to be working together with all  
20 stakeholders, including the auto makers and consumers in  
21 order to enable the market to succeed, to make sure that  
22 our rule is not a ceiling but is, in fact, just a floor.  
23 We're doing a lot. And as we heard this morning, our  
24 partners are equally committed to this program and to its  
25 targets.

1           Because this program is ambitious, when we had  
2 the hearing on this at the conclusion of the 2012 hearing,  
3 the Board drafted the staff to examine a number of issues  
4 related to advanced clean cars, including the progress  
5 towards a midterm review, which we and the federal  
6 government are working on together, and to report back to  
7 the Board on their findings. As you'll recall, the  
8 midterm review was built into the program as a way to  
9 check up on market development both for the ZEVs and other  
10 technologies for improving conventional vehicle efficiency  
11 in order to make sure that we knew how things were going  
12 in advance of accelerating the targets in 2018.

13           While the progress to date has been programming,  
14 both for the efficiency technologies and for zero emission  
15 vehicles, we're going to be better able I think in a few  
16 more years to assess the market development than we are  
17 today. For example, we have a number of new vehicles that  
18 are about to enter the market as well as those already out  
19 there. There are going to be some second generation  
20 models that we think will be available. There's going to  
21 be more data about why and how customers purchase, lease,  
22 or use their electric vehicles and how they value them,  
23 what's important to them. And we're going to have a  
24 better sense about which of the various incentives that  
25 California and our state partners are employing really

1 helpful in expanding the market and what we could do  
2 better.

3           So today, we're going to be hearing from staff on  
4 a couple of items related to advanced clean cars. It's an  
5 update on the progress that's been made to date in  
6 addressing the Board's questions. And then we will hear  
7 minor amendments to the ZEV regulation.

8           So to those in the audience, if you're planning  
9 on commenting on the proposed amendments, we ask that you  
10 hold your comments until the next item, because that's  
11 when they're going to be more directly relevant.

12           Also this morning I particularly want to welcome  
13 a number of representatives from states that have adopted  
14 California's Advanced Clean Cars Program, including  
15 Connecticut, Massachusetts, Maryland, Oregon, and Vermont.  
16 These states have recently signed -- their governors have  
17 signed along with our Governor a Memorandum of  
18 Understanding to do more to support the commercialization  
19 of ZEVs in their states. And as part of that item, we are  
20 going to invite representatives of the state to address  
21 the Board specifically on their work in support of this  
22 program. I did introduce them later individually in  
23 advance of the presentation.

24           At the this point, I'm going to turn it over to  
25 Richard Corey, our Executive Officer, to introduce the



1 item.

2 DEPUTY EXECUTIVE OFFICER COREY: Thank you,  
3 Chairman Nichols, and good morning.

4 As the Chairman mentioned, today staff will be  
5 providing the Board with an update on the progress we've  
6 made on the Advanced Clean Cars Program. And as you know,  
7 in addition to greenhouse gas standards, the Advanced  
8 Clean Cars Program includes the Low Emission Vehicle III,  
9 or LEV III program, and the zero emissions, or ZEV  
10 program.

11 Because the LEV III greenhouse gas requirements  
12 were developed through a coordinated effort with the  
13 federal government, California agreed to participate in  
14 the midterm review that the Chairman referred to with U.S.  
15 EPA and the National Highway Traffic Safety Administration  
16 to evaluate the appropriateness of the standards for model  
17 years 2022 through 2025. Included in that assessment is  
18 whether the standards should be more or less stringent,  
19 accelerated, delayed. As staff will explain, the Board  
20 asked for updates to that assessment and a report back on  
21 other aspects of California's light-duty regulation,  
22 including updates on the PM standards and the ZEV  
23 regulation.

24 Mike McCarthy of the Mobile Source Control  
25 Division will now give the staff's presentation. Mike.

1           (Thereupon an overhead presentation was  
2           presented as follows.)

3           VEHICLE PROGRAM SPECIALIST MC CARTHY: Thank you,  
4 Mr. Corey.

5           Good morning, Chairman Nichols and Board members.

6           First up for you today is a brief update on our  
7 Advanced Clean Cars Program.

8                               --oOo--

9           VEHICLE PROGRAM SPECIALIST MC CARTHY: I'll start  
10 off with a few background slides to refresh everybody's  
11 mind about where we are, how we got there, and then we'll  
12 talk about upcoming technical review that we often refer  
13 to as the midterm review.

14           After that, I'll highlight a few items related to  
15 the implementation of our Zero Emission Vehicle Program,  
16 and Jim McKinney, seated next to me, of the California  
17 Energy Commission, will give us an update on the status of  
18 the ZEV infrastructure in the state.

19                               --oOo--

20           VEHICLE PROGRAM SPECIALIST MC CARTHY: The  
21 driving force behind the development of the Advanced Clean  
22 Cars Program was two-fold. First is our meeting our air  
23 quality goals. While California has made remarkable  
24 progress towards achieving ozone attainment, more  
25 reductions in criteria pollutant emissions are needed to

1 meet health-based federal standards. Along with ozone  
2 attainment, the program ensures we keep particulate  
3 matters emission low to reduce localized exposure risks.

4 --o0o--

5 VEHICLE PROGRAM SPECIALIST MC CARTHY: The second  
6 driving force is achieving the state's climate change  
7 goals. California is committed to reducing greenhouse gas  
8 emission 80 percent below 1990 levels by 2050.

9 --o0o--

10 VEHICLE PROGRAM SPECIALIST MC CARTHY: To help  
11 put things in perspective for today, this slide shows the  
12 relative contributions of the transportation sector,  
13 specifically light-duty vehicles such as passenger cars  
14 and sport utility vehicles. Their contribution to  
15 statewide greenhouse gas emissions and oxides of nitrogen,  
16 one of the key smog-forming components, is significant.

17 For greenhouse gases, the transportation sector  
18 as a whole is responsible for nearly 40 percent of the  
19 state's emissions, with light-duty vehicles alone  
20 representing nearly 30 percent of the statewide emissions.  
21 For NOx emissions, nearly 90 percent comes from mobile  
22 sources, all together with light duty vehicles alone  
23 representing over 20 percent of the emissions.

24 --o0o--

25 VEHICLE PROGRAM SPECIALIST MC CARTHY: Based on

1 the relative contribution from light-duty vehicles,  
2 reducing emissions from vehicles is a critical element to  
3 achieving California's long-term goals.

4 In January 2012, ARB approved the Advanced Clean  
5 Cars Program, or ACC program, a coordinated package  
6 consisting of three strategic areas which ushered in the  
7 next generation of light and medium duty greenhouse gas  
8 and criteria pollutant emission standards known as Low  
9 Emission Vehicle III, or LEV III, and included increased  
10 zero emission vehicle, or ZEV, requirements through the  
11 2025 model year.

12 The LEV III element focuses on achieving  
13 significant reductions in criteria and greenhouse gas  
14 emissions by encouraging the development of the advanced  
15 conventional vehicle technologies.

16 The ZEV element acts as a focused  
17 technology-forcing piece of the Advanced Clean Cars  
18 Program by requiring manufacturers to produce increasing  
19 numbers of pure ZEVs and plug-in hybrid electric vehicles  
20 in the 2018 to 2025 model years. This will help to  
21 establish a commercial market for these technologies in  
22 California.

23 --o0o--

24 VEHICLE PROGRAM SPECIALIST MC CARTHY: For  
25 criteria pollutants, LEV III will reduce fleet average

1 emissions from light-duty vehicles to super ultra low  
2 emission vehicle or SU LEV levels by 2025, a reduction of  
3 about 75 percent from today's level.

4 Noticeably, it will eventually bring the  
5 standards for full-size pickups and SUVs down to the same  
6 levels as passenger cars and increases the emission  
7 control durability requirements to 150,000 miles to ensure  
8 vehicles are designed to remain clean throughout the  
9 vehicle's useful life.

10 --o0o--

11 VEHICLE PROGRAM SPECIALIST MC CARTHY: For  
12 particulate matter, LEV III includes a 90 percent  
13 reduction in the PM standard and does so in a two-step  
14 process by dropping first to three and then eventually to  
15 one milligram per mile in the 2025 time frame.

16 While PM emissions from gasoline vehicles have  
17 historically not been much of an issue, some newer engine  
18 technologies such as high pressure direct injection fuel  
19 systems can cause increased emissions if there is  
20 insufficient attention to detail during design and  
21 calibration. As you'll hear in a few minutes, this is an  
22 area where staff will be tracking industry's progress and  
23 reporting back to the Board to confirm we are on track.

24 --o0o--

25 VEHICLE PROGRAM SPECIALIST MC CARTHY: For

1 greenhouse gas emissions, the LEV III standards take over  
2 where the previous greenhouse gas standards left off in  
3 2016 model year.

4           For 2017 through 2025, the standards  
5 incrementally push vehicles' GHG emissions downward by a  
6 little more than four-and-a-half percent per year. This  
7 will bring the certified new vehicle fleet down to an  
8 average of 166 grams of carbon dioxide equivalent per mile  
9 in 2025. For the fleet, this means by 2050, greenhouse  
10 gas emissions are cut by a third.

11                   --o0o--

12           VEHICLE PROGRAM SPECIALIST MC CARTHY: While the  
13 adopted ACC program only covers standards for vehicles  
14 through the 2025 model year, ARB's long-term GHG goals of  
15 an 80 percent reduction by 2050 were a fundamental  
16 consideration.

17           During the development of the ACC program,  
18 several evaluations of future scenarios were considered  
19 that could get us to the 2050 goal, while taking into  
20 account both vehicle emissions and upstream emissions  
21 associated with providing fuel for those vehicles.

22           This slide shows one illustrative scenario staff  
23 developed for the light-duty vehicle sector that achieves  
24 this target and shows that we need nearly 90 percent of  
25 the on-road vehicle fleet in 2050 to be zero emission

1 vehicles. That would mean nearly every new car sold in  
2 California in 2040 would need to be a pure ZEV, which in  
3 turn leads to needing commercialization of ZEVs beginning  
4 in the 2020 time frame.

5 --o0o--

6 VEHICLE PROGRAM SPECIALIST MC CARTHY: As part of  
7 the Advanced Clean Cars Program, the ZEV regulation was  
8 revised to increase the vehicle manufacturers' obligation  
9 each year starting in model year 2018 and continuing  
10 through model year 2025 to achieve the volume of vehicles  
11 and cost reductions needed for commercialization and to  
12 put us closer to achieving the 2050 target.

13 While flexibility in the regulation allows  
14 manufacturers to meet their obligation with a variety of  
15 ZEVs as well as with some plug-in hybrids, a typical  
16 manufacturer could end up with a mix represented by this  
17 graph, which translates to just over 15 percent of annual  
18 sales by 2025.

19 --o0o--

20 VEHICLE PROGRAM SPECIALIST MC CARTHY: During the  
21 development of the ACC standard, the vehicle manufacturers  
22 agreed to the proposed standards with the key stipulation  
23 that there be a three agency midterm review to reassess  
24 the appropriateness of the standards.

25 Subsequent to that agreement, the Board adopted

1 the standards in January of 2012 and the U.S. EPA and the  
2 National Highway Traffic Safety Administration, or NHTSA,  
3 followed suite and finalized their rules in October.

4 In November, the Board approved an update to the  
5 program to effectively allow nationwide compliance to the  
6 GHG standards in lieu of separately meeting the California  
7 and federal programs.

8 --o0o--

9 VEHICLE PROGRAM SPECIALIST MC CARTHY: That  
10 brings us to today where I'd like to talk about our future  
11 activities regarding the implementation and review of the  
12 Advanced Clean Cars Program.

13 --o0o--

14 VEHICLE PROGRAM SPECIALIST MC CARTHY: In  
15 adopting ACC, the Board committed to conduct a  
16 comprehensive midterm review of the light-duty greenhouse  
17 gas standards for 2022 and later model year vehicle. This  
18 includes collaborating on a technical report with U.S. EPA  
19 and NHTSA.

20 The purpose of this report is to reassess the GHG  
21 standards, including technology and cost projections, and  
22 to start the process to make any midcourse corrections  
23 that may be necessary to ensure we get the maximum  
24 feasible benefits. And to that end, we've already begun  
25 regularly scheduled meetings with our partner federal



1 agencies.

2           Additionally, there are a couple of  
3 California-specific items that we plan to review in the  
4 same time frame.

5           When the Board adopted the one milligram  
6 particulate matter standard, the Board also directed staff  
7 to report back on a couple of issues. The first part of  
8 this will be on laboratory measurement capability and  
9 refinements to ensure accurate measurement at low PM  
10 levels.

11           The second part will involve reassessing the  
12 appropriateness of the standard, including both the  
13 technical feasibility for future vehicles to meet the  
14 standard and the possibility of accelerating the  
15 implementation date of 2025 model year.

16           As a quick side note, to date, we've made quite a  
17 bit of progress on refining measurement capability and are  
18 participating in industry and EPA work group to  
19 collaborate on measurement techniques.

20                                   --oOo--

21           VEHICLE PROGRAM SPECIALIST MC CARTHY: The review  
22 will also include the ZEV regulation. For that, we will  
23 continue to evaluate the market response and consumer  
24 acceptance to ZEVs and plug-in hybrids, as well as  
25 technology and infrastructure developments to ensure we're

1 on track to transition the light-duty fleet.

2 In support of that, we've already begun a number  
3 of activities involving consumer purchase decisions and  
4 how different types of ZEVs and plug-in hybrids are being  
5 used within a household.

6 --o0o--

7 VEHICLE PROGRAM SPECIALIST MC CARTHY: Given the  
8 substantial number of items involved, we plan to  
9 periodically update the Board throughout the midterm  
10 review process over the next few years. On the top half  
11 of this time line, I've highlighted several ARB  
12 milestones. One of the first reports back to you will be  
13 a ZEV infrastructure assessment late next year.

14 Our PM team is currently evaluating and refining  
15 measurement techniques and plan to provide an update to  
16 the Board in 2015. We also plan to return with a status  
17 update to the Board in 2016 on any changes in the vehicle  
18 fleet that are occurring and may alter the projected GHG  
19 benefits as well as general sales and consumer response of  
20 GHG and ZEV technologies.

21 On the bottom half of the time line, I want to  
22 point out a couple of noteworthy dates for our role with  
23 the work in EPA and NHTSA. First a joint technical report  
24 from all three agencies must be published for public  
25 comment no later than November 15th, 2017. Out of that

1 report, EPA is required to publish a joint decision no  
2 later than April 1st, 2018, as to whether the adopted  
3 standards will remain as is or whether a new rulemaking  
4 will revise the standards will be undertake. And of  
5 course, staff will be back to the Board in the same time  
6 frame with ARB's review to address any necessary revisions  
7 for GHG, ZEVs, or PM.

8 --oOo--

9 VEHICLE PROGRAM SPECIALIST MC CARTHY: We've  
10 received comments requesting a commitment to review the  
11 ZEV regulation in early 2015. Staff's assessment,  
12 however, is that it would not be feasible to conduct a  
13 full review of the ZEV requirements within the roughly one  
14 year from now until early 2015.

15 First, new data is needed about how the market  
16 and consumers are responding to these vehicles to conduct  
17 a meaningful review. While we already have some contracts  
18 in place to further our knowledge in these areas, results  
19 from those studies are not expected until the 2016 time  
20 frame.

21 Additionally, as Chairman Nichols mentioned,  
22 there are new vehicles representing different market  
23 segments and technologies coming in the near future with  
24 several announcements already made for the 2015 model  
25 year, including fuel cell vehicles and advanced battery

1 electrics. In that same time frame, there are also  
2 significant infrastructure installations expected.  
3 Analyzing how the market responds to these new activities  
4 will be essential to informing future policy decisions.

5 Further, ZEVs are an integrated part of meeting  
6 California's ongoing criteria pollutant and long-term GHG  
7 goals, which is why the review is planned to be part of  
8 the overall Advanced Clean Cars Program review.

9 That said, I do want to note that we plan to  
10 update the Board every year on the status of the Advanced  
11 Clean Cars Program, including the ZEV element, and expect  
12 to use those opportunities to discuss any issues that  
13 arise or need further attention in the earlier time frame.

14 --o0o--

15 VEHICLE PROGRAM SPECIALIST MC CARTHY: Now I'd  
16 like to highlight some of the efforts that have been  
17 undertaken to promote the successful implementation of  
18 zero emission vehicles here in California.

19 --o0o--

20 VEHICLE PROGRAM SPECIALIST MC CARTHY: Since the  
21 adoption of ACC, Governor Brown signed an Executive Order  
22 to support the commercialization of ZEVs through 2025.  
23 The Executive Order outlines specific goals in the set  
24 time lines, including a target of 1.5 million ZEVs and  
25 plug-in hybrids in California by 2025, sufficient

1 infrastructure to support one million ZEVs by 2020, and  
2 specific percentage-based goals to begin to turn over the  
3 State-owned vehicle fleet by 2025.

4 In February, the California Action Plan was  
5 finalized which focuses various State agencies to work  
6 together on promoting ZEV technology, establishing  
7 infrastructure, and building the ZEV industry throughout  
8 California.

9 --o0o--

10 VEHICLE PROGRAM SPECIALIST MC CARTHY: Currently,  
11 15 different plug-in hybrid and ZEV models are being  
12 offered to California consumers, with more models to come.  
13 As you can see, there are a variety of makes and models  
14 available ranging across different vehicle size  
15 categories.

16 --o0o--

17 VEHICLE PROGRAM SPECIALIST MC CARTHY: There are  
18 a variety of incentives currently available for California  
19 consumers. As part of the Clean Vehicle Rebate Project, a  
20 \$2500 rebate is available for the purchase of a pure ZEV,  
21 and a \$1500 rebate for purchase of a qualifying plug-in  
22 hybrid. A second incentive available is carpool lane  
23 access or HOV access. Rebates are also offered for  
24 installation of home charging stations.

25 --o0o--

1           VEHICLE PROGRAM SPECIALIST MC CARTHY: As you can  
2 see indicated here by the number of rebates awarded  
3 monthly, ZEV sales have been increasing at a substantial  
4 rate and are expected to continue. And while the rebate  
5 program does include zero emission motorcycles and  
6 neighborhood electric vehicles, the green and blue bars  
7 show the vast majority of the rebates go to pure ZEVs and  
8 plug-in hybrid electric vehicle purchasers. This sales  
9 growth is a positive market indicator that shows we are  
10 headed in the right direction on ZEV policy.

11           Now I would like to introduce Jim McKinney,  
12 Manager of the Transportation Energy Office at the  
13 California Energy Commission to give an update on ZEV  
14 infrastructure in California.

15           CHAIRPERSON NICHOLS: Thanks. Welcome.

16           PROGRAM MANAGER MC KINNEY: Good morning, Chair  
17 Nichols and members of the Board.

18           I'm very pleased to be here to help support our  
19 statewide efforts to promote ZEV technologies in  
20 California.

21           I'm Program Manager for the Alternative and  
22 Renewable Fuel and Vehicle Technology Program at the  
23 Commission. I think as most you know, this program was  
24 established by the State Legislature in 2007 through the  
25 passage of AB 118. It allocates up to \$100 million a year

1 through our program and another 30 to 40 million a year  
2 through the Air Quality Improvement Programs administered  
3 by the Air Board.

4 Most recently, this past summer, we were all  
5 pleased to see the reauthorization of this program through  
6 AB 8. That's going to allocate over one billion dollars  
7 in funding through 2023 between our two agencies and the  
8 joint program.

9 --o0o--

10 PROGRAM MANAGER MC KINNEY: This slide and this  
11 chart, this is a snapshot of where we are today for EVSE  
12 charging installation. As you can see, primarily spread  
13 through southern California and the northern California  
14 Bay Area metropolitan areas, we have over a thousand level  
15 two and three chargers installed, which results in 2800  
16 charge points or connectors. We also have about 67 quick  
17 chargers or level three DC fast chargers in the state.

18 Most recently, our program awarded \$2.5 million  
19 for another 39 quick chargers primarily in the southern  
20 California area.

21 And another really important development for EVSE  
22 installation in the state is the settlement between NRG  
23 and the California Public Utilities Commission. As a  
24 result of this settlement, NRG is going to install 200  
25 fast chargers -- so this is level three -- and two combo

1 chargers in publicly accessible places throughout the  
2 state and also 10,000 level two what we call make ready  
3 stubs. This will be the conduit and pedestal platforms  
4 whereby other companies can come in and install level two  
5 chargers throughout multi-housing areas, workplaces,  
6 schools, and hospitals.

7 --o0o--

8 PROGRAM MANAGER MC KINNEY: In terms of the  
9 program I'm representing today at the Energy Commission,  
10 we've invested nearly \$25 million in EVSE support since  
11 09-10 when we started issuing grants. So today, we have  
12 over 7600 level two and three charge points available in  
13 the states. This includes over 3,000 publicly accessible  
14 chargers in commercial environments; 3,800 residential  
15 chargers; and 558 workplace chargers.

16 As you can see from the status chart, two-thirds  
17 of our level one and two chargers are already installed  
18 with the other third well underway. Fast chargers are a  
19 little harder to insight and install, so we have more  
20 modest progress there. But we've funded 77 fast chargers  
21 in total.

22 Another important part of our program is what we  
23 call the Regional Readiness Planning Grants. These are a  
24 series of grants to local metropolitan agencies in  
25 California really to enable them to become EV ready. This



1 goes with the philosophy that local agencies best know  
2 their locales and environments. We've had a lot of good  
3 success with these grants and look forward to issuing more  
4 money in those areas.

5 Slide, please.

6 --o0o--

7 PROGRAM MANAGER MC KINNEY: This slide shows  
8 current and future investment in EVSA through our program.  
9 As you can see, we plan to spend another \$33 million to  
10 support ZEV technology infrastructure in California. For  
11 our 12/13 plan, we have six million allocated for  
12 destination charging, commercial, and multi unit  
13 dwellings. We expect that solicitation to hit the street  
14 in the next month.

15 In our 13/14 investment plan, we allocate \$7  
16 million in funding. A lot of this will support the ZEV  
17 Action Plan measures. We also have some new grants with  
18 both State and federal agencies to get more chargers into  
19 public garages for the public and State and federal  
20 employees.

21 We've just posted our draft 2014 investment plan  
22 this week on the Energy Commission website. As you can  
23 see, we've more than doubled the proposed funding  
24 allocation for EVSA to continue supporting the ambitious  
25 goals of the ZEV mandate and the Governor's Action Plan.

1 This will include funding for destination charging,  
2 workplace charging, multi-unit dwellings, and ongoing fast  
3 charger development and perhaps even developing a network  
4 of fast chargers across major freeways and highways across  
5 the state.

6 Some other items that are really important to  
7 support the technology deployment, one is a statewide  
8 infrastructure plan. This was identified in the ZEV  
9 action plan to the Governor's office. So we've contracted  
10 with NREL to develop this plan. It will show their  
11 recommendations for how many chargers, what categories,  
12 what locale will be needed to meet the one million dollar  
13 ZEV support target in 2020 and the \$1.5 million target in  
14 2025. We're working closely with ARB staff on the review  
15 and development of this, and it will be available for  
16 public review later this year.

17 ARB staff is also doing an EV infrastructure  
18 needs assessment under your direction, and that document  
19 should be available in 2014.

20 I want to highlight in the green text, we'll  
21 allocate another \$5.6 million for regional readiness  
22 grants for both EVs, hydrogen fuel cell vehicles, and  
23 other low carbon technologies that are available in  
24 California.

25 --o0o--

1           PROGRAM MANAGER MC KINNEY: I'm going to turn to  
2 our investments in hydrogen station funding to support  
3 fuel cell vehicle deployment and the commercial launch  
4 expected in the 2015/16 window.

5           The California Fuel Cell Partnership issued an  
6 important report last year calling for a network of 68  
7 stations in California in the 2015-17 time frame. Through  
8 initial investments through DOE and the South Coast AQMD,  
9 the Five Cities Program, and then your \$15 million  
10 investment through the hydrogen highway, we now have nine  
11 operational hydrogen stations in California.

12           Through our investments, we've issued \$27 million  
13 thus far for 17 new stations and a recent grant to the  
14 South Coast AQMD of \$6.7 million to upgrade a series of  
15 stations in southern California. So that will bring the  
16 total with these investments up to about 50 stations by  
17 2015. We have another \$30 million we're going to allocate  
18 later this year in our solicitation. Through AB 8  
19 directives, we'll allocate \$20 million or up to 20 percent  
20 of our annual fund until we reach a goal of 100 hydrogen  
21 fueling stations in California.

22           Another thing I wanted to highlight here is our  
23 grant to the California Department of Food and Agriculture  
24 Division of Weights and Measure to develop retail fueling  
25 standards, protocols, and regulations so we can sell

1 hydrogen fuel at a retail basis.

2 That concludes my remarks. I'm going to turn it  
3 back over to Mike.

4 VEHICLE PROGRAM SPECIALIST MCCARTHY: This  
5 concludes staff's presentation. I'd like to turn it over  
6 to Chairman Nichols who will discuss the multi-state  
7 Memorandum of Understanding.

8 CHAIRPERSON NICHOLS: Thank you. I had the honor  
9 of participating in a press announcement of the Memorandum  
10 of Understanding that's been signed by eight states,  
11 including ours. Today, at this meeting, we have  
12 representatives of five of the states who are here to give  
13 us a presentation on the work they're doing and on that  
14 document.

15 My primary partner in this effort in the press  
16 side of it was Secretary of Natural Resources in the state  
17 of Vermont, Deb Markowitz. The two of us share in common  
18 a need for some type of riser to use at events like this,  
19 because although we are mighty, we are not necessarily  
20 tall. But it's particularly true for the state of  
21 Vermont. And I do want to call them out for the simple  
22 reason that Vermont has been a state that has been part of  
23 California's Zero Emission Vehicle Program from the very  
24 beginning and has borne the brunt of some of the  
25 difficulties that that presented in the early days. So

1 it's really a delight to be able to welcome them here  
2 today in better times and at a point where we have an  
3 opportunity to really be moving forward with this effort  
4 that we've been a part of for a long time.

5 She is joined at the table here down in front by  
6 Ashley Horvat of Oregon, Kathy Kinsey of Maryland, Anne  
7 Gobin of Connecticut, and Christine Kirby of  
8 Massachusetts. But they've organized their presentation  
9 among themselves, so I'm just going to let them do it.

10 Thanks.

11 Welcome, Deb.

12 MS. MARKOWITZ: We're actually starting I  
13 understand with a video from Dan Este, who's the secretary  
14 of the Connecticut DEP, the Agency of Energy and the  
15 Environment.

16 (Whereupon a video presentation was made.)

17 CHAIRPERSON NICHOLS: That's terrific. It's a  
18 great pleasure for anybody that might have missed the  
19 backdrop for that visual, Dan Este is a law Professor at  
20 Yale Law School and also the Commissioner for both Energy  
21 and Environment for the State of Connecticut. And he's an  
22 old friend of mine. But I really loved seeing him in that  
23 video.

24 MS. MARKOWITZ: He's a pro, isn't he. And  
25 married to a Congresswoman from Connecticut. That's his

1 claim to frame.

2 I want to thank you for the opportunity to be  
3 here and I want to particularly --

4 --o0o--

5 MS. MARKOWITZ: -- thank you for your leadership  
6 as a Board. Your longstanding efforts have really led the  
7 nation in developing innovative and ground-breaking motor  
8 vehicle emission control programs. Ad it's made a  
9 difference.

10 We have a saying in Vermont: As goes Vermont, so  
11 goes Vermont. Right? But in California, it's as goes  
12 California, so goes the nation. So I want to thank you  
13 for that.

14 Like California, many states in the northeast and  
15 mid-Atlantic have aggressive climate change goals.  
16 Vermont's goals includes a 50 percent reduction of  
17 greenhouse gas emissions from the 1990 levels by 2028 and  
18 a 75 percent reduction by 2050.

19 In addition, we have a goal to obtain 90 percent  
20 of our total energy from renewal sources by 2050. These  
21 are really audacious goals.

22 So next slide.

23 --o0o--

24 MS. MARKOWITZ: What I want to point out here in  
25 these slides is that, like California, transportation is

1 the largest contributor to greenhouse gas emissions in  
2 Vermont. And this means that, for us, the ZEV mandate is  
3 critical if we're going to meet our 2050 goals.

4 In deed, in Vermont, the transportation sector  
5 accounts for nearly half of our greenhouse gas emissions  
6 and more than a third of our total energy consumption. So  
7 unlike California, Vermont is prohibited -- Vermont and  
8 other states, as you know, are prohibited under the Clean  
9 Air Act from establishing motor vehicle emission  
10 standards. Because of this, the Board is in a unique  
11 position to enhance or impede our state efforts to achieve  
12 our greenhouse gas reduction goals as well as to realize  
13 the many benefits that ZEV programs can offer to our  
14 states.

15 We know that electricity is a low cost, lower  
16 carbon domestic alternative that currently costs  
17 two-thirds less than gasoline or diesel on a per mile  
18 basis. The ZEV program will help reduce vulnerability of  
19 our citizens to the price swings of imported petroleum by  
20 diversifying the transportation fuel supply and providing  
21 consumers with choice.

22 We think that -- actually, we know that by  
23 switching from imported petroleum products, gasoline,  
24 fuels, diesel, to renewable energy through electricity,  
25 it's going to have a positive effect on our local economy.

1 It will keep more money in the pockets of consumers. And  
2 it will create a multiplier effect of jobs, personal  
3 become, and our gross state product.

4 I'm proud to say this morning the Governor of  
5 eight states, as Chairman Nichols said, signed a joint MOU  
6 committing to intra and interstate actions to ensure the  
7 successful implementation of our ZEV programs. The MOU is  
8 more than just an agreement that's going to sit on the  
9 shelf. It identifies specific actions that each Governor  
10 will promote within their state and joint cooperative  
11 actions that signatory states will undertake to help build  
12 a robust national market for ZEVs.

13 By committing under the ZEV MOU to join forces,  
14 share expertise, and exchange information, we're all in a  
15 better position to realize substantial economic and  
16 environmental benefits of the successful implementation of  
17 the ZEV programs within our states.

18 With the weight of our governors behind us, this  
19 MOU creates a framework for cooperation that will help us  
20 promote effective and efficient implementation of the ZEV  
21 regulations. The market demand created by our state  
22 programs can further lower ZEV costs through economies of  
23 scale and expand the range of product lines available to  
24 consumers in our states and throughout the United States.

25 Accelerating the ZEV market will help us reduce



1 transportation-related air pollution and greenhouse gas  
2 emissions. It will enhance energy diversity, save  
3 consumers money, it and will promote economic growth.

4 To support and facilitate the commercialization  
5 of ZEVs and to ensure the successful implementation of  
6 this program, our states are working to develop and  
7 implement consistent standards to promote ZEV consumer  
8 acceptance and awareness, industry compliance, and  
9 economies of scale, including, for example, adoption of  
10 universal signage. Adopting common methods of payments  
11 and interoperability of electric vehicle charging  
12 networks. Establishing reciprocity among states for ZEV  
13 incentives, such as preferential parking and HOV lanes.

14 And we're together going to be addressing some of  
15 what's perceived as the barriers to ZEV adoption in our  
16 states and across the country. And I'm going to pass this  
17 part along to my colleagues. In their remarks, they're  
18 going to address three of the off-sided challenges to  
19 successful implementation of State ZEV programs, consumer  
20 acceptance, the cost of ZEVs, and fueling infrastructure.  
21 Thank you.

22 CHAIRPERSON NICHOLS: Thank you.

23 Next, Anne.

24 MS. GOBIN: Thank you.

25 As you heard from my Commissioner, both

1 Commissioner Este and Governor Malloy are fully committed  
2 to the innovation and success with cheaper, cleaner  
3 transportation, and our energy future, and most  
4 importantly, to the ZEV future. We're all counting on it.

5 I'm going to give you a little background on the  
6 consumer acceptance of plug-in electric vehicles. A  
7 recent National Academy of Science report concluded most  
8 potential plug-in electric vehicle customers have little  
9 knowledge of plug-ins and almost no experience with them.  
10 Lack of familiarity with the vehicles and their operation  
11 and maintenance creates a substantial barrier to  
12 widespread deployment.

13 Some dealers have even been reluctant to  
14 aggressively market electric vehicles, citing greater time  
15 commitment to sell the plug-ins compared to a conventional  
16 vehicle because of the need for increased consumer help,  
17 lower profit margins relative to conventional vehicles,  
18 and even more unfortunately the lack of availability at  
19 the dealerships is also an issue.

20 --oOo--

21 MS. GOBIN: For those who buy them, the new  
22 generation of plug-in electric cars is receiving high  
23 grades for consumer satisfaction. Plug-ins are rated  
24 higher in nearly every single category of overall quality,  
25 performance, and comfort than comparable internal

1 combustion engines according to data collected by JD  
2 Powers and Associates.

3 In 2011, the Chevy Volt was named Motor Trend Car  
4 of the Year, with Motor Trend stating this automobile is a  
5 game changer. The Volt has also won Automobile Magazine's  
6 Automobile of the Year and North American Car of the Year  
7 Awards and was included in the Car and Driver 10 Best  
8 list.

9 The Nissan Leaf was named the World Car of the  
10 Year and European Car of the Year in 2011 and was noted in  
11 the Popular Mechanics breakthrough awards of 2010, which  
12 stated the real triumph lies in its family car  
13 practicality and normalcy.

14 The Tesla Model S was named Automobile of the  
15 Year by Automobile Magazine and the Motor Trend Car of the  
16 Year in 2013.

17 In its 2013 review of the Model S, Consumer  
18 Reports awarded the highest score any automobile has ever  
19 received, stating the Tesla Model S outscores every other  
20 car in our test ratings. It does so even though it's an  
21 electric car. In fact, it does so because it is an  
22 electric car.

23 --o0o--

24 MS. GOBIN: More electric vehicles have been  
25 purchased in the past year than in all previous years

1 combined. Full year 2012 sales more than tripled to about  
2 52,000 from 17,000 in 2011. Motorists bought more than  
3 40,000 plug-in cars in the first and second quarters of  
4 2013, up from only 17,500 a year earlier.

5 In 2002, there were only three hybrid vehicle  
6 models commercially available for sale in the  
7 United States. Ten years later, that number has grown to  
8 38.

9 In 2006, there were no plug-in vehicles on the  
10 market in the United States. Now, only six years later,  
11 there are at least 13 different models. These  
12 advancements illustrate the importance of the State ZEV  
13 requirements. ZEV requirements spurred the development of  
14 the new low and zero-emission vehicles and demonstrates  
15 the automobile industry's ability to innovate in a very  
16 short period of time. Plug-in market share in ZEV program  
17 states is more than three times that in other states.

18 As the Governor signed the MOU, they're looking  
19 to lead by example. And one of the ways they're looking  
20 to lead by example is looking at fleets. And things we've  
21 committed and are going to do are provide information  
22 State fleet managers about the available ZEVs and their  
23 benefits, explore the feasibility of pooling purchase of  
24 ZEVs with other jurisdictions, including local and  
25 regional governments, as well as across state lines and

1 with the federal government.

2 We're also assessing the feasibility of pooled  
3 purchasing amongst private fleets. So we see these  
4 vehicles as our future and see them rapidly being  
5 deployed. And we hope the manufacturers continue to help  
6 us and innovate to make this reality. We're convinced it  
7 will happen.

8 CHAIRPERSON NICHOLS: Great. Thank you.

9 Next we're going to hear from Ashley Horvat from  
10 Oregon, who has a wonderful title, Chief Electric Vehicle  
11 Officer. I think we need one of those in California.

12 MS. HORVAT: It's unique, but maybe not for long.

13 Chair Nichols and members of the Air Resources  
14 Board, thank you for having me all the way from Portland,  
15 Oregon. I'm glad to visit here. In fact, I think I may  
16 have spent more time in your state than my state so far  
17 this month.

18 As goes Portland, so goes Oregon in our state.

19 In Oregon, we set the stage for EVs to prosper in  
20 deployment and policy initiatives. As a state, we  
21 recognize the need and the importance to build the  
22 momentum. In keeping with the spirit of the ZEV MOU, we  
23 intend to accelerate ZEV adoption through careful planning  
24 and coordination, as well as sustained investment and  
25 leadership.

1           We believe that rapid adoption of ZEVs will  
2 strengthen our local economy, while moving us closer to  
3 zero emission and an oil-free transportation future.

4           Every dollar saved at the gas pump and spent on  
5 other goods and services creates 16 times more jobs in the  
6 economy. In fact, in our state alone, the EV industry has  
7 generated gross economic activity of \$266.56 million. The  
8 number of public and shared residential electric vehicle  
9 charging stations has increased four-fold in the past  
10 year.

11                           --o0o--

12           MS. GOBIN: There are currently 20,000 charging  
13 stations distributed across 8200 sites and more coming  
14 online every day. It's hard to believe just two years ago  
15 there were only about 2,000 recharging stations scattered  
16 throughout the U.S. and Canada. This is equivalent to one  
17 EV charging station for ever eight gasoline retail  
18 stations in the U.S.

19                           --o0o--

20           MS. GOBIN: Like other Section 177 states, Oregon  
21 is investing heavily in infrastructure. We have the most  
22 DC fast chargers of any other region in the country, which  
23 according to your slides, is going to be quickly surpassed  
24 by California, with over 100 DC fast chargers installed in  
25 the Pacific northwest, thanks to the Pacific Highway.

1 They're installed along major highway systems, along I-5  
2 and radiating out from that corridor to the coast, the  
3 Oregon coast, Columbia River Gorge, Mount Hood and beyond.

4 Since building this robust network, Oregon  
5 Department of Transportation has partnered with Travel  
6 Oregon to develop an EV tourism initiative. In initiative  
7 will encourage EV owners in markets that travel to Oregon  
8 using an EV by utilizing the network of fast chargers  
9 along the Oregon coast, wine country, Mount Hood, southern  
10 Oregon and more.

11 We are in the final stages of partnering with a  
12 major airline, a major OEM, and a top tier retail partner,  
13 in fact, to launch a national EV tourism campaign in  
14 summer 2014.

15 In addition, the state of Oregon petitioned  
16 federal highway to use an alternative gas pump highway  
17 sign, which is now an approved national standard. It's on  
18 our highway and going to be in California and the other  
19 states in the ZEV MOU.

20 Next slide, please.

21 --o0o--

22 MS. GOBIN: All of these initiatives have one  
23 important aspect in common: Visibility. The state of  
24 Oregon believes EV visibility is key to market  
25 acceleration. That includes hosting a wide distribution

1 of places to charge visible to the traveling public, a  
2 plethora of EVs available, easy to read EV highway  
3 signage, EV drivers partnering to spread the word in their  
4 workplaces and communities to hear from them who are like  
5 them, ride and drives, workplace charging and many, many  
6 more creative initiatives.

7 Other ZEV states are similarly investing in  
8 infrastructure deployment. For example, Rhode Island has  
9 installed 50 level two charging stations, including 25 at  
10 State Parks and Beaches. Connecticut incentives will  
11 result in 50 new public charging stations by early 2014  
12 and fast chargers are being installed at highway service  
13 plazas with free charging.

14 New York has several thousand charging stations  
15 throughout the state. And Governor Cuomo's Charge New  
16 York Program calls for installation of 3,000 additional  
17 stations by 2018.

18 Massachusetts is providing EV and charging  
19 station incentives to municipalities and all stations are  
20 open to the public.

21 Vermont is collaborating with Quebec to build an  
22 EV charging station corridor from Berlington to Montreal.  
23 They're also offering incentives for publicly accessible  
24 charging stations.

25 Maryland now has 430 public charging stations in



1 the state, of which 350 are publicly funded. And over the  
2 next year, through both state and private investment, they  
3 expect between 150 to 20 new charging stations, about half  
4 of which will be fast chargers.

5 The Governor's MOU will support these individual  
6 state's efforts by facilitating the exchange of  
7 information about best practices, standardization of  
8 signage, and coordination of EVSE site selection to ensure  
9 the broadest coverage throughout our states and our  
10 regions.

11 I'm happy to be here today to represent the state  
12 of Oregon and the Governor's office and looking forward to  
13 the continued collaboration.

14 At this time, I'm going to turn it over to my  
15 colleague from Maryland, Deputy Secretary Kathy Kinsey.

16 MS. KINSEY: Thank you, Chairman Nichols and  
17 members of the Board.

18 Expanding the plug-in electric vehicle market in  
19 Maryland is a very high priority for our state. And we  
20 have very ambitious climate goals in our state. We are  
21 striving for a 90 percent reduction in greenhouse gas  
22 emissions in our state from 2006 levels by 2050. So we  
23 recognize that transitioning our fleet to electric  
24 vehicles is critical if we're going to achieve our air  
25 quality goals and our climate goals.

1           So I want to thank you all for the opportunity to  
2 be here today with you to highlight some of the  
3 initiatives that are underway in our state. And I'd like  
4 to focus my remarks today on some of Maryland's  
5 initiatives to address one of the primary challenges I  
6 think we face today in expansion of the PEV market, and  
7 that is the initial purchase price of the vehicles. We  
8 know now -- next slide, please.

9                               --o0o--

10           MS. GOBIN: We know now overall lifetime cost of  
11 PEVs are, in fact, lower than conventionally fuel  
12 vehicles. This is due to the significantly lower cost of  
13 the fuel electricity and also lower maintenance costs.  
14 That is reflected in the slide that you see on the screen  
15 now.

16           In 2012, for example, for the first time ever,  
17 the cost of gasoline for the average family in the  
18 United States exceeded the cost of owning the vehicle.  
19 That is the loan costs, the loan payment cost, plus the  
20 maintenance cost. Clearly, this is a really important  
21 selling point for plug-in vehicles. But the higher  
22 initial sales price continues to be a barrier to expansion  
23 of sales in our state and in others.

24           So the purchase price of plug-in electric  
25 vehicles is definitely trending downward. And this trend

1 is widely projected to continue as battery prices come  
2 down over time. In fact, EPRI predicts that lithium ion  
3 battery costs will decline by roughly 50 percent by 2020.

4           Until that happens and until initial purchase  
5 prices come down and become more competitive, purchase  
6 price incentives are an important tool to increase plug in  
7 vehicle sales. So Maryland is currently offering a  
8 one-time excise tax credit of up to \$1,000 for both  
9 purchase or lease of a qualifying plug-in vehicle. And  
10 commercial fleet operators are eligible for this tax  
11 credit for up to ten vehicles.

12           Our state credit is also in addition to the  
13 existing federal credit. These two credits together we  
14 think make plug-in vehicles much more competitive. We are  
15 also are offering a tax credit and income tax credit for  
16 charging stations, up to \$400. In commercial operators,  
17 they are eligible for a credit for up to 30 individual  
18 charging stations. So these credits were all extended by  
19 our Legislature last year, and we expect that these  
20 credits will continue to be available going forward.

21           Our Maryland Energy Administration also has a  
22 number of very popular grant programs that are supporting  
23 development of the infrastructure in our state.

24           We're also exploring other ways to lower costs to  
25 consumers through maximizing fuel savings in the state

1 through the implementation of some time of use charging  
2 initiatives at the direction of our Public Service  
3 Commission in Maryland. Our two largest utilities that  
4 are launching separate time of use demonstration projects,  
5 pilot demonstration projects, with our plug-in electric  
6 vehicle rate payers. So they are at the same time  
7 targeting a lot of outreach to vehicle owners about the  
8 potential savings from time of use charging programs. And  
9 I think this is a very important outreach consumer help  
10 that they're doing in our state.

11 Finally, two other incentives that we're offering  
12 I want to mention, free charging at all State-owned  
13 charging stations and HOV lane access for electric  
14 vehicles, regardless of the number of passengers. So in  
15 the Washington metropolitan area, which is I think  
16 understood to be one of the most congested areas in our  
17 country today, HOV lane access is a very significant  
18 benefit to car owners.

19 And finally, I just want to mention that we have  
20 eliminated what we consider to be an important potential  
21 regulatory barrier to the expansion of infrastructure.  
22 Two years ago, the State Legislature exempted the owners  
23 and operators of electric vehicle charging stations from  
24 regulation as electricity suppliers under our public  
25 service laws. So they are not subject to tariff

1 requirements or to the other regulatory requirements they  
2 would otherwise be subject to. And in doing that, we  
3 removed a significant potential barrier through that  
4 action.

5 In closing, I would just like to say how  
6 important this multi-state MOU is to us, to our efforts to  
7 both exchange information and experiences with the other  
8 ZEV states. And even though those states that aren't ZEV  
9 states now but that are working to develop infrastructure  
10 and incentive programs. And we expect that this MOU is  
11 going to help us refine our incentive programs going  
12 forward, promote regional coordination and implementation  
13 on the entire range of initiatives that our states  
14 together are moving forward with.

15 So thank you again for being here.

16 CHAIRPERSON NICHOLS: Thank you for that.  
17 Somebody already sent me this morning an article from the  
18 Washington Post, which quotes your Governor on this issue.  
19 So it's already raising public awareness. Great. Thanks.

20 Last I guess, Ms. Kirby.

21 MS. KIRBY: Thank you. Good morning, Chairman  
22 Nichols and members of the Board.

23 It's nice to be back in Sacramento. I've been  
24 here many times. It's great to see the progress we're all  
25 making together and advancing the ZEV market.

1 I'm here to introduce a video made by  
2 Commissioner Ken Kimmel of the Massachusetts Department of  
3 Environmental Protection. And in the video, you'll see  
4 the progress that we're making in Massachusetts, the work  
5 we're doing on the regional level, and the work we want to  
6 do in advancing the MOU that we announced this morning.

7 Before that, I want to give a summary of the  
8 panel's remarks, and then we'll kick it over to the video.

9 The ZEV mandate is critical to ensuring that  
10 automobile manufacturers deliver electric vehicles to  
11 Massachusetts and other ZEV states. History has shown a  
12 robust regulatory driver is necessary to ensure the  
13 transition to cleaner vehicles.

14 The automotive industry has demonstrated its  
15 ability for incredible innovation and mass market  
16 commercialization of new technologies to meet demands of  
17 strong regulatory requirements. We've certainly seen this  
18 through LEV I, LEV II, LEV III, the hybrid market, and  
19 also now the ZEV market.

20 The rapid improvements in fuel economy have  
21 occurred since the passage of the new greenhouse gas and  
22 CAFE standards implemented by both EPA and ARB. And it's  
23 a testament to the innovative capacity of the automobile  
24 market.

25 The fact these developments are taking place

1 after two decades of little change in fleet economy  
2 demonstrates the importance of a strong regulatory driver  
3 with clear long-term goals. As you will hear from  
4 Commissioner Kimmel, the Governor's ZEV MOU represents a  
5 strong commitment from the signatory states to ensure the  
6 success of our ZEV programs.

7 We look forward to working with California, the  
8 automobile industry, our electric utilities, our fueling  
9 infrastructure providers, and other key partners to  
10 deliver a robust ZEV market in our states and across the  
11 country. Thank you.

12 (Whereupon a video presentation was made.)

13 CHAIRPERSON NICHOLS: Ken is a media star, too.  
14 All these Commissioners. It's wonderful. Do we have more  
15 from the State presentation? I think that's it as far as  
16 the staff report is concerned. As you know, this is not  
17 an action item. It's a status report.

18 We do have some public comment, however. We do  
19 have a number of speakers who signed up. If my Board  
20 members would like to ask a question or comment at this  
21 time, you're invited to do so.

22 BOARD MEMBER BERG: Thank you very much, staff  
23 and our invited guests. It was a great presentation. And  
24 it is a really, really exciting time for the ZEV mandate.

25 In looking at our staff slide number ten where we

1 show meeting the 2050 greenhouse gas goals, it really  
2 becomes apparent to me how important between now and 2020  
3 things like infrastructure, customer acceptance, and  
4 really dealership participation is quite frankly more  
5 critical because we know we have the vehicles. The OEMs  
6 have done an incredible job if you look at even five years  
7 ago and where we are now. It is so exciting actually to  
8 meet with them one on one and see what is coming to the  
9 marketplace.

10 I'm not quite feeling as comfortable in the other  
11 three areas. And now it's just the perfect time to tackle  
12 these things. So I would be interested in a similar chart  
13 as we have on slide ten in those areas to see what  
14 benchmarks and what criteria are we looking at in these  
15 other three crucial pieces of the puzzle to, in fact, get  
16 commercialization of these alternative vehicle cars.

17 With that, there was a comment on slide 14 that  
18 we're looking at California ZEV regulation and evaluation  
19 of market response and consumer acceptance. We also have  
20 from our side an action plan. Then from the CEC side, you  
21 know, they are doing a yeoman's job at looking at the  
22 infrastructure. And we hear all of these numbers, but  
23 again, looking at an overall plan which now they're  
24 getting involved with a consultant for a nationwide  
25 infrastructure plan, how does this all come together in a



1 very short period of time that allows us to truly evaluate  
2 where we are and are we on track. There is no question  
3 that we've got a strong mandate for the OEMs and we need  
4 to stay there.

5 But I would like to say, Chairman, that I think  
6 we also need to take an additional role in these other  
7 areas to help us see side by side that we're making  
8 progress in all things in this area.

9 CHAIRPERSON NICHOLS: I think that's a very good  
10 point. And perhaps Dr. Ayala may want to respond briefly.

11 But my understanding is that that is a part of  
12 the discussion that's going on with the MOU states as well  
13 is how we can develop some metrics that we can work with  
14 as a group. So we are taking this to the national level.

15 DEPUTY EXECUTIVE OFFICER AYALA: That is right on  
16 target.

17 I think the only thing I'll do is echo that the  
18 new efforts we are putting before you today have a real  
19 practical value for us. Because at least from our point  
20 of view, we do have to come back to you with the  
21 assessment of the market development as well as consumer  
22 acceptance and some of the other important factors that  
23 come into play in terms of allowing us to meet our target.  
24 So we have a commitment.

25 The Board directed us to come back to you and

1 actually answer those critical questions. And that's why  
2 it's so critical for us to continue to work with our  
3 partners, not only the Energy Commission here in the  
4 state, but also the partners in the other states because  
5 we see them as a critical element in our ability to meet  
6 our own goals.

7 So we have a commitment to come back to you and  
8 bring you that assessment. And everything that you heard  
9 today is going to be absolutely essential for us to be  
10 able to do the best job we can in that assessment.

11 BOARD MEMBER BERG: Thank you very much.

12 CHAIRPERSON NICHOLS: Any other -- yes.

13 Dr. Sherriffs.

14 BOARD MEMBER SHERRIFFS: Thank you. Boy, thank  
15 you very much for that presentation. Thank you for coming  
16 to California. We know what a burden it is to visit  
17 California. So we appreciate your doing that.

18 And clearly, what great collaboration in the  
19 presentation. I mean, the MOU is obviously succeeding and  
20 we can get these people to put this together this way. So  
21 thank you very much.

22 One -- we need to support the public  
23 infrastructure. We really need to emphasize that. It's  
24 clearly a big barrier to people who are unfamiliar with  
25 the technology, lack knowledge to do that. It strikes me

1 that one important thing that can be done very simple in  
2 terms of the individual technology is that there shouldn't  
3 be a community that doesn't have a building code that  
4 requires 220 in the garage. Period.

5           When we look at chart ten, you know, that's at  
6 least a third, maybe 40 percent of household. Now that  
7 may be every household has one of their two cars or it may  
8 be 40 percent of households have an electric car. But the  
9 building code should be in place that no new structure  
10 goes up that hasn't considered this. And in fact,  
11 accommodates. And I saw in the slide on the Oregon EV  
12 initiative, the statewide building codes. I don't know  
13 what that was referring to. Maybe you want to expand on  
14 that. And hopefully some of the witnesses may have some  
15 comments about how to, in fact, get that statewide code  
16 achieved.

17           MS. HORVAT: We do have a statewide building, and  
18 it's innovative in how it makes it easier in the  
19 stream-lining process. We don't have a requirement that  
20 all new construction does include wiring. We do have a  
21 pilot project going on right now that is more permissive  
22 that allows local jurisdictions to opt in to require  
23 themselves. We would certainly like to have a statewide  
24 requirement that does have at least a certain percentage  
25 of the parking spaces dedicated to EV charging. It's been

1 somewhat difficult to get that done at the outset, but I  
2 think in the future that would certainly be something we  
3 could do, especially if we see success with the pilot  
4 projects and get the homeowners associations on board.

5 CHAIRPERSON NICHOLS: Ms. Mitchell. Go ahead.

6 BOARD MEMBER MITCHELL: Welcome, all of you. I  
7 can't help but noting that all of the presenters from the  
8 states are women. CARB has traditionally been a man's  
9 world, so I think we've received.

10 BOARD MEMBER BALMES: I think we need to replace  
11 the Talking Heads with women.

12 BOARD MEMBER MITCHELL: It's noteworthy that in  
13 the last year the growth of the sales of these vehicles  
14 has been tremendous. And we've seen growth we wouldn't  
15 have believed could happen three years ago. I think we  
16 are on the rise and we are getting to the goals we've set  
17 for ourselves.

18 I also noted the Building Code reference in the  
19 Oregon plan, because I think that is something that all of  
20 us can address. My city, in fact, has a requirement in  
21 the Building Code that all new construction or remodels  
22 over are 50 percent of the existing construction must  
23 include infrastructure for EV vehicles. And we note this  
24 has been a problem particularly with multi-unit buildings.  
25 And we are at a place here in California where because of

1 the SCS sustainable community strategies that we adopted,  
2 a lot of cities are in the process of building multi-unit  
3 residential structures near transit-oriented station. So  
4 we haven't adopted such a requirement in the State  
5 Building Code. We do have a State Building Code. It  
6 could be considered as maybe an agenda item for us to  
7 think about in the next year or so. But certainly local  
8 jurisdictions can do it, and some have. I know the city  
9 of Los Angeles has such a code, and that's where I got the  
10 idea from my city. Stole it.

11 The other thing I noted was how important  
12 visibility is. We need to get people in these cars. We  
13 need for people to see these cars. And the visibility  
14 element of I think it was your plan in Massachusetts is  
15 the key part of our mission going forward.

16 So thank you for coming and collaborating with  
17 us. We know that in California we are really working  
18 toward this goal.

19 But the other thing is that the manufacturers  
20 that I've talked to -- and I'm sure many of us have talked  
21 to them -- say California is moving on, but the rest of  
22 the country isn't. And so it's very difficult for the  
23 OEMs to get the market penetration they need, unless we  
24 can bring the rest of the states along with us.

25 So thank you so much for being with us, for

1 helping us reach that goal. And we truly welcome all of  
2 your ideas and your collaboration. Thank you.

3 CHAIRPERSON NICHOLS: Thanks, Judy.

4 I think we should probably turn to the witnesses  
5 who have signed up to speak. So I'll just call out their  
6 names beginning with Michael Hartrick from Chrysler and  
7 then John Cabaniss from the Global Automakers.

8 Mr. HARTRICK: Good morning. I'm Mike Hartrick,  
9 Senior Planning Engineer at Chrysler Group, LLC.

10 I'd like to briefly comment on the elements of  
11 the midterm review under discussion today. The advanced  
12 clean cars regulations are by far the most comprehensive  
13 and challenging set of environmental regulations to be  
14 levied on the automobile industry at one time.

15 In the spirit of cooperation, Chrysler worked  
16 with ARB staff on the LEV III criteria emission  
17 regulation, endorsed the One National Program to reduce  
18 greenhouse gases and support the development of the 2018  
19 and later model year ZEV regulation.

20 The collective advanced clean cars regulations  
21 add clarity and certainty for manufacturers with necessary  
22 lead time and flexibility provisions. The LEV III program  
23 will bring the tailpipe emissions from all new passenger  
24 cars, light-duty trucks, and medium-duty vehicles to near  
25 zero levels, significantly reducing the light-duty

1 transportation sectors contribution to air pollution.

2 The emission levels set in the LEV III regulation  
3 are challenging, especially for larger vehicles. But the  
4 standards provide the necessary certainty as we consider  
5 new and emerging technologies to meet the greenhouse gas  
6 requirements.

7 We urge staff to conduct the essential research,  
8 provide sufficient lead time, and to carefully consider  
9 manufacturers' investments and the emission tradeoffs in  
10 new and emerging greenhouse gas technologies before  
11 proposing any changes to the particulate matter standards  
12 adopted about in LEV III rule.

13 Chrysler supports the One National Program to  
14 reduce greenhouse gases with the understanding that a  
15 midterm review will measure performance to assumptions  
16 made by the agencies in setting the standards. All  
17 parties understand the enormity of the task and the  
18 ultimate success will hinge on technology achieving  
19 desired results, the cost of those technologies, and  
20 customer willingness to purchase them.

21 We look forward to working with the agencies to  
22 conduct a thorough, objective, and transparent evaluation  
23 to inform the 2022 through 2025 model year standards.

24 In addition, Chrysler maintains that reducing  
25 emissions from vehicles is not enough to realize the 2050

1 greenhouse gas reduction goal. Reducing the carbon  
2 content of transportation fuels is absolutely necessary to  
3 achieve our common goal. The transportation fuels  
4 industry has a significant role to support the vehicle and  
5 fuel system needed for success.

6 Finally, we support the Board's consideration of  
7 a ZEV review which will be described by the Alliance of  
8 Automobile Manufacturers. The ZEV mandate is a  
9 significant resource challenge on top of the One National  
10 Program, and we need to collectively continue developing  
11 the best path forward to ensure customer support to  
12 achieve its stated goals.

13 Thank you. I'd be happy to answer any questions.

14 CHAIRPERSON NICHOLS: Thank you.

15 Next is John Cananiss.

16 Mr. CABANISS: Good morning. I'm John Cabaniss.  
17 I'm with the Association of Global Automakers. Thank you  
18 for allowing me to speak.

19 Our members support the goals of the Advanced  
20 Clean Cars Program and understand the importance of  
21 electric drive vehicles in achieving California's goals  
22 for 2025 and 2050.

23 We are fully committed to the development of ZEV  
24 technology, including batteries and fuel cell cars. Auto  
25 makers -- as you heard today, auto makers have done a



1 great job. 13 PEV models already on the road and across  
2 the country actually and many others already announced  
3 with over 30 miles expected by 2016, including several  
4 fuel cell models.

5 But as we've already heard from staff and the  
6 states, there are clearly more challenges to face with  
7 consumer incentives, addressing infrastructure needs, and  
8 also addressing the differences in the markets across the  
9 country.

10 We are committed to working with all of you, ARB  
11 and also EPA. We think they have a role in this, the  
12 Section 177 states, of course. We want to work with  
13 everyone to make the ZEV technology program successful.

14 As you know, the current roles requires the ZEV  
15 roll out to significantly ramp up in model year 2018. And  
16 with the optional compliance path for pooling in the  
17 northeast and northwest regions, some requirements began  
18 even earlier in model year 2016. Our companies are  
19 working hard to prepare for these requirements, but the  
20 many market differences are beyond manufacturers' controls  
21 and certainly in some cases beyond state controls as well.

22 To support our efforts, we believe a regular  
23 review of technology and market development is needed. We  
24 want this technology to be successful, and we agree it's  
25 imperative that we all work together going forward. I'm

1 glad to hear all of you are committed to that as well.

2 I do want to mention one other thing that's going  
3 on just for information for those of you that aren't  
4 aware. We've been working for the past two years with the  
5 Fuel Cell and Hydrogen Energy Association and the U.S.  
6 Department of Energy to develop and initiate a project  
7 which we call Hydrogen USA or H2 USA for short. This  
8 project is focusing on development of hydrogen refueling  
9 infrastructure across the U.S.

10 One major focus is to share the experience gained  
11 here in California with the fuel cell partnership and also  
12 in DOE's hydrogen fuel cell projects and expand the other  
13 markets around the country. We would greatly value ARB's  
14 and Energy Commission's interest in that.

15 So in closing, just want to say we're committed  
16 to the technology and its success. We need regular  
17 reviews to make that happen. We want to work with  
18 everyone going forward to address that. And we'll hear  
19 more I think under the next item about the potential for  
20 reviews. But we look forward to working with the staff on  
21 the annual updates and any needed adjustments to the  
22 program.

23 CHAIRPERSON NICHOLS: Thank you.

24 Okay. Diarmuid O'Connell.

25 MR. O'CONNELL: Madam Chairman, members of the

1 Board, my name is Diarmuid O'Connell with Tesla Motors.

2 Thank you very much for the opportunity to speak  
3 today.

4 We understand the ARB is under constant pressure  
5 to weaken the ACC program and related ZEV rules.  
6 Specifically, some manufacturers are saying they need more  
7 time and it's too expensive to comply with the ZEV  
8 mandate, especially as we approach 2018.

9 In addition, some manufacturers are asking for  
10 relief with respect to 177 state compliance due to  
11 perceived challenges of selling EV ZEVs in those markets.

12 With respect to manufacturers' claims for relief,  
13 Telsa has demonstrated that the goals of the mandate are  
14 achievable quickly and at reasonable cost.

15 On timing, Tesla went from a garage start-up to  
16 EV on the road in less than five years. We also launched  
17 the RAV 4 with Toyota in less than 24 months.

18 In short, there is plenty of time for  
19 manufacturers to complete the programs.

20 In terms of investment, Tesla is significantly  
21 smaller than even the smallest of the IVMs. We are able  
22 to launch a Tesla Roadster for only \$125 million and the  
23 Model S for less than half the cost of a typical OEM  
24 program.

25 As a side note, while many people may criticize

1 Telsa for making money on credit sales, the truth is that  
2 our credit revenue funds R&D that puts more and better EVs  
3 on the road in California and elsewhere every day, the  
4 very goal of these programs.

5           Moreover, smaller manufacturers buying credits  
6 obtained operating flexibility and can wait and see how  
7 the market and competing technologies develop while credit  
8 earners take on the business risk of commercializing ZEV  
9 technology.

10           Lastly, and with respect to the commercial  
11 viability of EVs in the section 177 states, we're seeing  
12 amazing customer reception for our electric vehicles in  
13 the 177 states. Our sales in these states already  
14 represent over 40 percent of our California volume. And  
15 that figure is increasing each month. The northeast is  
16 one of our strongest markets, representing roughly 30  
17 percent of our California volume, where we already have on  
18 the road over 1200 Model S in addition to over 100  
19 Roadsters.

20           In most of these markets, we only have one store.  
21 And in some, we don't even yet have a physical presence.  
22 We simply cannot see a justification for further  
23 concessions based on arguments it's too difficult to sell  
24 ZEVs in these states.

25           In view of the above, we ask the Board to not

1 just hold the line on current program requirements, but go  
2 further and strengthen these programs and the mandate in  
3 particular. The goal of zero emission is finally in  
4 sight. I thank you for your efforts.

5 CHAIRPERSON NICHOLS: Thank you.

6 Mr. Reichmuth and then Bob Cassidy.

7 MR. REICHMUTH: My name is David Reichmuth. I'm  
8 here on behalf of the Union of Concerned Scientists.

9 I'd like to thank you for the opportunity to  
10 comment on the progress of ARB's Clean Car Programs that  
11 are reducing air pollution and global warming emissions.

12 The zero emission vehicle regulation is an  
13 important part of this effort. The ZEV regulation is  
14 working. We are seeing a growing number of ZEV models and  
15 substantial number of ZEVs and low emission vehicles on  
16 California roads.

17 In just the last three years, almost 40,000  
18 plug-in electric vehicles have been sold. Avoiding the  
19 burning of millions of gallons of gasoline each year. In  
20 addition, over 10,000 pure ZEVs have been sold in  
21 California this year to date, over double the number for  
22 all of 2012.

23 Currently, all manufacturers are meeting the ZEV  
24 requirements. The ZEV regulation is flexible, allows  
25 different vehicle manufacturers to meet the requirements

1 in different ways, including through direct sales of ZEVs,  
2 the purchase of credits, the use of regulatory structures  
3 and incentives, such as the travel provision, transit  
4 connections, and shared use programs.

5           Increasing ZEVs sales are due to the  
6 complementary effort of government, industry, and  
7 concerned citizens. Auto makes have made the vehicles  
8 available. Government has provided incentives for ZEVs  
9 and for purchase and infrastructure, and customers are  
10 truly interested in the vehicles.

11           Popular programs like the Clean Vehicle Rebate  
12 Program and the High Occupancy Vehicle Lane Access will  
13 continue to have a positive impact. And new funding for  
14 hydrogen refueling stations will ensure even more of the  
15 ZEV options in the future.

16           Less than two years ago, this Board adopted  
17 updates to the ZEV regulations. In the short period of  
18 time since the ZEV market has gone through rapid growth.  
19 Despite that, some auto manufacturers are suggesting an  
20 extraordinary early review is needed. The justification  
21 offered is largely based on Section 177 sales. However,  
22 we believe such a review is premature and unwarranted.

23           The Governor's of eight states have committed to  
24 supporting the ZEV regulation in their states with vehicle  
25 and infrastructure incentives similar to the successful

1 efforts California has employed.

2 In addition, the existing regulation also has  
3 travel provisions that allow for manufacturers to move  
4 credits between states and regions. The states are  
5 stepping up their efforts and auto makers need to do so  
6 also by offering and marketing a full range of ZEV  
7 vehicles in those states.

8 The ZEV regulation was carefully crafted. It is  
9 working. And premature review is not needed. Thank you  
10 for the opportunity to comment today.

11 CHAIRPERSON NICHOLS: Thank you.

12 Mr. Cassidy.

13 MR. CASSIDY: Good morning, Chairman Nichols,  
14 members of the Board. I'm Bob Cassidy. It's my privilege  
15 to represent the Nissan companies this morning.

16 Certainly, the midterm review is an excellent  
17 endeavor, and we are participating in that. We applaud  
18 the inclusion of the Advanced Clean Cars portion as well.  
19 That, of course, includes the PM and ZEV.

20 I attended the press conference this morning.  
21 Fantastic. I don't know if a corporation can be  
22 delighted, but we're delighted. We're thrilled. We think  
23 this is just a great next step.

24 I guess on behalf of Nissan, we are ready to  
25 support you in any way that we can, both in terms of your

1 action plans and implementing those plans. So thank you.

2 I'd like to talk about Atlanta, Georgia, as a  
3 reference. Atlanta, Georgia, of course, has the federal  
4 tax credit. There is a state income tax credit. They've  
5 done an excellent job of providing other incentives such  
6 as a car pool mechanism. And they have a toll road as  
7 well that they're providing incentives. To many of the  
8 Board's comments, they have addressed infrastructure in  
9 multiple ways that have both entities incentive for  
10 consumer installation, for aiding businesses in their  
11 installation. They've also developed and are continuing  
12 to develop a public infrastructure network. This is  
13 currently in its infancy, but is including DC fast charge.

14 Why do I bring up Georgia and Atlanta? Atlanta  
15 is currently the best selling metropolitan market for the  
16 Nissan Leaf. It managed to surpass San Francisco here  
17 recently. And as a corporation, we're delighted.

18 I think my point is really to go back to some of  
19 the things that were said this morning. If we look at the  
20 Atlanta's, if we look at some of the various success  
21 stories in the 177 states and California, we really do  
22 understand best practices. We really don't need to  
23 reinvent a lot of things. I think we really need to pull  
24 them together and implement them.

25 In closing, the Secretary challenged the car



1 companies to step up to the plate. I think we have done  
2 so. We would like to hit it out of the park, if you will,  
3 and sell a lot of these 3.3 million cars we're trying to  
4 place. Thank you.

5 CHAIRPERSON NICHOLS: Thank you.

6 Jamie Knapp and then Bill Magavern.

7 MR. KNAPP: Good morning, Madam Chair, members of  
8 the Board. Thank you for the opportunity to speak today.  
9 I'm Jamie Knapp with the Clean Cars Campaign.

10 Thank you, staff, for your update. Thank you  
11 friends from other states for being here to tell us about  
12 your work and your landmark initiative to support ZEVs.

13 This is the time for us all to work together to  
14 support the ZEV market and help create that pole. At the  
15 same time, you, the Board, need to continue to maintain  
16 that push on the auto makers. You must continue to send  
17 that firm regulatory signal.

18 Just last year, as you acknowledged when you  
19 adopted the ZEV program and that Clean Cars Program  
20 effecting model years 2018 and beyond for ZEV, you  
21 established a very reasonable time line and you committed  
22 to a ZEV midterm review, as you indicated you would. This  
23 was as part of the federal Greenhouse Gas Program. This  
24 is something the auto manufacturers asked for. You said  
25 you would do it, and you must keep to that time line.

1           You also acknowledged that the ZEV program  
2 numbers are a minimum goal, and they are the minimum that  
3 we need to meet our long-term climate and air quality  
4 goals.

5           I wanted to quickly address one of the Board  
6 member's questions this morning regarding what the state  
7 is doing for building codes and standards. AB 1092 passed  
8 and the Governor signed this year an update to the  
9 building standards code. And it is to adopt, approve, and  
10 publish, mandatory building standards for future charging  
11 installations. It includes work in multi-unit  
12 developments and part of Green California Code update. I  
13 don't know all the details. But I wanted to acknowledge  
14 that this is happening.

15           I guess the point here is we're at the very  
16 beginning of the market. It's real. It's fragile. It's  
17 an infant as these new models, new plug-in models, fuel  
18 cell models come to market and become available in the  
19 next couple years. We need to stay the course.  
20 California and states across the country are planning your  
21 fueling infrastructure. You're making many, many plans,  
22 incentives. Local governments are actively working with  
23 states and other stakeholders. We're all working to tear  
24 down these barriers to zero emission vehicle adoption.

25           The auto makers are investing in technological

1 marvels. And they are technological marvels. They are  
2 fun to drive. They are great cars. And drivers are  
3 discovering that wow factor. They get behind the wheel  
4 and they suddenly realize what we're talking about here.

5 Families are realizing savings. As we all  
6 benefit from the cleaner air and low carbon environment,  
7 as this continues to happen, you're playing an important  
8 role by keeping that message strong and staying the  
9 course. Thank you very much.

10 CHAIRPERSON NICHOLS: Thank you, Mr. Magavern and  
11 then Bonnie Holmes-Gen.

12 MR. MAGAVERN: Good morning. Bill Magavern with  
13 the Coalition for Clean Air. We are strong supporters of  
14 California's Advanced Clean Cars Program. Recently  
15 supported two bills in the Legislature that will put more  
16 funding into the rebates that we think at this point are  
17 an essential part of the program.

18 And we're very happy that the ZEV program really  
19 is working now because it's essential to clean up our air  
20 and stabilize our climate and break our addiction to oil.

21 And I congratulate the eight states, the big and  
22 small and their leaders, both short and tall, on the MOU  
23 that brings you together. Really appreciate the visits  
24 from the other states. And it's important that this  
25 effort really does go well beyond California. We've seen

1 this pattern, of course, many times before that this Board  
2 sets standards for motor vehicles that then are followed  
3 by the more enlightened leaders in the other states and  
4 then eventually become national standards. So it's great  
5 to see that happening again.

6 I also wanted to congratulate the manufacturers  
7 for supplying consumers with a range of attractive  
8 vehicles, both full battery electrics and plug-in hybrids.  
9 And that's really a tremendous accomplishment.

10 The problems that we are hearing about at this  
11 point are more on the dealer side, that drivers are  
12 showing up asking to buy or lease an EV and finding the  
13 dealers are not prepared to sell or lease them, that  
14 they're trying to discourage people from EVs. Or they  
15 have one on the lot, but, oh, no, you can't test drive  
16 that because it's not fully charged.

17 So I would suggest that the focus be there on  
18 making sure that dealers are more willing and able to  
19 actually get drivers into these cars. When it comes to  
20 the rules, we think it would be premature to make any  
21 changes because they're working. Thank you very much.

22 CHAIRPERSON NICHOLS: Thank you.

23 Bonnie Holmes-Gen and then Simon Mui and that is  
24 the last of the list.

25 MS. HOLMES-GEN: Bonnie Holmes-Gen with the

1 American Lung Association in California.

2 I'm very pleased to be here on behalf of the Lung  
3 Association to reiterate our longstanding support for the  
4 Advanced Clean Cars and Zero Emission Vehicle Programs and  
5 the importance of staying the course with these  
6 life-saving roles. And to applaud the efforts of our  
7 seven partner states.

8 And I so appreciate the presentation of these  
9 dynamic women and others who are here today representing  
10 these programs.

11 The Advanced Clean Cars Program and Zero Emission  
12 Vehicle Programs are critical to our mission to improve  
13 lung health and prevent lung disease. The solid action  
14 plans that are developing across the country are exciting  
15 and reaffirm the success of California's leadership here.

16 For the millions of people who are suffering in  
17 California from lung illness, the benefits of these  
18 regulations are vital. Every cleaner car on the road  
19 contributes to reducing premature deaths and asthma  
20 attacks, chronic lung illness from vehicle pollution.

21 And the American Lung Association, as I may have  
22 mentioned, has done some research and released some  
23 reports that confirm the health and economic benefits of  
24 our clean vehicle future that we're moving towards. And  
25 according to our analysis, a complete transition to zero

1 emission vehicles will allow the state to avoid \$13  
2 billion in annual health environmental and societal  
3 damages. That's compared to conventional vehicles on the  
4 road today. This is a huge avoided cost. We know this is  
5 important for our health, but it's to have that  
6 quantification just underscores the tremendous benefits  
7 that we're achieving.

8           There could be no doubt that these health and  
9 economic benefits and the consumer savings are huge and  
10 far out weigh the up-front costs.

11           We applaud again the State compact announced  
12 today. This builds on California's leadership and shows  
13 there's real action happening to grow ZEV markets around  
14 the country. We are please our national Board Member  
15 Susan Griffin was able to be here and participate in the  
16 press event today. And she talked about her grandson  
17 Mateo with asthma and how he will benefit from these new  
18 technologies that are bringing cleaner cars and clean up  
19 our community.

20           The bottom line is that we are in a wonderful  
21 position right now. There are over 50,000 plug-in  
22 vehicles on the roads in California today, and the market  
23 is growing dramatically. The health and air quality  
24 benefits are clear, and the transition to clean energy  
25 that we're undergoing is critical to our greenhouse gas

1 reduction efforts. There are valuable partnerships the  
2 ARB has with the CEC, other state agencies, the AB 118  
3 program. Funding has been renewed. We're so thankful  
4 that that happened and the commitment now from the state,  
5 another decade of clean vehicle incentives.

6 This enhanced partnership with other states is  
7 again growing the market, and all signals are go. We just  
8 need the car companies to produce more cars for all these  
9 states.

10 We urge you to reject any proposals to relief  
11 regulatory requirements or move up the midterm review and  
12 stay the course. We applaud your leadership. Thank you.  
13 And we continue to look forward to our work with you.

14 CHAIRPERSON NICHOLS: Thank you.

15 Mr. Mui.

16 MR. MUI: Good morning, members of the Board as  
17 well as our friends from the clean car states.

18 First off, I'm Simon Mui with the Natural  
19 Resources Defense Council. I just want to say  
20 congratulations. This is an historic landmark milestone  
21 moving forward together in partnership like this. This,  
22 in our opinion, is helping create a tipping point in the  
23 electric fuel vehicle market.

24 It's a partnership that will enable the early  
25 market leaders we've heard from today, such as Diarmuid

1 with Tesla and Bob with Nissan as well as the fast  
2 followers to really expand the market and have the support  
3 from the states.

4 I bring some good news as well in addition to the  
5 great news we heard today. The current market data as you  
6 look at it as well as the credits generated from the ZEV  
7 program is showing that the auto industry as a whole is  
8 not only meeting the mandates, but they're well exceeding  
9 them. Our analysis is showing that the California sales  
10 have quadrupled since 2011. Over 50,000 vehicles are now  
11 on the road. The auto industry has exceeded the 2009 to  
12 2013 requirements by over two times. In 2013 alone, the  
13 auto industry has exceeded the standards by nearly four  
14 times. So it's important as we go forward that the Board  
15 and others here are assured that we are moving in the  
16 right direction, that now is not the time to reach for the  
17 brakes, but to go forward with the program and the market  
18 deployments.

19 And I'd just like to flag some of the additional  
20 from last year's unanimous Board vote in support of  
21 accelerating the market in accelerating the ZEV program.  
22 Really, there were many considerations added to help the  
23 industry transition to those larger 2018 and beyond  
24 standards. But those volumes are what's driving the  
25 industry now, many of the market followers, to really



1 expand their product lineup and to continue their  
2 investment. And we know it can be done.

3 So going forward, I think now is the time.  
4 Clearly, the evidence supports staying the course and  
5 continuing the great momentum and success. Let's  
6 accelerate the good. Let's move forward. Thank you.

7 CHAIRPERSON NICHOLS: Thank you. Thank very  
8 much. This has been a really wonderful moment in the  
9 Board's efforts to move forward with advanced clean cars  
10 in California. It's nice to be able to take a pause and  
11 take some soundings on where we are. Obviously, there is  
12 a lot of work to be done, challenges ahead. No question  
13 about it.

14 But with the energy and good will that is being  
15 brought to this effort, I think we're in very good shape.

16 We will be moving on to specifically focus on  
17 some proposed tweaks, amendments to the ZEV program, and  
18 that's what's coming next on the agenda. But I'm  
19 wondering does the court reporter want to take a break at  
20 this point? No.

21 In that case, I think we can just forge ahead.  
22 While you're changing some of the staff that are doing the  
23 presentation, I'm going to second since the issue of the  
24 wonderful lineup of women from the States was brought up,  
25 I want to say two things. First of all, you don't

1 actually have to be a woman to be a clean car advocate.  
2 And in fact, we have in the audience representation from  
3 an organization which has done a tremendous amount to help  
4 move us forward, the Northeast States Coordinated Air  
5 Management Group. Arthur Marin and Matt Solomon are here  
6 from NESCAUM. I'm not going to call you out, but you can  
7 wave. Thank you so much for all that you've done to help  
8 to move this agenda forward.

9           And I'm also going to tell a story, which I  
10 learned in my days as a professor at UCLA about electric  
11 cars, which is there is history on early, early efforts by  
12 auto companies to sell electric cars back in the days when  
13 there was really a question about what shape and fuel the  
14 vehicle was going to use. And someone has done a Ph.D.  
15 thesis which has been turned into a chapter in a book  
16 which shows how in those days the oil industry primarily,  
17 although in collaboration with some of the auto  
18 manufacturers, decided to take on the electric vehicle and  
19 to smash it. That was sort of the first version of "Who  
20 Killed the Electric Car," chapter one. This is, you know,  
21 back in the days of the 20th century. But they did it by  
22 portraying as EVs as women's cars because they were too  
23 clean and they were too quiet.

24           And real men drive cars that put stuff out of the  
25 tailpipe and that make a lot of noise. And you didn't

1 have to crank them either. Thank you, Dr. Sperling, who  
2 probably knows this better than I do. But anyway I think  
3 i's just worth pointing out we've made progress.

4 All right. Time to move on to the next item.  
5 And I don't think I need to introduce this. I'll turn it  
6 back to staff.

7 DEPUTY EXECUTIVE OFFICER COREY: All right.  
8 Thanks, Chairman Nichols.

9 As you noted, the zero emission vehicle, or ZEV,  
10 regulation continues to be essential for transforming  
11 California's light-duty fleet. These regulations ensure  
12 that we're on track to achieve emission reductions to meet  
13 air quality and greenhouse gas targets.

14 Today's proposal would make minor regulatory  
15 changes to ensure provisions adopted as part of the 2012  
16 advanced clean cars package work as intended.

17 Staff's presentation will provide an overview of  
18 the proposal. And Anna Wong of the Mobile Control Source  
19 Division will now begin the presentation. Anna.

20 (Thereupon an overhead presentation was  
21 presented as follows.)

22 AIR POLLUTION SPECIALIST WONG: Thank you, Mr.  
23 Corey.

24 Good morning, Chairman Nichols and members of the  
25 Board.

1 I'm here today to present minor amendments to the  
2 ZEV regulation.

3 --o0o--

4 AIR POLLUTION SPECIALIST WONG: Adopted in 1990,  
5 the ZEV regulation is an element of ARB's light-duty  
6 regulation. As Mr. McCarthy has just presented, this  
7 Board adopted the Advanced Clean Cars Program in January  
8 2012, of which a re-vamped ZEV regulation is a key  
9 element.

10 I'm here today to recommend minor changes such  
11 that the ZEV regulation works to ensure advanced  
12 technology vehicles are on the road in increasing numbers  
13 through 2025 model year.

14 --o0o--

15 AIR POLLUTION SPECIALIST WONG: The Board adopted  
16 the final version of the advanced clean cars regulations,  
17 including the ZEV portion, in November 2012.

18 The United States Environmental Protection Agency  
19 granted ARB a waiver for the advanced clean cars  
20 regulations earlier this year in January. However, due to  
21 the compressed time frame of the rulemaking schedule last  
22 year, essential amendments are needed to ensure the  
23 provisions work as originally intended and close potential  
24 loopholes.

25 --o0o--

1           AIR POLLUTION SPECIALIST WONG: Before I get to  
2 staff's proposed amendments, let me first explain how the  
3 current ZEV regulation works. A manufacturer's obligation  
4 is determined by how many vehicles it sells in California.  
5 Each manufacturer's obligation is a credit requirement.  
6 Each vehicle produced by a manufacturer is given a credit.  
7 Where pure ZEVs typically earn more credits than near-zero  
8 emission vehicles.

9           The largest manufacturers must produce pure ZEVs,  
10 meaning battery electric vehicles or hydrogen fuel cell  
11 vehicles. Additionally, manufacturers may produce other  
12 near-zero emission vehicles technologies, like plug-in  
13 hybrids, conventional hybrids, and clean gasoline vehicles  
14 or PZEVs in lieu of ZEVs to offset some of their overall  
15 requirement.

16           Nine other states have adopted California's ZEV  
17 regulations, requiring manufacturers to place pure ZEVs  
18 and near-zero emission vehicles in those states as well.

19                           --o0o--

20           AIR POLLUTION SPECIALIST WONG: As Mr. McCarthy  
21 pointed out, the Board adopted the requirements shown in  
22 this slide in 2012 as part of the advanced clean cars  
23 rulemaking. The revised ZEV regulation will increase  
24 manufacturers' obligations each year starting in 2018  
25 through model year 2025 to achieve cost reductions needed

1 for commercialization and prepare California to achieve  
2 2050 greenhouse gas reductions.

3 Based on a likely compliance scenario we  
4 developed, this increased requirement could result in 15  
5 percent of annual sales in 2025 being pure ZEVs and  
6 plug-in hybrids.

7 --o0o--

8 AIR POLLUTION SPECIALIST WONG: Today, I will  
9 explain staff's three main amendments. The first is  
10 adjustments to the optional Section 177 state compliance  
11 path. The second amendment establishes a new cap on all  
12 non-ZEV credits when used to meet a manufacturer's minimum  
13 ZEV requirement. And the third excludes battery exchange  
14 as qualifying under the fast refueling definition for type  
15 four and five ZEVs. Staff is also proposing further  
16 conforming and clarifying changes which are outlined in  
17 staff's Initial Statement of Reasons.

18 --o0o--

19 AIR POLLUTION SPECIALIST WONG: Before I explain  
20 staff's proposed changes to the optional compliance path,  
21 I'll give everyone a refresher on the travel provision.

22 Section 177 of the Clean Air Act allows other  
23 states to adopt California's air quality regulations.  
24 Nine states, many of which you've heard from earlier  
25 today, have adopted the ZEV regulation. I'll refer to

1 these states as the ZEV states. Because of the other  
2 states' adoption of the ZEV regulation, for every 100  
3 vehicles a manufacturer must produce for compliance with  
4 the California regulation, they must produce 140 vehicles  
5 in compliance with the ZEV states' regulation  
6 requirements.

7 A provision called the travel provision allows  
8 manufacturers to count ZEVs placed in California towards  
9 meeting requirements in the ZEV states. However, this  
10 provision was modified as part of the 2012 rulemaking and  
11 expires for battery electric vehicles after 2017 model  
12 year.

13 The states wanted to create a viable path forward  
14 for the manufacturers to enter into the ZEV state markets  
15 and provide some incentive for producing ZEVs prior to  
16 2018 model year.

17 --o0o--

18 AIR POLLUTION SPECIALIST WONG: The Board adopted  
19 the optional Section 177 State compliance path as pardon  
20 of the 2012 ZEV rulemaking. The way this provision works  
21 is in exchange for early battery electric vehicle  
22 placements in the ZEV states, manufacturers would get some  
23 relief on their plug-in hybrid and ZEV requirements in the  
24 ZEV states for a limit time.

25 Additionally, manufacturers who took this path

1 would also be allowed to pool amongst the ZEV states their  
2 plug-in hybrids credits beginning in model year 2015 and  
3 their battery electric vehicle credits starting in 2018.  
4 Pooling will allow manufacturers to distribute their  
5 required plug-in hybrids and ZEVs reflecting market demand  
6 across each geographic region.

7 --o0o--

8 AIR POLLUTION SPECIALIST WONG: Since adoption,  
9 manufacturers in ZEV states have continued discussions  
10 surrounding this provision and have requested a number of  
11 changes to ensure its success. From this, we have jointly  
12 developed the following proposed amendments.

13 One incentive offered to manufacturers choosing  
14 this path is the ability to pool credits across states.  
15 This means, for example, that manufacturers can use excess  
16 credits in their New York bank to meet obligation in  
17 Maine. California is excluded from the pools.

18 Staff is proposing to allow manufacturers to pool  
19 ZEV and plug-in hybrid credits earned in 2012 and  
20 subsequent model years. This differs from the current  
21 language which only allows manufacturers to pool one model  
22 year credits, starting in 2016, to meet the same model  
23 year requirements. Expanding this provision will allow  
24 manufacturers greater flexibility in complying with  
25 increasing ZEV State requirements. Staff is also



1 proposing to add provisions specifying how this optional  
2 compliance path applies to intermediate volume  
3 manufacturers, still allowing the use of PZEVs to fulfill  
4 their remaining requirement.

5           Staff is also proposing to remove the requirement  
6 to provide vehicle identification numbers, or VINs, prior  
7 to 2018 model year and substitute a requirement that  
8 manufacturers provide VINs upon request. These changes as  
9 well as other clarifying changes and simplification of the  
10 language will help ensure manufacturers are adequately  
11 incentivized to take this path while protecting the ZEV  
12 states from potential gaming and reducing the number of  
13 vehicles that would be produced.

14                           --oOo--

15           AIR POLLUTION SPECIALIST WONG: The second  
16 proposed amendment deals with credit caps. In 2012, the  
17 Board adopted various caps for new types of credits  
18 introduced and for historical ZEV program credits. First  
19 let me briefly review these various credit types.

20           Extended range battery electric vehicles, or  
21 BEVs, are battery electric vehicles with limited gasoline  
22 range after the battery has been depleted. Manufacturers  
23 may meet up to 50 percent of their pure ZEV requirement  
24 with these credits.

25           Greenhouse gas overcompliance credits are awarded

1 when manufacturers overcomply on their LEV III greenhouse  
2 gas fleet average standard and use that overcompliance to  
3 comply with the ZEV regulation. Those credits are also  
4 capped at 50 percent of their pure ZEV requirement.

5 Prior to 2018 model year, manufacturers can place  
6 plug-in hybrids and ZEVs in transportation system credit  
7 programs which are car sharing programs to help promote  
8 the technology. There are caps placed on the use of these  
9 transportation system credits within the pure ZEV portion  
10 and plug-in hybrid portion of a manufacturer's  
11 requirement.

12 --o0o--

13 AIR POLLUTION SPECIALIST WONG: In 2012, the  
14 Board agreed to remove PZEVs and hybrids from the ZEV  
15 regulation starting in 2018 model year. However, due to  
16 these vehicle's success in the marketplace, staff predicts  
17 manufacturers will continue to have credits in their ZEV  
18 compliance banks from PZEVs and hybrids. These old  
19 credits may be converted to plug-in hybrid credits and may  
20 meet up to their 25 periods of their plug-in hybrid  
21 category of their requirement with these converted  
22 credits.

23 Bottom line, whenever a new type of credit is  
24 introduced, other than a pure ZEV credit associated with a  
25 vehicle, a cap is typically placed on the new type of

1 credit to ensure pure ZEVs are still delivered in any  
2 given model year. However, these credits and caps work  
3 with each other -- how they work with each other was never  
4 defined in the regulation. This could potentially lead to  
5 zero pure ZEVs being produced in a given model year, which  
6 is the opposite of the intention of the cap.

7 --o0o--

8 AIR POLLUTION SPECIALIST WONG: Staff is  
9 proposing to set an overall 50 percent cap on non-ZEV  
10 credits which a manufacturer uses them towards their pure  
11 ZEV requirement. This proposal does not effect individual  
12 caps already adopted by the Board, but only applies to  
13 non-ZEV credits used in combination to meet a  
14 manufacturer's ZEV requirement.

15 --o0o--

16 AIR POLLUTION SPECIALIST WONG: Our last proposal  
17 effects the fast refueling definition. Adopted in 2001,  
18 ZEVs with the ability to refuel of 95 percent of full  
19 capacity within 15 minutes are allowed to earn more  
20 credit. Some battery electric vehicles have been  
21 qualifying under the fast refueling definition by means of  
22 battery exchange. However, this refueling mechanism isn't  
23 a battery electric vehicle's primary method of fueling and  
24 actual use of this mechanism has been sparse. Though  
25 staff does recognize the potential for a battery exchange

1 to help market the vehicle, other vehicles earning this  
2 fast refueling credit, like hydrogen fuel cell vehicles,  
3 depend on fast refueling for vehicle operation and  
4 success.

5 Staff is proposing to remove battery exchange  
6 from qualifying under the fast refueling definition  
7 starting in 2015 model year. This would mean battery  
8 electric vehicles that were qualifying as fast refueling  
9 capable in 2014 model year and earning seven credits each  
10 will earn four credits each in 2015 through 2017 model  
11 year. In 2018 and subsequent model years, there is no  
12 additional credit for fast refueling capability, and all  
13 credits will be based on the vehicle's all-electric range.

14 --oOo--

15 AIR POLLUTION SPECIALIST WONG: In summary,  
16 staff's proposed minor amendments will help ensure the ZEV  
17 regulation adopted in 2012 will work as intended.  
18 Modifying the optional Section 177 State compliance path  
19 will allow manufacturers greater compliance flexibility,  
20 while maintaining meaningful provisions to protect the  
21 number of vehicles delivered in the ZEV states.

22 Setting a new cap on non-ZEV credits will also  
23 ensure that existing caps are meaningful and loopholes are  
24 prevented in future model year. And modifying the fast  
25 refueling definition will help ensure only vehicles in

1 which fast refueling is realized on a regular basis are  
2 rewarded with the greatest amount of credits.

3 This concludes my presentation.

4 CHAIRPERSON NICHOLS: Thank you.

5 I see there are a number of people here who are  
6 wanting to talk about the issue of the intermediate volume  
7 manufacturers. And I want to be clear that that is not a  
8 part of the recommended changes that you're making today.  
9 It's an item where concern is being raised and we  
10 understand the concern. But what they would be seeking  
11 would be some sort of direction from the Board to the  
12 staff to go and work on those is the items. Thanks.

13 And any other items that we're aware of that are  
14 being raised -- well, I guess this issue of early review  
15 of the ZEV mandate is going to come up again. But that is  
16 not again part of a recommendation.

17 Okay. Any other -- if nobody needs to talk right  
18 now. Let me say, first of all, in terms of timing because  
19 I guess there are a number of people with different issues  
20 about timing, the plan had been to finish this item and  
21 then take a lunch break before we went into the truck and  
22 bus rule. If that's still okay with everybody, let's just  
23 stick to that. We do have 20 -- actually 19, because one  
24 was on twice. So Matt Solomon got himself listed twice.  
25 We're not going to let him get away with that. So we have

1 somewhat fewer. But obviously, it's going to take some  
2 time to get through all this. So let's plunge in. And if  
3 we have questions or comments, we'll do that as we go  
4 along.

5 So let's started with Matt Solomon from NESCAUM  
6 and then Ken Morgan of Tesla.

7 It is helpful if you can keep track of where we  
8 are. And if you're next in line, be ready to jump up and  
9 make your presentation. Thanks.

10 Matt.

11 MR. SOLOMON: Thank you, Chairman Nichols and  
12 members of the Board.

13 Good morning. My name is Matt Solomon. I'm  
14 transportation program manager for Northeast States for  
15 Coordinated Air Management, or NESCAUM.

16 As we heard earlier this morning, California has  
17 joined with seven other states, five of which are NESCAUM  
18 members in a Memorandum of Understanding to support state  
19 ZEV programs. I'm speaking today on behalf of these seven  
20 signatory states: Connecticut, Maryland, Massachusetts,  
21 New York, Oregon, Rhode Island and Vermont.

22 The MOU signatory states supports staff's  
23 proposed modifications to the ZEV regulation. The  
24 proposed adjustments to the optional Section 177 state  
25 compliance path will improve this provision. It will

1 promote physical placement of vehicles by limiting the use  
2 of transportation system credits for this compliance path,  
3 while ensuring flexibility for auto makers by clarifying  
4 their ability to bank and trade credits.

5 In addition, the modifications will strengthen  
6 the rule by ensuring state's ability to request vehicle  
7 identification numbers as needed to ensure robust  
8 accounting of compliance status. We believe that the  
9 proposed changes will help to ensure the successful  
10 deployment of ZEVs in our region.

11 We also support the proposed overall 50 percent  
12 cap on manufacturers use of credits from BEVx type  
13 vehicles and overcompliance with federal greenhouse gas  
14 standards to meet ZEV requirements. This cap will help to  
15 ensure compliance flexibility for manufacturers, while  
16 encouraging the placement and sale of zero emission  
17 vehicles.

18 In conclusion, the MOU signatory states  
19 appreciate CARB's continued engagement of stakeholders on  
20 the ZEV program. The program is a critical part of our  
21 state's strategies to meet air quality, energy, and  
22 climate goals. We look forward to ongoing cooperation and  
23 partnership with the state of California.

24 Thank you.

25 CHAIRPERSON NICHOLS: Thank you.

1           Mr. Morgan.

2           Mr. MORGAN: Chairman Nichols, members of the ARB  
3 Board, thank you for the opportunity to speak today.

4           My name is Ken Morgan. I'm here representing  
5 Tesla Motors. And I will be addressing staff's proposal  
6 to change the fast refueling provision.

7           Fast refueling credits, as you are aware, are  
8 currently available to any long-range ZEV that can replace  
9 95 percent of its range in 10 to 15 minutes. Battery swap  
10 accomplishes this goal in a way that is completely in line  
11 with both the language and the spirit of the regulations.  
12 We've demonstrated a Model S can restore its full 300-mile  
13 range in just 90 seconds and has already been approved for  
14 fast refueling designation by the Air Resources Board  
15 staff.

16           We understand that other manufacturers have  
17 argued that Tesla should not earn these credits. They  
18 argue that we're taking too long to build the swap  
19 stations and that once open, customers may chose not to  
20 use these stations. It's worth noting that Tesla has  
21 already fulfilled its promise to build fast and free  
22 charging infrastructure in the state of California. And  
23 we've done so without the use of direct public  
24 infrastructure funding. However, we agree that the spirit  
25 of the provision is that the technology be both present



1 and accessible and in use by customers. This truth  
2 applies no matter what technology is being considered,  
3 whether it is battery electric vehicles or fuel cell  
4 vehicles.

5 To prohibit one specific technology not only  
6 fails to solve the core issues, it discourages research  
7 and development in an area that has great potential to  
8 transform the battery electric market.

9 It is for this reason that we recommend an  
10 alternative to staff's proposal of removing battery swap  
11 from the fast refueling designation. Our proposal is  
12 technology neutral and addresses the core issue of  
13 implementation.

14 We propose that manufacturers wishing to receive  
15 fast refueling designation submit data to the ARB staff  
16 showing that the fast refueling technology is both in use  
17 and available to customers. ARB staff will then review  
18 these submissions and grant fast refueling designation  
19 based on clear fulfillment of the intention of the  
20 mandate.

21 Given the nascent stage of this technology, we  
22 recommend that the Board leave it up to ARB staff's  
23 discretion to grant these credits and only add specific  
24 criteria once we have a better sense for what can be  
25 achieved in this area. Thank you.

1           CHAIRPERSON NICHOLS: Thank you.

2           Mr. Siefkes.

3           MR. SIEFKES: Good morning, Chair Nichols, others  
4 members of the Board.

5           You've obviously done an outstanding job reducing  
6 emissions at the pipe tail level through the ZEV program.  
7 However, in the opinion of the three groups I represent  
8 today, the E100 ethanol group, the Mendocino County  
9 Alcohol Fuel Group and the Fort Bragg Grange, we believe  
10 this Board should consider taking the additional step of  
11 regulating life cycle carbon dioxide emissions from motor  
12 fuel under the ZEV program in order to reduce the carbon  
13 footprint of the United States.

14           We currently burn 135 billion gallons per year of  
15 gasoline annually in country, which results in  
16 3,267,000,000 pounds of new net carbon dioxide to the  
17 atmosphere every single year, a clear contributor to  
18 global warming. As a reasonable goal, our groups believe  
19 gasoline usage and these CO2 emissions should be cut in  
20 half.

21           The simplest lowest cost way to do this is a  
22 mandate that 50 percent of all light-duty vehicles sold in  
23 California after January the 1st, 2017, be E100 capable  
24 with strict mileage requirements.

25           At the same power level, an engine optimized for

1 ethanol will get equal or slightly better mileage than  
2 gasoline. Since ethanol costs less than gasoline,  
3 consumers will flock to these vehicles as they have done  
4 in Brazil for many years.

5 In front of you is a picture of a typical gas  
6 station in Brazil. This is from San Paulo. Two grades of  
7 gasoline, one grade is straight ethanol. All pumps in  
8 Brazil offer the same set of fuels. Eighty percent of all  
9 new vehicles in Brazil can burn straight ethanol.

10 The key to slowing global warming is to use  
11 carbon already above ground to make motor fuel, not bring  
12 up new carbon in the form of crude oil and refine it into  
13 the gasoline. Processes to make tens of billions of  
14 gallons of ethanol quickly from waste cellulose or algae  
15 are well defined but not have come into large scale  
16 production because there is no current market for ethanol  
17 beyond the current blend levels of the gasoline.

18 An E100 engine mandate by this Board under ZEV  
19 would give the automotive companies a powerful incentive  
20 to make these vehicles available in California and across  
21 the country and would rapidly bring full scale cellulosic  
22 ethanol into protection.

23 --o0o--

24 MR. SIEFKES: CO2 emissions would be dramatically  
25 lower since the life cycle carbon dioxide emissions per

1 mile of an optimized E100 engine are less than those of  
2 electric, hydrogen fuel cell, or hybrid as can be seen by  
3 the chart in front of you.

4           The two most important are the last two, showing  
5 that cellulosity from switch grass or corn stover are zero  
6 emissions of carbon dioxide over their life cycle or even  
7 slightly negative.

8           CHAIRPERSON NICHOLS: We have your written  
9 testimony.

10           MR. SIEFKES: In summary --

11           CHAIRPERSON NICHOLS: Go ahead.

12           MR. SIEFKES: In summary, you are in a very  
13 unique position with your legal authority to regulate  
14 emissions independently of the Federal EPA. We urge this  
15 Board to use this authority to mandate the use of E100  
16 optimized ethanol engines for 50 percent of the light-duty  
17 vehicle fleet under the ZEV program, leaving the other  
18 50 percent under the current regulations.

19           I'll be happy to answer any questions.

20           CHAIRPERSON NICHOLS: Thank you. We may have  
21 them later but not right now. Thanks.

22           Julia Rege.

23           MS. REGE: Good morning. I'm Julia Rege with the  
24 Association of Global Automakers, representing 13  
25 international automobile manufacturers. Global Automakers

1 are committed to ZEV technology and the success of the  
2 technology. Our members have invested billions of dollars  
3 in the research and development of ZEV technology. And  
4 the automotive industry as a whole has announced over 30  
5 models through 2016 demonstrating our commitment to the  
6 technology.

7           With respect to the minor amendments before the  
8 Board today, we would like to offer our support for the  
9 following. One, we continue to support the pooling  
10 provisions in the rule and believe the suggested  
11 amendments to allow credits in 2012 to 2017 to apply  
12 towards pooling requirements are necessary and important  
13 to ensure the value of credits and provide incentives to  
14 manufacturers who produce ZEVs early. We believe these  
15 changes are consistent with the agreements reached by the  
16 large volume manufacturers and the Section 177 states  
17 prior to the January 2012 Board hearing and should be  
18 adopted.

19           And two, we also support ARB's proposed  
20 amendments to the fast refueling definitions to eliminate  
21 this credit for battery swapping. The proposed change  
22 will ensure only vehicles that, in fact, use fast  
23 refueling in the field receive credit for doing so and  
24 provide an added incentive for fast refueling for other  
25 vehicles. Thus we support this change.

1           Finally, separate from the modifications, most of  
2 our members support conducting a technical review of ZEV  
3 starting in 2014.

4           We look forward to working with ARB. Thank you  
5 for our comments.

6           CHAIRPERSON NICHOLS: Thank you.

7           Robert Bienefeld.

8           MR. BIENEFELD: Good morning. I'm Robert  
9 Beinefeld, Assistant Vice President of American Honda  
10 Motor Company.

11           Honda supports the comments of the Association of  
12 Global Automakers that Julia just made. And Honda  
13 welcomes the eight-state MOU announced this morning. I  
14 think it's great progress.

15           Honda currently markets the Fit EV and the Accord  
16 plug-in hybrid in California and other ZEV states and  
17 we're demonstrating the clarify fuel cell vehicle here in  
18 California. We have announced plans to bring a next  
19 generation fuel cell vehicle to market beginning in 2015.  
20 Honda is in the process of making plans and investments  
21 now for the steep ramp up in ZEV volumes for the 2018 and  
22 later model years. This is consistent with the ZEV  
23 regulation.

24           The last chance for us to make cost effective  
25 adjustments to these investments will occur in 2015. As

1 you know, the current ZEV regulation established credit  
2 categories and values based on research estimates by the  
3 ARB staff between 2010 and 2011 and approved by this Board  
4 in the beginning of 2012, just as EVs and PHEVs were  
5 entering the market.

6 We ask that staff update what will soon be three-  
7 and four-year-old assumptions to reflect actual data from  
8 the market. For example, the EV project in their latest  
9 report based on more than 13 million miles driven filed  
10 with the United States Department of Energy documents that  
11 Volt owners driving a plug-in hybrid electric vehicle  
12 driving 20 percent more heck trick miles than Leaf owners,  
13 an all-battery electric car.

14 In every one of the 14 EV project cities around  
15 the country, these data are consistent except in Los  
16 Angeles where Volt drivers drive nearly 40 percent more  
17 zero emission miles than Leaf drivers. This would  
18 indicate the TZEV and ZEV categories and credit values  
19 established by ARB staff several years ago without the  
20 benefit of actual market data out to be reviewed and  
21 updated as soon as possible.

22 These small but important adjustments to ZEV  
23 credits can have important implications for auto makers  
24 looking to maximize the environmental benefits of their  
25 technology investments.

1           Honda believes all these vehicle technologies  
2 PHEV, BEV, and fuel cells are good and important and are  
3 moving us toward our shared goal of low carbon  
4 transportation.

5           We've seen this Board labor to make sure that  
6 regulatory incentives for cap and trade, LCFS, and  
7 numerous other policy initiatives reflect the best  
8 available data. The zero emission vehicle program serves  
9 nothing less. Thank you very much.

10           CHAIRPERSON NICHOLS: Thank you.

11           Mr. Reichmuth.

12           MR. REICHMUTH: I'm Dave Reichmuth from Union of  
13 Concerned Scientists.

14           UCS supports the minor technical modifications to  
15 the ZEV regulation as proposed by staff. The changes will  
16 ensure that ZEV credits are properly awarded to  
17 manufacturers that are putting ZEVs into operation. In  
18 particular, the proposed modification to the fast  
19 refueling credit requirements is needed to ensure diverse  
20 types of ZEVs are available.

21           The intent of the fast charging provision is to  
22 reward technologies with fast refueling capability so that  
23 fast refueling stations can service a large number of  
24 vehicles. To date, battery swapping has not been  
25 demonstrated as a fast refueling mechanism that can



1 service ZEVs on a regular basis and no demonstrated  
2 ability for the public battery swapping station to serve  
3 its large number of vehicles.

4 For these reasons, we support the decision of ARB  
5 staff to categorically exclude battery swapping from  
6 qualifying as a fast refueling technology. If at a future  
7 date battery swapping is demonstrated to be a viable  
8 method for the ordinary day-the-day refueling of electric  
9 vehicles, the ARB should consider revisiting this credit  
10 allowance. Thank you.

11 CHAIRPERSON NICHOLS: Thank you.

12 Mr. Douglas, good morning.

13 MR. DOUGLAS: Good morning. Thank you, Madam  
14 Chairman and members of the Board.

15 I'm Steve Douglas with the Alliance of Automobile  
16 Manufacturers.

17 And first, I'd like to applaud the Board and the  
18 states on the historic MOU that was signed this morning.  
19 As this Board is well aware, the Alliance worked  
20 tirelessly over the last year with the environmentalists,  
21 with the Air Resources Board, with the utilities, and  
22 other stakeholders to pass legislation offering a broad  
23 away of incentives and for some infrastructure for ZEVs.  
24 And we're committed to continuing that work in California  
25 with ARB as well as with the area states.

1           As I've said many times, the twelve auto makers I  
2 represent are committed to bringing ZEV technologies to  
3 the market, not just in California, but globally.

4           Next slide.

5                               --o0o--

6           MR. DOUGLAS: Auto makers now offer nine battery  
7 electric vehicles and six plug-in hybrid vehicles. Within  
8 a year, six plug-in electric vehicles will be on the road  
9 and in the dealerships. We're off to a strong start  
10 helped by a compelling mix of well-reviewed products,  
11 extensive focused marketing and media coverage, and very  
12 competitive pricing that's in the range of \$139 per month  
13 to \$299 per month. That's with zero or near zero down.  
14 That's the price of a cell phone bill.

15           HOV lane access, preferential parking, and other  
16 incentives are bringing people in the dealerships.

17           Next slide.

18                               --o0o--

19           MR. DOUGLAS: However, moving forward from the  
20 strong start to a broader market will require more work.  
21 In particular, we're finding that the demand for these  
22 vehicles in other states is substantially different than  
23 in California. For example, in 2013, the electric vehicle  
24 sales rate in California was over seven times that in the  
25 northeastern states.

1 Next slide.

2 --o0o--

3 MR. DOUGLAS: Comparing the California to the  
4 northeast or to the entire U.S. market for hybrid vehicles  
5 shows very similar trend where year after year California  
6 sales double those in the northeast or the rest of the  
7 U.S.

8 Incentives and infrastructure similar to  
9 California will certainly help that. But consumer demand  
10 in ZEV technology is likely to trail that in California,  
11 if history is any guide.

12 --o0o--

13 MR. DOUGLAS: As far as the technology front, the  
14 auto makers are making huge strides both on performance  
15 and cost. A key question remains at what point these  
16 vehicles become economically sustainable. Sales have  
17 clearly been buoyed by a significant package of federal,  
18 state, and local auto makers incentives. And as both a  
19 public policy and a sustainable business matter, it's  
20 unclear how long these incentives can and should last.

21 So for these reasons, the Alliance and its member  
22 companies request the Board consider the following  
23 actions:

24 We believe it's appropriate to begin an  
25 assessment of the ZEV program, including technology sales

1 and use of these vehicles. Historically, that's been  
2 every couple of years. As part of this review, we ask the  
3 Board on an annual basis to look at the sales of these  
4 vehicles, not just in California, but everywhere.

5 Just to wrap up, we're committed to this  
6 technology. We're committed to working with ARB and the  
7 states to make it happen. We need it. Thank you.

8 CHAIRPERSON NICHOLS: Thank you.

9 Mr. Lord.

10 MR. LORD: Good morning. My name is Michael Lord  
11 here to represent Toyota.

12 Toyota is a member of the both the Auto Alliance  
13 and Global Automakers, and we support the comments from  
14 both trade associations.

15 To start, we would like to thank staff for its  
16 work on this round of amendments and make two brief  
17 comments on them.

18 First, we support the proposed amendments to the  
19 Section 177 State compliance path.

20 Second, we support the staff's proposal to  
21 reestablish the focus of credits for fast refueling to  
22 fuel cell vehicles, rather than to continue to reward them  
23 for battery exchange capability.

24 Now, some additional comments and other matters  
25 in front of you today. We are very appreciative of and

1 support the efforts and enthusiasm of the Section 177  
2 states represented in attendance today. We believe it's  
3 important to reiterate that our experience shows there is  
4 a fundamental difference in the market for advanced  
5 technology vehicles between California and these states.  
6 The basic premise is demonstrated in the adoption rates  
7 for the Prius and continues to exist in the more recent  
8 effort to market BEVs and PEVs in those states. It's no  
9 surprise to us that California is still home to a much  
10 higher percentage of ZEVs and PHEVs. Prius is the number  
11 one selling car in California. California and  
12 Californians are just different. THEY'RE not better.  
13 Just different. So while --

14 CHAIRPERSON NICHOLS: Be careful.

15 (Laughter)

16 MR. LORD: So while we will continue to work  
17 together to help these states transform their markets, we  
18 also need to be open-minded about the possible need to  
19 consider adjustments to the program to compensate for  
20 these market differences.

21 We also believe it is critical to do additional  
22 work to ensure that the future increases in requirements,  
23 must less the dramatic leap in 2018 and later requirements  
24 are sustainable. While we understand staff is starting  
25 the technical and market evaluation work and we appreciate

1 the commitment of the annual Board update, our main  
2 request is that this work be accelerated so that we can be  
3 in a position in the first quarter of 2015 to make  
4 adjustments, if necessary.

5 In closing, we wish to underscore the fact that  
6 Toyota is aggressively marketing a RAV 4 EV and a PHEV,  
7 the Prius plug-in, while also targeting the launch of a  
8 fuel cell sedan in 2015. Of course, we continue to put  
9 more hybrids on the road than all other manufacturers  
10 combined.

11 Thank you for your time. We at Toyota remained  
12 committed to continued success of the ZEV program and to  
13 working with you to achieve a mass market for ZEVs. Thank  
14 you.

15 CHAIRPERSON NICHOLS: Thank you.

16 Bob Cassidy again.

17 MR. CASSIDY: Madam Chairman, members of the  
18 Board, Bob Cassidy with Nissan.

19 Nissan supports the minor amendments proposed.  
20 We think these are an effective way to proceed with the  
21 ZEV regulation.

22 I need to point out at this time that Nissan does  
23 not support an early review of the regulations. Just to  
24 give you some perspective here, in calendar year '13,  
25 Nissan's sold as many Leafs as we did in all of the prior

1 calendar year. We think sales in this market are dynamic.  
2 We think they're growing at a tremendous rate. Rather  
3 than review regulations, we think it's time to develop  
4 those markets, go back to this morning's process of  
5 engaging the 177 states and their collaborative agreement.  
6 That is the recommended course at this time by Nissan.  
7 Thank you.

8 CHAIRPERSON NICHOLS: Thank you.

9 Paul Hernandez.

10 MR. HERNANDEZ: Thank you. Good morning,  
11 Chairman Nichols, members of the Board.

12 My name is Paul Hernandez. I'm the Energy and  
13 Transportation Policy Manager with the California Center  
14 for Sustainable Energy.

15 I wish to speak to you today regarding the  
16 proposed decision to disallow battery exchange to qualify  
17 under the fast refueling definition of type 4 and type 5  
18 ZEVs and to encourage the Board not to move forward with  
19 this decision.

20 CCSE thanks the staff for recognizing that there  
21 is a potential for battery exchange to help market these  
22 vehicles. However, we are concerned by the exclusion of  
23 this technology through today's proposed decision.

24 Such an exclusion may negatively impact current  
25 and emergent EV technologies by comparing market

1 developments around battery swapping capabilities. This  
2 capability has been under development by multiple  
3 companies in both automobile and transit fleets. It  
4 provides potential avenues for market evolution and  
5 opportunities for technology and product differentiation  
6 within the EV market.

7           Despite some recent setbacks, battery swapping  
8 may yet provide a viable or even preferred solution to EV  
9 fueling needs, which will only increase with the effort to  
10 put 1.5 million electric vehicles on the road by 2025.

11           Today's decision to disallow battery exchange to  
12 qualify as a fast refueling option would seem to impact  
13 the evolutionary path of sorts for the electric vehicle  
14 and infrastructure.

15           CCSE further agrees with Tesla Motors  
16 recommendation that alternative to removing battery swap  
17 from fast refueling eligibility, manufacturers wishing to  
18 receive fast refueling designation should submit annual  
19 data to ARB showing that their fast refueling technology  
20 is available and in use.

21           CCSE has been very attentive to the developments  
22 in the EV market and California's EV fleet has experienced  
23 rapid change and market growth. This fleet has surged to  
24 over 45,000 vehicles in less than three years. Purchases  
25 of EVs are an upward trend, and we only see that trend



1 increasing.

2 Further, with continued support from the Governor  
3 to increase infrastructure and to increase electric  
4 vehicle infrastructure under Executive Order B 1612 as  
5 well as legislative initiatives AB 8, AB 266, AB 1092, SB  
6 286, SB 359, and SB 454 and in compliance with the 2013  
7 ZEV Action Plan, the opportunities around the electric  
8 vehicle transportation market will benefit from an  
9 approach that embraces rather than inhibits market growth.

10 In closing, we encourage the state not to close  
11 the door on battery swapping capabilities as a potential  
12 technology to electric vehicle infrastructure needs,  
13 including as a fast fueling option for type 4 and 5 ZEVs.

14 Thank you very much for your time.

15 CHAIRPERSON NICHOLS: Thank you.

16 MS. TUTT.

17 MS. TUTT: Good morning, members of the Board and  
18 Chairman Nichols, staff.

19 First, congratulations. This morning was very  
20 exciting, and I look forward to seeing the progress that  
21 you make going forward.

22 My name is Eileen Tutt. I'm the Director at the  
23 California Electric Transportation Coalition. We are a  
24 nonprofit association, and we have over 20 years of a  
25 program dedicated to electrification of the transportation

1 sector across the transportation sector, light-duty  
2 vehicles, heavy duty vehicles, motorcycles, port  
3 electrification, everything.

4           Although we focus on battery electric vehicles, I  
5 want to make it really clear and I think most of you know  
6 we support fuel cell vehicle technologies. We believe  
7 these are complementary technologies. And we are very,  
8 very supportive of fuel cell vehicles.

9           That said, we do have a little bit of a problem  
10 with the fast fueling proposal by staff because it does --  
11 it excludes plug-in electric vehicles. And it does so in  
12 two ways by eliminating the opportunity for battery swap  
13 in the future and also by restricting the time to recharge  
14 for I think it's type three to ten minutes rather than 15  
15 and by saying that the battery or the fuel cell battery  
16 has to be 95 percent charged in 15 minutes. For fast  
17 charging for electric vehicles, that would destroy the  
18 battery. So 80 percent is what would be required for fast  
19 fueling if you will for electric vehicles that use  
20 batteries and not fuel cells.

21           So we'd like to see the Board and staff consider  
22 making sure that the amendment is not exclusive, because I  
23 don't think that was the intention of the staff or this  
24 Board.

25           Second, we have long supported the idea of zero

1 emission miles being considered as a mechanism to define  
2 compliance. So I think that would really simplify. We  
3 make all these assumptions about how people are going to  
4 drive the vehicles. We now have a lot of data. And I  
5 think Steve at the Alliance said very simply that we  
6 aren't at full market penetration for battery vehicles  
7 yet. So we need to make sure that both fuel cell vehicles  
8 and battery electric vehicles get the fast fueling  
9 credits.

10 I do want to say the fastest fueling out there  
11 right now is the battery electric vehicle because you can  
12 plug it in at home, which takes seconds. So I hope that  
13 in the future you'll consider expanding some fast fueling  
14 credits for anything that can plug-in at home. Thank you.

15 CHAIRPERSON NICHOLS: Thank you. I like that  
16 argument actually, although I have a gas station pretty  
17 close.

18 But anyway, Simon Mui.

19 MR. MUI: Good morning. Simon with NRDC. I just  
20 wanted to represent NRDC to say we do support staff's  
21 proposed amendments to the program with some minor caveats  
22 here.

23 One, we don't believe -- it wasn't clear earlier  
24 the midterm review should be moved up earlier. We think  
25 that would send a very bad signal to the current

1 deployment and investments occurring in the market just as  
2 we're accelerating adding that sort of start-stop to the  
3 program.

4           Some of the considerations around the amendments,  
5 particularly the Section 177 States, is in a way one of  
6 the many items that ARB put forth during the 2012 adoption  
7 of clean car standards to help with Section 177  
8 transition. So additional elements that were added  
9 include provisions such as allow continuing allowance of  
10 banking, the travel provisions being extended for the  
11 BEVs, as well as fuel cell vehicles, the GHG  
12 overcompliance provision as well.

13           And I will mention that if you look at the credit  
14 market data, not only does it show the industry is  
15 overcomplying, but they have an enormous safety net of  
16 banked credits accumulated. Those banked credits are  
17 probably enough to get through the 2017 requirements  
18 alone, depending on the strategy, the auto maker chooses.  
19 However, that is precisely helping auto makers with that  
20 transition to that accelerated rate of beyond 2018. And  
21 that is one of the design -- numerous design features  
22 added to the program to essentially allow for that  
23 transition to happen in as smooth a manner as possible.

24           Finally, I'd like to comment a little bit on this  
25 debate over the fast -- the battery swapping issue. You

1 know, it does remind me of the BEVx discussions earlier  
2 last year about really bringing to the table data before  
3 crediting. And if ARB does consider sort of the options  
4 around the Tesla proposal, we would ask that data -- that  
5 information that actual demonstration of the extended use  
6 of those vehicles, emiles, be demonstrated in a manner  
7 that's consistent with sort of the principles established  
8 with the BEVx question that came up with BMW last year.  
9 Thank you.

10 CHAIRPERSON NICHOLS: Thank you.

11 Will Barrett.

12 MR. BARRETT: Good morning. My name is Will  
13 Barrett with the American Lung Association of California.

14 We do support moving forward with a strong ZEV  
15 program and believe that the amendments today help to  
16 clarify the path forward.

17 In just for the past few weeks, we heard new  
18 research about the role of air pollution in causing lung  
19 cancer and in traffic pollution contributing to thousands  
20 of deaths in California in tens of thousands of deaths  
21 across the nation.

22 This new research does underscore the importance  
23 of the ZEV program moving forward and the importance of  
24 the actions taken by the states today. The amendments  
25 help to ensure that manufacturers continue to produce the

1 vehicles that we need to clean the air and ensure these  
2 vehicles are deployed in states across America that are  
3 working to support the program, the market, and cleaner  
4 air.

5           On the issue of the battery swapping, the  
6 crediting issue related to this is important to review in  
7 light of the lack of on-the-ground demonstration. Credits  
8 that don't result from the direct placement of vehicles  
9 certainly deserve more careful review to ensure that the  
10 program is not generating credits that aren't based on  
11 real world results. So companies that are looking for  
12 these types of credits should be required in the future to  
13 demonstrate on-the-ground results if they are to receive  
14 these types of credit in the future.

15           We also do encourage the Board to maintain the  
16 course of the ZEV program as it stands. We don't think  
17 that basically that minor reviews along the way are  
18 important to strengthening the program. But maintaining  
19 the current review schedule and the stringency is critical  
20 to long term success and cleaner air for Californians. We  
21 can't afford any starts and stops in the programs at this  
22 stage as the market moves towards commercialization.

23           An early review is premature given today's  
24 announcement by the states and the growing sales in the  
25 ZEV category.

1           Also within the intermediate manufacturers'  
2 concerns that we've seen in the letters -- I know they're  
3 going to speak after I do. We just want to say that if  
4 flexibility is discussed going forward, we want to be  
5 involved in that discussion to ensure that the  
6 manufacturers comply with all current regulations and the  
7 overall program isn't delayed or weakened in any way based  
8 on any of that.

9           So in closing, we do look forward to working with  
10 the staff on strengthening and improving the ZEV program  
11 going forward. We think that the current review schedule  
12 is critical to keep, and we can't afford to step back from  
13 the program overall. The clean air benefits of this  
14 program are well known and we applaud the work of the  
15 staff and the states that was announced today to make sure  
16 that that happens. So thank you very much.

17           CHAIRPERSON NICHOLS: Thanks, Will.

18           Okay. Now I understand that we have five  
19 representatives who are part of a coordinated  
20 presentation. This reminds me of one of those tests. If  
21 somebody asked you what do Mitsubishi, Subaru, Volvo,  
22 Mazda, and Jaguar/Land Rover have in common, what would  
23 your immediate answer be if you didn't know anything about  
24 the ZEV program? I don't know. But they are all  
25 companies that are intermediate volume manufacturers under

1 our definition. So we look forward to your presentation.

2 MR. PATTERSON: Thank you very much, Chairman  
3 Nichols and Board members. Welcome. Good morning.

4 My name is David Patterson, Chief Engineer of the  
5 Mitsubishi Motors R&D of America. And I'm the first part  
6 of the comments of our joint comments of the intermediate  
7 volume manufacturers which includes Jaguar/Land Rover,  
8 Mazda, Subaru, and Volvo cars.

9 Our group has met numerous times over the last  
10 six months. We've identified some issues that are unique  
11 to manufacturers of our size and some possible regulatory  
12 solutions.

13 First, a little history.

14 --oOo--

15 MR. PATTERSON: Our companies have complied  
16 historically with the ZEV mandate using partial zero  
17 emission vehicles. These conventional vehicles, clean,  
18 super low emission vehicles emit one-tenth emissions of  
19 standard low emissions vehicle. Our five companies  
20 overall have sold almost 700,000 cars in the state of  
21 California between the years 2004 and 2011. Of these  
22 vehicles, over a quarter million of these vehicles have  
23 been these super low emission vehicles. And all total,  
24 this has reduced the emissions in the state of California  
25 by 1,100 tons of NMOG compared to a low emissions vehicle.



1                   --o0o--

2                   MR. PATTERSON: Looking at this graph of  
3 vehicles, you can see here both the overall vehicle sales  
4 and the ZEV credits, the gold credits that have been  
5 given.

6                   Two things stand out. Number one, the  
7 intermediate volume manufacturers are significantly  
8 smaller than the other OEMs. We're about -- all total, we  
9 are about five percent of the total market volume in the  
10 state of California.

11                   And the second thing is few, if any of us, have  
12 any gold credits. As an IVM, we are focused on selling  
13 PZEVs instead of accumulating gold credits under special  
14 provisions.

15                   Considering the announcement this morning, we  
16 believe it is critical to prepare for 2026 where we  
17 believe that the IVM category will cease to exist. And we  
18 will be competing with all the other manufacturers on a  
19 level playing field.

20                   Therefore, we believe an ordinarily and voluntary  
21 progression is needed to allow us to develop and  
22 commercialize the needed technologies.

23                   And similar provisions to accumulate those  
24 credits are necessary for sustainable compliance programs.  
25 So with the Board's approval, we would like to work with

1 staff to develop a suitable program in return in 2014 with  
2 a proposal. Now I'd like to introduce Davis Barker of  
3 Subaru to continue.

4 MR. BARKER: Thanks, Dave.

5 --o0o--

6 MR. BARKER: Thank you, Chairman Nichols and  
7 Board members for the chance to speak today.

8 I'm David Barker, Energy and Environmental  
9 Activities Manager with Subaru.

10 Today, I also speak in cooperation with these  
11 other four IVMs. Almost two years ago, the Advanced Clean  
12 Car Rule significantly changed the sales threshold which  
13 defines an IVM. At that time, several Board members  
14 raised the concerns that the effects of this change should  
15 be monitored to avoid any unintended consequences.

16 One such unintended consequence will be that some  
17 smaller more unique manufacturers, such as Subaru, will be  
18 shifted into the large volume manufacturer category far  
19 ahead of their capability and R&D capacity.

20 Looking at world-wide sales, revenue,  
21 profitability, dealer and network size, these  
22 manufacturers have far more in common with the remaining  
23 IVMs than any of the LMVMs. For these smaller companies  
24 being subject to the full ZEV LVM requirements could be  
25 devastating and encourage the use of short-cuts to only

1 hopefully achieve compliance with the requirements. That  
2 type of strategy would not support the policy intents of  
3 the ZEV program.

4 IVM companies are working to overcomply with the  
5 current LEV III and GHG regulations and should be  
6 encouraged to develop unique and innovative ZEV  
7 technologies that can fully differentiate our brands in  
8 the marketplace to foster healthy competition. Some form  
9 of transition period to full LVM status to the smaller  
10 OEMs that fall within the new more stringent sales  
11 criteria. Encourage the deployment of unique and  
12 competitive ZEV products. Creating a transition period  
13 creates a chance for these IVMS to offer a more valuable  
14 contribution to the diverse ZEV market to California and  
15 its consumers. The IVM's request that the Board direct  
16 the ARB staff to investigate this issue with us and to  
17 bring proposal to the Board in 2014.

18 MS. YEHL: Thank you, Chair Nichols and Air  
19 Resources Board members. My name is Katherine Yehl, and  
20 I'm Director of Government Affairs North America for Volvo  
21 Car Group.

22 I'd like to speak to you today about --

23 --o0o--

24 MS. YEHL: Call your attention to this slide.  
25 It's a good graph to show how 43 -- state of California

1 averages 43 dealers for us as IVMs. But in the states of  
2 Vermont and Rhode Island, we average two or three.

3 So as you can see, this presents a problem with  
4 this fewer number of dealers. Section 177 states will  
5 make it difficult to meet ZEV requirements without credit  
6 pooling for us.

7 I think it's important to note that dealerships  
8 are independently owned and can determine themselves which  
9 vehicles they chose to substantially. For example, Volvo  
10 has only two dealers in the state of Vermont. So if one  
11 of those dealers chooses not to sell EVs due to lack of  
12 consumer demand or infrastructure, it makes it very  
13 difficult to comply on a state-by-state basis.

14 Under the current regulation, ZEVs are eligible  
15 for the interstate travel provision. Anna noted this  
16 morning. This allows manufacturers to meet their  
17 obligation by combining credits obtained in all ZEV  
18 mandate states. This travel provision ends in 2017. At  
19 the same time, IVMs must produce ZEV technology not only  
20 in the California, but in 177 states adopting the 2018  
21 reg.

22 Next slide.

23 --o0o--

24 MS. YEHL: So given this scenario and the fact  
25 that there are some 177 states with fewer IVM dealers, it

1 will be a challenge. Therefore, we've been meeting with  
2 the 177 states and will continue to meet with them on an  
3 ongoing basis. But in the mean time, the IVM companies  
4 request that the Board direct the ARB staff to review this  
5 issue and bring a proposal to the Board in 2014.

6 Thank you.

7 MR. RYAN: Good morning, Chair Nichols and Board  
8 members.

9 My name is Daniel Ryan. I'm the Director of  
10 Government and Public Affairs at Mazda North American  
11 Operations. I, too, appreciate the opportunity to speak  
12 to you this morning as part of this IVM group.

13 --o0o--

14 MR. RYAN: One of the issues that affects the  
15 IVMs and, indeed, effects every auto company is the credit  
16 recovery period for ZEV deficits. The current ZEV  
17 regulations in the advanced clean car program require any  
18 deficit for ZEV credits be made up within the one year.  
19 There is an extremely difficult thing to accomplish. All  
20 OEMs report their model year sale results and credit  
21 balances in May of the following year. Given that auto  
22 makers traditionally begin scales of the model year prior  
23 to the calendar year, the sales of the model year  
24 following the deficit is nearly complete before the  
25 deficit may be realized. This makes it impossible to make

1 adjustment to the vehicle design and nearly impossible to  
2 make any changes to our sales strategies in order to hit  
3 our credit requirement.

4 The ARB staff appears to have acknowledged this  
5 problem in the same Advanced Clean Cars Program ARB allows  
6 five years for a manufacturer to cover any shortfall in  
7 greenhouse gas credits.

8 In addition, under the U.S. EPA Federal  
9 Greenhouse Gas Program, three years are allowed to cover  
10 any deficit. The additional time allowed in the ARB and  
11 EPA GHG programs reflect the need for flexibility in  
12 attaining challenging goals.

13 Given the challenges that many unknowns  
14 surrounding the development, introduction, and marketing  
15 of advanced technology vehicles which incorporate a  
16 significantly different user experience from our current  
17 technology, it seems that a one-year limit to resolve any  
18 credit deficits is overly stringent and unnecessary.

19 In the end, the same number of advanced  
20 technology vehicles will need to be introduced, whether  
21 the period is one year or extended to three or even five  
22 years.

23 One year for ZEV credit deficit recovery is too  
24 stringent. We request that the Board direct the staff to  
25 review this issue to better align with other programs and

1 to bring a proposal to the Board in 2014. And with that  
2 to conclude our presentation, I will hand it over to  
3 Clinton Blair.

4 MR. BLAIR: Thanks, Stan. Good morning everyone.

5 I'm Clinton Blair, Vice President of Government  
6 Affairs for Jaguar/Land Rover North America. It's an  
7 honor to be here with you today.

8 Just a quick note about Jaguar/Land Rover. You  
9 may know us for our line of SUVs, sports cars, but what  
10 you may not know is that we're making great strides to  
11 improve fuel economy and various changes to our product  
12 portfolio, which get us on the path towards  
13 electrification.

14 We've spent a lot of time talking with you over  
15 the summer, and we found it to be a very, very productive  
16 dialogue. We've spent a lot of time over the past  
17 six months talking with the staff. We see this very much  
18 as a constructive dialogue to share information about our  
19 companies, who we are. You've heard a little bit about  
20 the size of our companies collectively. We're less than  
21 five percent of the U.S. market. My company in particular  
22 is less than one percent of the U.S. market and less than  
23 one percent here in California.

24 So what we're asking you to do today is to direct  
25 the staff to continue this dialogue and look at potential

1 changes to the ZEV regulation for intermediate volume  
2 companies.

3 This is very much an important procedural gateway  
4 we see to continuing a discussion with a view towards  
5 implementing potential changes next year. So thank you  
6 very much for your time, listening to us. We really  
7 appreciate the open door that we've had, not only with the  
8 staff but with the Board members throughout the years.  
9 Thank you.

10 CHAIRPERSON NICHOLS: Thank you. And thanks for  
11 coordinating your presentation.

12 MR. HARTRICH: Good morning again. I'm Mike  
13 Hartrick representing Chrysler Group, LLC, manufacturer of  
14 the Fiat 500 electric vehicle.

15 I'm here today to express our support for the  
16 proposed ZEV amendments to the zero emission vehicle  
17 regulation. The ZEV program is very resource intensive  
18 and Chrysler appreciates the staff's efforts to implement  
19 the optional Section 177 State compliance path and to  
20 provide a more level playing field by maintaining a  
21 minimum ZEV credit requirement for all manufacturers.

22 Chrysler supports the proposed modification to  
23 the optional Section 177 State compliance path. Staff's  
24 proposals clarify and simplify the requirements of this  
25 compliance path and are consistent with the intent of the



1 agreement reached between OEMs and the Section 177 states.

2 Chrysler also supports staff's proposal to  
3 maintain a minimum ZEV credit requirement by capping the  
4 use of non-ZEV credit used to meet the minimum ZEV  
5 requirement. Specifically, Chrysler understood staff's  
6 intent to cap the use of non-ZEV credits at 50 percent  
7 when the rule was finalized in 2012, but special  
8 flexibility provisions could conceivably have allowed some  
9 manufacturers to comply without placing any pure ZEVs.  
10 Staff's proposal to place an overall 50 percent cap on  
11 non-ZEV credits will create a more level playing field and  
12 no competitive advantage some manufacturers may obtain  
13 through these provisions.

14 In summary, Chrysler supports staff's proposal  
15 not only provides greater clarity on the Section 177 State  
16 compliance path, but also provides a clear direction on  
17 minimum ZEV requirements.

18 Thank you. I'd be happy to answer any questions  
19 you have.

20 CHAIRPERSON NICHOLS: Thank you. That concludes  
21 the list of witnesses I had. I don't see anybody else  
22 coming forward. I think we can wrap up the public hearing  
23 part of this and move to forward questions, discussion, et  
24 cetera.

25 I don't detect any opposition actually to the

1 staff proposed amendments other than the battery swapping  
2 piece. And I would say I'm sure each of you has been  
3 thinking about this and many of you have had an  
4 opportunity to meet with the representatives of industry,  
5 including Tesla. I'm not prepared to close that item off  
6 yet. I just think we're not ready to say that we're  
7 prepared to support where the staff was on the battery  
8 swapping issue. So this may save us a little bit of time.

9 I would like to see us send that one back to  
10 staff to work on as part of the 15-day amendments. I see  
11 some head nodding on that with some clarification about  
12 what they should be looking at. I think that the issue  
13 here is that we are looking for ways to increase the  
14 market for battery electric vehicles or electric vehicle  
15 ZEVs, fuel cells, et cetera. And we came up with this  
16 idea which seemed interesting at the time, but the reality  
17 is that we don't actually have -- we have an idea. We  
18 have an announcement maybe, but we don't actually have a  
19 program yet in place. So I would like to see us make sure  
20 that if we do continue this option for credits that it has  
21 some criteria associated with it that makes sure it's  
22 actually accomplishing something other than just  
23 generating credits, which generating credits is what  
24 people wants but also has to be tried to actually getting  
25 us to the goal.

1           I don't have anything much more prescriptive than  
2 that, but I think Dr. Sperling may. So, Dan, I'll call on  
3 you.

4           BOARD MEMBER SPERLING: I sort of agree with what  
5 you just said. I mean, I think I sympathize quite  
6 strongly with the staff position on this. I mean, if you  
7 look at the research, if you look at commercialization,  
8 activities, if you just do it analytically, it's an option  
9 that looks like it really only makes sense in fleet  
10 operations. You know, maybe in some extreme situations it  
11 might happen in like an island economy. But sometimes we  
12 talk about California as an island economy, but I don't  
13 think it meets the definition in this case.

14           So I would say that going back they should be --  
15 I mean, someone talked about not shutting the door. Well,  
16 I think we should shut the door 90 percent. In other  
17 words, make it really hard for anyone to qualify for it.  
18 There is a lot of ways to abuse this. Even if you have a  
19 rule that says, well, if you do a certain number of swaps,  
20 then you get credit. But you can imagine a scenario where  
21 you bring in your car for just maintenance and they just  
22 swap out the battery as part of their maintenance and call  
23 that a battery swap.

24           So there's -- you know, people can get very  
25 creative on these things. And the credits are worth so

1 much money. And what we're doing by having those credits  
2 is we are actually reducing the number of ZEVs out there  
3 because those credits are replacing actual cars.

4 So I think that, you know, better place went  
5 belly up and there's no one else out there. Tesla is an  
6 idea mostly for them. They're doing a little  
7 demonstration, and it's hard to imagine that Tesla  
8 actually being in a fleet operation.

9 CHAIRPERSON NICHOLS: May I just quickly say what  
10 I had thought we were talking about here -- and I just  
11 want to make sure we're talking about the same thing -- is  
12 that Tesla was suggesting that they would build a network  
13 of facilities where people would do this, and this would  
14 be a way of, in effect, extending the electric vehicle  
15 highway to deal with -- show you could deal with the issue  
16 of how you take your plug-in vehicle on a long trip. And  
17 given that California is a long state with lots of miles  
18 to cover, if they were up for doing that -- and I realize  
19 as you just said, better place to try this and, you know,  
20 wasn't able to really make a financial go of this. But if  
21 that were a viable option, that would be something that  
22 would be quite dramatic.

23 BOARD MEMBER SPERLING: I just have one thought  
24 on that. I'll all for innovation. If it was any other  
25 company than Tesla, I would be very, very antagonistic.

1 But Tesla has done a great job in so many ways. But the  
2 reality is there are fast chargers. So the battery swap  
3 reduces the time from 20 minutes to a few minutes. Yes,  
4 that has an advantage, but it's not like this is creating  
5 a whole new market. They've come up privately with some  
6 scenarios that are really minor-type opportunities, but  
7 there's just no -- it's hard to see any way that that's  
8 really going to be an important option. So that's why I  
9 just say whatever criteria we accept, the staff works on  
10 should be very biased in the direction of being  
11 skepticism.

12 CHAIRPERSON NICHOLS: Okay. So I have Serna,  
13 Mitchell, and then I have to turn my head in the other  
14 direction and go with you. Yes.

15 BOARD MEMBER MITCHELL: I'm supportive --

16 CHAIRPERSON NICHOLS: Wait a second. Hold on. I  
17 recognized Mr. Serna first.

18 BOARD MEMBER MITCHELL: I'm sorry.

19 BOARD MEMBER SERNA: Thank you, Madam Chair.

20 First of all, I want to thank staff for all the  
21 hard work that's gone into your recommendation and  
22 certainly the time and energy that industry has expressed  
23 their concerns and their desires.

24 I'm going to tend to agree with the Chair on  
25 this. Certainly, I don't pretend to have the knowledge

1 that Dr. Sperling has relative to alternative propulsion  
2 systems and the like and the technology in general that go  
3 into zero emission vehicles.

4 But I'm getting a sense that this is one of those  
5 instances when you're debating equity and rulemaking  
6 policies where you don't necessarily want to discourage a  
7 different approach that I think gets you to the same  
8 objective. And that's why I think, you know, a fast  
9 battery swap component here is at least worth exploring a  
10 little further.

11 And I understand in the testimony the need for  
12 data and information relative to the advocacy of doing  
13 that to get us to that same objective. So I think what  
14 I've heard at least from Tesla is that, you know, they  
15 hope to expand the infrastructure for battery swap, not  
16 only to serve their customers, but also to demonstrate,  
17 quite frankly, to the public and to the ARB, staff, that  
18 it can work.

19 So I'm inclined to support what I think I'm  
20 hearing from Chairman Nichols. And while I certainly am  
21 very respectful of some other opinions that have been  
22 expressed about the concern of cracking open the door with  
23 10 percent or 90 percent, I think this is again one of  
24 those instances where we ought to not get too monolithic  
25 too quickly on just one approach to how we're going to

1 look at the future of infrastructure for zero emission  
2 vehicles in California.

3 CHAIRPERSON NICHOLS: Thanks.

4 Okay. I have Mitchell, Gioia, Riordan, De La  
5 Torre.

6 BOARD MEMBER MITCHELL: Am I next?

7 CHAIRPERSON NICHOLS: You're next.

8 BOARD MEMBER MITCHELL: And I would agree with  
9 Chair Nichols on this matter as well. What we are looking  
10 at I think today is a revolution in electrification of  
11 transportation as well as other kinds of zero emission  
12 vehicles. And Tesla has been innovative in that field.  
13 But I think we should not narrow our focus to just Tesla,  
14 because as a developing market, we've heard from a number  
15 of intermediate volume manufacturers this morning that are  
16 just starting up. Maybe they would develop a car that  
17 would be easily adapted to battery swap kind of  
18 technology.

19 And so we should be mindful that there are other  
20 developers out there in the field that can come up with  
21 cars that may utilize this kind of technology.

22 I do think, however, that before we would give  
23 credit for such a technology, it should be a technology  
24 that is in use. And there should be benchmarks that we're  
25 looking at as to whether or not we give credit.

1           The other thing we could look at is whether we  
2 give full credit. Maybe we give a half a credit for that  
3 or less than a full credit. Because it implements our  
4 goal, but it isn't maybe the main path to get to our goal.  
5 So that's another way that we might consider this  
6 technology.

7           But I think we shouldn't close the door, because  
8 we should be embracing all kinds of new technologies that  
9 come to us. This is an age of technology. Sometimes  
10 government is too slow and doesn't keep up with  
11 technology. But I think in our case, sometimes we're  
12 ahead of the technology. We're forcing technology. So  
13 there is a balance to be had between what we do as the  
14 regulators and the stakeholders that we are helping to get  
15 to our goal.

16           CHAIRPERSON NICHOLS: Supervisor Gioia.

17           BOARD MEMBER GIOIA: I don't want to repeat what  
18 others have said. I do agree that we should be at this  
19 point technology neutral and that allows us the  
20 opportunity to incentivize the full range of actions that  
21 could really get us to our goal.

22           So maybe -- I thought it was interesting. In  
23 addition to the Tesla comment letter, Nissan made a  
24 similar comment in their letter that if we do this, we'd  
25 look at a metric related to the actual use. I think this



1 idea that's in common in both it be available and in use  
2 and that's the direction we provide to staff, that they  
3 look at that sort of dual standard, that it's available  
4 and in use and develop some criteria to come back to us.  
5 So that would be what I would support.

6 CHAIRPERSON NICHOLS: Mrs. Riordan.

7 BOARD MEMBER RIORDAN: I would also support that  
8 very thing, which I think your initial response was, Madam  
9 Chair.

10 Also, just to add on in another way, the request  
11 of the intermediate volume manufacturers, which I  
12 recognize is out of the scope here, but I think for them  
13 to begin to work with staff, I would certainly support  
14 your efforts in trying to understand what they are doing,  
15 how they can be successful in this. And if they have  
16 special considerations because of their size and because  
17 of their research and development, which may be behind  
18 some of the bigger manufacturers. So I just add that as a  
19 side bar.

20 CHAIRPERSON NICHOLS: Thanks.

21 Okay. And Mr. De La Torre.

22 BOARD MEMBER DE LA TORRE: Thank you, Madam  
23 Chair.

24 The first points on the battery swapping, just in  
25 general, I think -- I don't know -- this was the first

1 time I've heard of the situation where credits are being  
2 given for any one of our programs that we've got that are  
3 based on a hypothetical. And so it was concerning to me  
4 to hear that on the possibility that something would work  
5 we were allocating credits.

6 CHAIRPERSON NICHOLS: I don't think we have yet.  
7 Nobody has actually earned any credits.

8 BOARD MEMBER DE LA TORRE: So it could qualify  
9 once -- whatever that trigger is, not just in this area,  
10 but in any area, we shouldn't be doing that. And so I  
11 think that threshold is extremely important to  
12 Ms. Mitchell's point earlier.

13 So I think it's very important that we see it out  
14 in the real world and then credit it accordingly in terms  
15 of how much usage it's actually getting, not just because  
16 it's out there. Do you get --

17 CHAIRPERSON NICHOLS: And I guess I would say  
18 that, you know, just building a car that is capable of  
19 having its battery removed quickly isn't exactly what I  
20 have in mind. If you're really going to do battery  
21 swapping, you have to build out a network of facilities  
22 where this can happen, which could be a massive investment  
23 and frankly maybe beyond the capacity of any individual  
24 car manufacturer to really do. I don't know if it's going  
25 to happen.

1           BOARD MEMBER DE LA TORRE: So again, tied to  
2 reality and to people's real experience with that vehicle  
3 or those kinds of vehicles.

4           Second point is that we should be technology  
5 neutral. We should set a standard. If it's time and  
6 usage, then that's the standard. And whoever meets that  
7 standard gets to get the credits. And we shouldn't be  
8 getting involved in this technology versus that  
9 technology. Just flat out, if it's time and usage for  
10 that vehicle, then that's it. And staff has to come up  
11 with wonderful ways to measure that. But --

12           CHAIRPERSON NICHOLS: Haven't done it yet. Why  
13 not? It's been two hours.

14           BOARD MEMBER DE LA TORRE: I think that's very  
15 important.

16           And then finally to Mrs. Riordan's comments on  
17 the IVMs, I think if it gets us where we were going to get  
18 at the end of the time frame and there are slight  
19 adjustments along the way, I'm okay with that because it  
20 gets us where we're supposed to be at the end of the day.  
21 So I think there should be a dialogue there.

22           Again, based on staff's analysis that we are  
23 meeting all of the metrics in terms of emissions  
24 reductions, et cetera, throughout that time, then we'll  
25 have that conversation.

1           CHAIRPERSON NICHOLS: So I'd like to turn to that  
2 point before we come back to sort of pulling this all  
3 together.

4           Could I ask, I guess, Alberto to comment on this  
5 issue of the intermediate volume manufacturers. I know  
6 they pulled together this proposal essentially at your  
7 request to come up with something. But that doesn't mean  
8 that you're completely in agreement with everything that's  
9 in the proposal. And I'd like to know what the state of  
10 discussions and when you'd be ready to bring something  
11 back.

12           DEPUTY EXECUTIVE OFFICER AYALA: I do want to  
13 acknowledge them for making our job a little easier  
14 because when we first started the discussions, it was five  
15 different OEMs coming to us with five different proposals.

16           So to your point, Chairman Nichols, we basically  
17 said, can you see if you can work together and get to some  
18 common ground that can be more manageable for us. And I  
19 do want to acknowledge that they, in fact, did that.

20           The second thing I'll say is we are in  
21 agreement -- I think this is an area that we need to take  
22 a second look at. It's an area that I think you, as the  
23 Board, is going to want us to come back and report on. As  
24 we all realize today, we're trying to achieve a balance.  
25 And the direction we got from you a little over a year

1 ago -- almost two years -- was that you wanted to be more  
2 inconclusive so that as many manufacturers that we could  
3 bring into the ZEV program, the staff go and do that.

4 But as you heard today, the manufacturers face  
5 different realities and challenges. And I think it's only  
6 fair for us to commit to doing our part, and we will  
7 continue to work with them. We will continue to have  
8 dialogue.

9 As you can imagine, even though they are  
10 proposing and making a request directly to you, everybody  
11 else is going to have a say in terms of how we deal with  
12 the issue. So I think what we do need is to take a little  
13 time. We will continue the dialogue. We will provide  
14 information, go through a public process, and we'll come  
15 back to you next year on our regularly scheduled update to  
16 the Board to other items on the Advanced Clean Cars  
17 Program.

18 CHAIRPERSON NICHOLS: So you're thinking next  
19 fall?

20 DEPUTY EXECUTIVE OFFICER AYALA: That sounds  
21 about right.

22 CHAIRPERSON NICHOLS: Okay. Yes, Dr. Sherriffs.

23 BOARD MEMBER SHERRIFFS: Thank you.

24 CHAIRPERSON NICHOLS: And then --

25 BOARD MEMBER SHERRIFFS: Did I jump ahead of you?

1 BOARD MEMBER ROBERTS: No.

2 BOARD MEMBER SHERRIFFS: The battery discussion  
3 has been great, because it's brought up a lot of these  
4 little weedy issues that are so important in how things  
5 work.

6 You know, I think as we talk about availability,  
7 we're also talking about convenience. And our standard is  
8 looking what goes on currently in terms of how people  
9 refuel their transportation. And that's kind of the  
10 standard we're shooting for, whether it's with hydrogen or  
11 plug-in, with batteries. And swapping batteries at least  
12 at this point probably doesn't meet that. I think I need  
13 my mechanic to do that. I can't do it myself in 90  
14 seconds.

15 Now by the same token, we want to encourage that  
16 innovation. It's an encouragement for batteries to get  
17 smaller for us to be able to do those kinds of things  
18 ourselves. If we can swap batteries, we can charge them  
19 at times that make more sense with the grid and make them  
20 more available. So there is lots of benefits. There is a  
21 lot to think about here. We could pull this battery thing  
22 out. Or we could leave it in and accept the staff  
23 recommendation, but direct staff to, indeed, continue this  
24 discussion and figure out how we want to go forward with  
25 it. Because I have a sense there is a general consensus

1 the way the battery thing is working now does not make  
2 sense. But we need to think how do we encourage  
3 innovation that, in fact, is not ready. It's not out  
4 there. But we're trying to get it to see if it can become  
5 a real alternative. So a thought.

6 CHAIRPERSON NICHOLS: Okay. Mr. Roberts.

7 BOARD MEMBER ROBERTS: Thank you, Madam Chair.

8 I think since everybody is weighing in on this,  
9 I'll associate my own comments closer to what Dan said.  
10 I'm very skeptical of this.

11 BOARD MEMBER SPERLING: That's twice now.

12 BOARD MEMBER ROBERTS: In how many years?

13 BOARD MEMBER SPERLING: Seven years.

14 BOARD MEMBER ROBERTS: But I was very reluctant  
15 to say that.

16 (Laughter)

17 BOARD MEMBER ROBERTS: So I hope it's not a  
18 trend.

19 But I have great misgivings about this and just  
20 the practical nature of it. It seems to me it's going to  
21 require a whole new ownership pattern where the companies  
22 own the batteries themselves. Otherwise, everybody who's  
23 got a pretty used battery pack is going to go in and want  
24 to have it charged, get rid of it and get something newer  
25 for the cost of the charge.

1           None of it makes -- there is a practical side.  
2           It's not just imagining that you can do something. There  
3           is a practical -- when I visited Tesla, I asked what does  
4           the business model look like. Nobody knows, because I'm  
5           not sure there is a practical sustainable business model  
6           that's out there.

7           CHAIRPERSON NICHOLS: There are a lot of Teslas  
8           out there though and people are lining up to buy them.

9           BOARD MEMBER ROBERTS: I'm not talking about the  
10          car. I'm talking about the battery swap. The battery  
11          swap.

12          And I've heard -- over the years, we've always  
13          heard things that are possible. You know, do some more  
14          work on it before we talk about credits. Because I think  
15          the practical nature of doing it is going to be far more  
16          difficult than just imagining it.

17          I'm wondering on the -- I think your suggestions  
18          are good to continue the discussions with the intermediate  
19          level manufacturers. But what is this in terms of the  
20          deadlines as they are there today, what does this do?  
21          We're putting them in a suspended animation state in a  
22          sense.

23          DEPUTY EXECUTIVE OFFICER AYALA: Well, there is a  
24          practical -- there is a practical need that we need time  
25          to work on this. I think they realize that. And in the



1 discussions that we've had with them, I think they're  
2 understanding and on board with the fact that if we get to  
3 work tomorrow -- or actually tomorrow is the Board  
4 hearing -- but maybe Monday, if we get to work on Monday  
5 with them, we can come back with a sensible what we hope  
6 to be a solution next year and that provides enough time.

7 Historically, we have provided a couple year lead  
8 time to manufacturers. And again, I think the critical  
9 commitment we're making is that we're not going to go  
10 silent on this. We're going to engage with them and let  
11 them know what we're thinking in terms of a possible  
12 solution. I think they'll be okay in terms of timing.

13 BOARD MEMBER ROBERTS: You think the year is not  
14 going to put them -- after that year up against something  
15 that is --

16 DEPUTY EXECUTIVE OFFICER AYALA: They've shared  
17 with us a request that if we come back with what we hope  
18 to be a solution next year, they will be okay with that.

19 CHAIRPERSON NICHOLS: Okay. I had Dr. Balmes  
20 first and then --

21 BOARD MEMBER BALMES: I don't want to spend a lot  
22 of time with my comments because I agree with a lot of  
23 what's been said already.

24 And unlike Supervisor Roberts rarely agreeing  
25 with Dr. Sperling, I often agree with Mr. De La Torre.

1 And I just wanted to emphasize I thought he hit the nail  
2 on the head with regard to the battery swap. He was  
3 calling for strong metrics for in-use demonstration and  
4 for a technology-neutral approach. I don't think we  
5 should be focusing -- right now, it's one single company  
6 that we're basically dancing around.

7 I'm also, like the Chairman, very impressed with  
8 what Tesla has done. But I also don't think they should  
9 be getting credits for vehicles that are for an idea  
10 that's not in use. But if they can get there, with a  
11 strong metric, I think that's fine.

12 And I agree with Ms. Mitchell that we should keep  
13 the door open for other folks that might want to innovate  
14 in this regard. I'm for a strong metric, but I think we  
15 should keep the door open.

16 With regard to the IVMs, I think Mr. De La Torre  
17 hit the nail on the head. And I'm really pleased that  
18 staff has been working with the IVMs. I think it's how  
19 this agency works best when we're dialoguing with  
20 stakeholders to try to come up with something that's  
21 both -- meets our needs in terms of controlling emissions,  
22 both of criteria pollutants and greenhouse gases and also  
23 doesn't kill business that is good for our economy.

24 CHAIRPERSON NICHOLS: Okay. Thank you.

25 Last words.

1 BOARD MEMBER GIOIA: In the interest of trying to  
2 make a motion, what I would do, given sort of listening to  
3 some of this -- now speaking to the Resolution itself,  
4 which is separate from the IVM, which is separate  
5 direction -- is move the Resolution with the exception of  
6 the portion that removes the battery swap, but provide  
7 direction that staff come back as quickly as possible with  
8 an alternative proposal that addresses the credit being  
9 available on a technology neutral basis for -- it has to  
10 be available and in use. But I just want to put those  
11 metrics out there there may be some additional -- we do  
12 not go forward with removing the battery swap, but provide  
13 the direction that it be available in use with that  
14 concept and have staff come back as quickly as possible.

15 CHAIRPERSON NICHOLS: So the way we normally do  
16 that is through the 15-day changes process, which doesn't  
17 actually come to the Board as long as it meets the overall  
18 criteria that the Board has adopted. So if that was  
19 acceptable to you, that would get it done --

20 BOARD MEMBER GIOIA: Right.

21 CHAIRPERSON NICHOLS: -- more quickly.

22 BOARD MEMBER GIOIA: Right.

23 CHAIRPERSON NICHOLS: So you understand that.

24 Is there a second?

25 BOARD MEMBER RIORDAN: Second.

1           CHAIRPERSON NICHOLS: I have a couple of them. I  
2 could really like to say by the way I agree with  
3 everybody.

4           BOARD MEMBER SPERLING: I do want to say  
5 something before you finish the whole --

6           CHAIRPERSON NICHOLS: On that item? On other  
7 things?

8           BOARD MEMBER SPERLING: On the IVM and on some  
9 broader --

10          CHAIRPERSON NICHOLS: Broad thoughts. Well, we  
11 should have some wrap up broad thoughts before we vote  
12 then, I guess.

13          Are there other issues that people wanted to  
14 see -- yes, Ms. Mitchell.

15          BOARD MEMBER MITCHELL: Yes. I wanted to also  
16 comment on a couple of statements we heard here this  
17 morning.

18          Eileen Tutt mentioned looking in the future at  
19 zero emission miles. I think that's something we ought to  
20 be considering because we're ignoring the present protocol  
21 that there are cars out there that are getting almost zero  
22 emission miles. They only use the gasoline engine for a  
23 tiny fraction of the miles traveled, and I think that's a  
24 concept that we need to look at again. And I'm new on the  
25 Board, so I'm kind of -- I don't know the history.

1           CHAIRPERSON NICHOLS: You have zeroed in, to make  
2 a bad pun, on the fact that this is a program that is  
3 really evolved from a tailpipe emissions standard approach  
4 to a much more wholistic approach to dealing with  
5 greenhouse gases and conventional air pollutants and from  
6 a purely technology-forcing item in our standards to  
7 something that also is really helping to drive the  
8 standards themselves.

9           So this is something that's kind of under  
10 constant review, I would say, in some ways and will be  
11 part of the thinking going forward. I think -- and it's  
12 just symbolic of the fact that a good chunk of our time  
13 today has been spent on something that wasn't even part of  
14 the proposed amendments, but will be as we go forward the  
15 next -- it's going to be something we're going to be  
16 working on every year for a long time to come.

17           BOARD MEMBER SHERRIFFS: There is a group we  
18 talked a lot about that's not in the room and namely the  
19 dealers. There's an anecdotal and personal experience  
20 since that they're not in the game. And we're reminded  
21 again -- we need to think about how to engage them, where  
22 can the incentives, the encouragement come from to make  
23 them positive players in this. Because there is a big  
24 sense that at best they're neutral and sometimes they're  
25 very negative.

1           CHAIRPERSON NICHOLS: A lot happened last year.  
2 I hope that when we do our legislative update with  
3 Jennifer Gress she'll talk about this, too. The success  
4 that was so wonderful. We just are taking it for granted  
5 at the moment that we got SB 4 adopted and we have -- AB 8  
6 but that the coalition that we had put together, you know,  
7 held together. And we added more people and all the rest  
8 of it. There was an effort at the end to bring dealers  
9 into the discussion and it bore some fruit and certainly  
10 gave everybody some ideas of how we could do better at  
11 that engagement effort. So absolutely.

12           I'm going to let Dan make his closing comments,  
13 and I'm going to bring this to a vote.

14           BOARD MEMBER SPERLING: Some little things  
15 building up to the big.

16           So I would note that we spent a lot of time  
17 talking about one type of innovation. And there is many,  
18 many innovations that we need here and battery swapping I  
19 think is probably the least important of all of them. But  
20 I'll leave that there.

21           One little item that there was no discussion on  
22 is the transportation system credits that the staff  
23 recommended eliminating. I'm apprehensive about that.  
24 I'm not sure I want to do anything. Yesterday, when we  
25 had a meeting with the other states and activities in

1 other states, there was a lot of examples where they were  
2 using car sharing as a means of getting electric vehicles  
3 out there and getting exposure and experience. So I kind  
4 of think it's still a good idea. But no one spoke up for  
5 it, so I guess I'll let it go. I'll just go on record  
6 saying I'm apprehensive about it.

7           There was one other little item that I brought  
8 up, and that was the idea of the carry forward for credits  
9 in the ZEV program. And that it does not -- it's only  
10 one -- you have to meet the requirements in one year as  
11 opposed to with the greenhouse gas standards for the  
12 vehicles you have three years. And I thought that was a  
13 reasonable request for us to consider. So I think I'd  
14 like to put that on the table here, unless there's -- so  
15 I'd like to put that back on the table here.

16           BOARD MEMBER BALMES: Dan, just one second. A  
17 point of information. Are we eliminating the  
18 transportation system consider have credit? I didn't hear  
19 that. We're putting a cap on it; right?

20           SUSTAINABLE TRANSPORTATION TECHNOLOGY BRANCH  
21 CHIEF BEVAN: No. It was limited the 2012 rulemaking, and  
22 what we're doing is limiting how the caps work together in  
23 this rulemaking.

24           CHAIRPERSON NICHOLS: So to clarify, I think  
25 there is a misunderstanding.

1 BOARD MEMBER SPERLING: Can you translate that,  
2 please?

3 SUSTAINABLE TRANSPORTATION TECHNOLOGY BRANCH  
4 CHIEF BEVAN: In our 2012 rulemaking, we sunseted the  
5 transportation system credits. And what we're doing with  
6 this rulemaking is, along with all of the other caps,  
7 we're limiting how they apply in addition to each other to  
8 a maximum 50 percent of these other types of credits being  
9 used to meet the pure ZEV requirements.

10 BOARD MEMBER SPERLING: It's sunset. That means  
11 you can't get any credit; right? What does sunset mean?

12 AIR POLLUTION SPECIALIST WONG: Transportation  
13 system credit program, that exists through 2017 model  
14 year. So vehicles can be placed in transportation system  
15 credit programs right now.

16 We sunsetted it because the Board has directed us  
17 many times to stop giving extra things for not things that  
18 aren't vehicles and stop giving away credits. So in our  
19 effort to simplify the program, we actually removed  
20 transportation system credits after 2018 model year.

21 CHAIRPERSON NICHOLS: Meaning no new credits.

22 AIR POLLUTION SPECIALIST WONG: New credits.

23 CHAIRPERSON NICHOLS: The ones you have right now  
24 don't evaporate.

25 AIR POLLUTION SPECIALIST WONG: Correct. That



1 was something that was voted on last year and approved  
2 last year.

3 BOARD MEMBER SPERLING: Was I there?

4 CHAIRPERSON NICHOLS: You were, indeed.

5 BOARD MEMBER SPERLING: All right.

6 CHAIRPERSON NICHOLS: This is a problem with  
7 having professors on the Board.

8 BOARD MEMBER SPERLING: All right. So to take  
9 the IVM -- to resolve the IVM, I'd like to -- I want to  
10 just refine the request to the staff on the IVM that the  
11 staff consult with the stakeholders to develop some kind  
12 of transition path.

13 And I would say that something that -- some  
14 things that resonated with me are the idea of how can they  
15 generate some credits going forward that they didn't -- in  
16 a sense didn't have access to, as did the large vehicle  
17 manufacturers and could be for demonstration, putting  
18 vehicles in demonstration or something like that. I  
19 thought that was a reasonable idea.

20 And I had one other idea. I'll come back to it  
21 when my computer comes back on. I'll bring it to the  
22 closing thought here. And then there was a small item in  
23 there that the way it works now for the 177 states and a  
24 manufacturer has to put ZEVs on the road in 2016 and '17  
25 to be eligible for pooling after that. And given the

1 special circumstances I think it might be reasonable to  
2 delete that requirement for the IVMs, at least take that  
3 into consideration in the deliberations.

4           So the closing thought is a theme that a couple  
5 Board members picked up that I was delighted to hear, and  
6 this is e-mile idea. And, you know, we talked about that  
7 a couple years ago. I have to give Chairman Nichols  
8 credit. She might not even remember when she first joined  
9 the Board, she said can't be we more performance-based in  
10 some way on this thing? And that is the idea.

11           And as I listen to all these discussions about we  
12 get caught up in all these little rules and formulas.  
13 And, you know, in principle, it looks like an e-mile type  
14 concept would greatly simplify. We simplified in 2012,  
15 and this would be I think the next step in simplifying.  
16 It would make it a lot easier for us. We wouldn't even  
17 care about this fast charging or battery swapping. If  
18 they can get more e-miles, they get more credit and make  
19 it much more performance based.

20           So we're already -- you know, there is research  
21 going onto do the foundation of it. But I think when we  
22 do the midterm review, you know, just reinforces to me we  
23 really need to give that a lot of thought and back up,  
24 start thinking about how do you design something like that  
25 because it would be an important change.

1           But with the principle that we are strengthening,  
2 I think what we want to emphasize here, going forward,  
3 this program is -- you know, since we strengthen it in  
4 2012 is really on a good path forward. We're making a lot  
5 of progress. Industry is making a lot of progress. And  
6 the principle is anything we do is to strengthen the  
7 program -- reiterate that we are very committed to this  
8 going forward and that any designs that would come out of  
9 it would be in that sense.

10           Now having said that, I want to note that it  
11 could mean more PHEVs with big batteries especially. And  
12 as some of the data is suggesting, we don't know how  
13 generalizable some of it is. Some of the PHEV 20s and 40s  
14 and 30s and 50s might be getting more e-miles than a pure  
15 EV. We ought to be willing and open minded about that and  
16 think about what our real goal here is.

17           So on that note, we are doing a great job. This  
18 is really moving towards the transformation, the  
19 revolution. I think we should all be proud and happy.

20           It was great having the other states here as  
21 partners going forward, because this is only going to work  
22 if a lot of other cities and states are working with us on  
23 this.

24           CHAIRPERSON NICHOLS: Okay. I'm going to bring  
25 this to a vote, and I just want to clarify that what we're

1 voting on is the Resolution that was before us with the  
2 amendment that was offered by Mr. Gioia and that we're  
3 also giving direction to the staff to continue the work on  
4 the intermediate volume manufacturer issue with the goal  
5 of bringing them in as quickly as we can and under some  
6 sort of a regulated program to make sure that we continue  
7 our strong efforts to get everybody making zero emission  
8 vehicles as quickly as we possibly can. That's what the  
9 goal is.

10 I do want to note particularly just to reinforce  
11 what Dr. Sperling just said, that not only are we not  
12 backing off in any way on our progress on the ZEV program,  
13 we're here to celebrate the fact we're making progress and  
14 to figure out how to strengthen the program going forward.  
15 And that in particular, we're doing that in conjunction  
16 with our partners in the other ZEV mandate states and that  
17 together we will keep looking -- we'll continue to get  
18 annual reports on this program, but that we see no reason  
19 for any hesitation in terms of how we're moving forward in  
20 the review process, which is a very orderly  
21 technology-oriented, data-oriented process.

22 So with that, may I ask for --

23 BOARD MEMBER BERG: Madam Chair, I think we need  
24 another second because you added -- do we need --

25 BOARD MEMBER GIOIA: I hadn't originally included

1 it, but I'm fine with that. You included the direction on  
2 the intermediate, which wasn't originally part of my  
3 motion. But the language you stated sort of reflects I  
4 think the sediment here. So I will include it in the  
5 motion.

6 CHAIRPERSON NICHOLS: So we still have a second.

7 So all in favor please indicate by saying aye.

8 (Ayes)

9 CHAIRPERSON NICHOLS: Any opposed? Any  
10 abstentions? Terrific.

11 Thank you very much, staff.

12 And we're now going to take a break for lunch. I  
13 thing you're okay because we told the people here for the  
14 truck and bus rule we wouldn't start before 1:00, but we  
15 actually will not start at 1:00 either because I think we  
16 need an hour, close to an hour. So we will start up again  
17 at a quarter to 2:00.

18 (Whereupon a lunch recess was taken.)  
19  
20  
21  
22  
23  
24  
25

## 1 AFTERNOON SESSION

2 1:45 P.M.

3 CHAIRPERSON NICHOLS: The next agenda item is the  
4 update on implementing the truck and bus regulation.

5 And just to give a little bit of a background  
6 here while we're all assembling, in 2008, this Board  
7 adopted the truck and bus regulation as a cornerstone of  
8 California's efforts to reduce the public's exposure to  
9 toxic diesel particulate matter emissions and to meet  
10 federal ambient air quality standards.

11 This regulation achieves significant emission  
12 reductions from older trucks by requiring their retrofit  
13 or replacement. The regulation contains numerous  
14 provisions that provides some flexibility by giving  
15 credits to fleets that act early to install filters and to  
16 provisions that recognize small fleets, lower use,  
17 agricultural and construction vehicles, and vehicles that  
18 operate in rural areas of the state that already meet  
19 federal ambient air quality standards.

20 In 2010, the Board amended the regulation to  
21 provide additional flexibility and economic relief to  
22 affected fleets while still continuing to meet  
23 California's air quality needs. These amendments took  
24 into account that emissions were lower than expected  
25 because of the recession. The amendments provided the

1 most relief to small fleets where the first compliance  
2 requirement of installing soot filters was delayed by one  
3 year and the replacement truck requirements by eight  
4 years. Overall, these amendments were estimated to have  
5 reduced the costs of compliance by 60 percent.

6           Since January 2012, staff has been implementing  
7 the requirements of the regulation for larger fleets, and  
8 that has been a successful program. What makes this  
9 year's upcoming compliance date unique is that for the  
10 first time, small fleets of three or fewer trucks will  
11 need to be brought in compliance. Obviously, that's a  
12 challenge. Today, staff will update us on their efforts  
13 to date to implement the regulations as well as their  
14 plans to transition fleets through the regulation's  
15 upcoming January 1 requirements.

16           So with that broad background, I'm going to ask  
17 our Executive Officer Richard Corey to introduce this  
18 item.

19           DEPUTY EXECUTIVE OFFICER COREY: Thank you,  
20 Chairman Nichols.

21           Since the identification of the diesel  
22 particulate as a toxic air contaminant in '98 and the  
23 subsequent approval of the Diesel Risk Reduction Plan in  
24 2000, the Board has adopted a suite of in-use diesel fleet  
25 regulations to reduce the public's exposure to toxic

1 diesel particulate.

2           The truck and bus regulation represents the  
3 largest remaining increment of reductions to be adopted or  
4 rather achieved under the plan.

5           The regulation is also critical to providing  
6 important reductions in oxides of nitrogen, which is the  
7 key precursor of both ozone and fine particulates in many  
8 areas of the state. Diesel trucks and buses account for  
9 about 32 percent statewide emissions of NOx and about 40  
10 percent diesel particulate sources.

11           The regulation achieves emission reductions from  
12 older trucks by requiring the installation of soot  
13 filters, engine upgrades, replacing them with newer trucks  
14 that were originally equipped with exhaust aftertreatment  
15 controls.

16           The good news is that the vast majority of the  
17 260,000 trucks registered in California must comply with  
18 the requirements of the regulation already compliant.  
19 However, key remaining challenge is about 20,000 trucks  
20 still need a filter by the end of 2012, as mentioned. And  
21 nearly 15,000 of these are in small fleets of three or  
22 fewer.

23           For small fleets, January 1, 2014, is a critical  
24 milestone, because it's the first time at least one  
25 vehicle for each of these fleets need to become compliant.



1 At the same time, small fleets typically have least access  
2 to capital, creating additional challenges that will be  
3 discussed today.

4 In order to ensure a smooth transition for all  
5 fleets with the upcoming compliance date, ARB is  
6 implementing a multi-prong strategy that provides  
7 additional financial assistance opportunities to small  
8 fleet owners, continues a comprehensive compliance  
9 assistance program, and recognizes fleet's good faith  
10 efforts to comply with the regulations, which includes  
11 some flexibility.

12 For benefits of the fleets here today, we also  
13 assembled on the mezzanine deck a variety of vendors that  
14 can provide information on new trucks retrofits and loans.  
15 We also have ARB staff on hand to provide information  
16 compliance assistance and enforcement aspects.

17 I'll now ask Violet Martin of the Mobile Source  
18 Control Division to provide an update on the  
19 implementation of the truck and bus regulation with  
20 special emphasis on compliance pathways provided by our  
21 near-term implement station strategies.

22 So Violet.

23 (Thereupon an overhead presentation was  
24 presented as follows.)

25 AIR POLLUTION SPECIALIST MARTIN: Thank you, Mr.

1 Corey.

2 Good afternoon, Chairman Nichols and members of  
3 the Board.

4 Today, I will present an update on the  
5 implementation of the truck and bus regulation and how  
6 staff plans to transition fleets for the upcoming January  
7 1st, 2014, compliance milestone.

8 --o0o--

9 AIR POLLUTION SPECIALIST MARTIN: In today's  
10 presentation, I will provide background on the need for  
11 the regulation in terms of achieving ambient air quality  
12 standards and the health impacts associated with diesel  
13 emissions.

14 I will also provide an overview of the  
15 regulation's requirements and benefits.

16 Lastly, I will discuss strategies focused on what  
17 ARB is doing to assist fleets in transitioning into  
18 compliance as we approach the upcoming compliance date.

19 --o0o--

20 AIR POLLUTION SPECIALIST MARTIN: The U.S. EPA  
21 sets national air quality standards for pollutants  
22 considered harmful to human health, including ozone and  
23 fine particulate matter or PM2.5.

24 The figures on this slide show the non-attainment  
25 areas for both ozone and PM2.5 respectively. Two air

1 basins in particular, the South Coast and the San Joaquin  
2 Valley, are in non-attainment for both standards. These  
3 regions are required to attain the PM2.5 standard by 2014  
4 and the ozone standard by 2023.

5 --o0o--

6 AIR POLLUTION SPECIALIST MARTIN: A key strategy  
7 towards meeting these standards is reducing emissions from  
8 existing diesel trucks and buses operating in California.  
9 These vehicles represent about 43 percent of statewide  
10 diesel PM emissions and 29 percent of statewide NOx  
11 emissions from all diesel engines. Reducing emissions of  
12 both these pollutants from all sources is needed to attain  
13 and maintain air quality standards. Substantial  
14 reductions in emissions from trucks and buses are also  
15 critical to reduce the public's exposure to toxic diesel  
16 PM.

17 --o0o--

18 AIR POLLUTION SPECIALIST MARTIN: Federal clean  
19 air laws requires areas with unhealthy levels of ozone,  
20 PM2.5 and other criteria pollutants to develop attainment  
21 plans, known as State Implementation Plans. State  
22 Implementation Plans, commonly referred to as SIPs, are  
23 comprehensive plans that describe how an area will attain  
24 and maintain national ambient air quality standards.

25 In the 2007 Board-approved SIP, the State

1 committed to developing a suite of measures for attaining  
2 the national ambient air quality standards, or PM2.5, by  
3 2014 and ozone by 2023.

4           The largest share of new emission reductions in  
5 the 2007 SIP is expected from trucks. Trucks are an  
6 important component of the SIP because their inherent  
7 durability means they remain in operation for long periods  
8 of time. In some cases, this can mean a truck stays in  
9 operation for 30 years or more. Yet, as I will discuss  
10 shortly, emissions from new trucks produced today are at  
11 least 90 percent cleaner than trucks that were produced as  
12 recently as seven years ago.

13           In the near term, reductions from both NOx and  
14 PM2.5 are needed to meet the PM2.5 standard, while  
15 substantial additional long-term reductions of NOx are  
16 needed to meet the 2023 standard.

17           In 2012, U.S. EPA approved the regulation as an  
18 amendments to the 2007 SIP.

19                           --o0o--

20           AIR POLLUTION SPECIALIST MARTIN: In 1998, the  
21 Board identified diesel PM as a toxic air contaminant and  
22 in 2000 adopted the Diesel Risk Reduction Plan. The plan  
23 is intended to reduce the public's exposure to toxic  
24 diesel PM throughout the state and identifies strategies  
25 to reduce potential cancer risks by 85 percent by 2020

1 from the 2000 base line. The truck and bus regulation is  
2 a key component of the Diesel Risk Reduction Plan.

3 In addition to being a toxic air contaminant,  
4 diesel PM also poses other adverse health impacts,  
5 including increased hospital admissions, asthma rates,  
6 cases of acute bronchitis, and work days lost. In  
7 particular, those most at risk to the adverse health  
8 effects of diesel exhaust are children and the elderly.

9 --o0o--

10 AIR POLLUTION SPECIALIST MARTIN: Reducing diesel  
11 particulate matter is also important for meeting our  
12 climate change objectives because diesel engines are a  
13 significant source of black carbon. Black carbon  
14 contributes to climate change both directly, by absorbing  
15 sunlight, and indirectly, by depositing on snow and by  
16 interacting with clouds and affecting cloud formation.  
17 The impacts from emission of black carbon are increased  
18 climate warming, accelerated ice and snow melt, and  
19 disruption of precipitation patterns.

20 Black carbon is a short-lived climate pollutant  
21 that has an outsized contribution to warming relative to  
22 its concentration. Reducing emissions can have immediate  
23 climate change benefits.

24 ARB estimates that the annual black carbon  
25 emissions in California decreased about 70 percent between

1 1990 and 2010, a result of regulations related to diesel  
2 fuels, fleet rules, and emission standards. Further  
3 declines are projected through 2020 due to the truck and  
4 bus and other in-use diesel regulations.

5 --o0o--

6 AIR POLLUTION SPECIALIST MARTIN: Guided by the  
7 Diesel Risk Reduction Plan, since 2000, the Board has  
8 adopted a suite of diesel regulations that represent the  
9 biggest public health initiative ARB has undertaken to  
10 date. These regulations include cleaner new engine  
11 standards, cleaner fuels that enable the use of advanced  
12 control systems on new engines and retrofits on existing  
13 engines, greater use of alternative fuels, and operation  
14 controls.

15 Perhaps the most important element of the Diesel  
16 Risk Reduction Plan is addressing diesel PM emissions from  
17 the hundreds of thousands of in-use diesel engines that  
18 are in operation each day in California and that do not  
19 have diesel PM filters. Of all the regulations approved  
20 by the Board to reduce in-use diesel PM emissions, the  
21 truck and bus regulation is the most significant, as it  
22 will ensure that nearly every truck operating in  
23 California will have a diesel PM filter.

24 This requirement compliments similar regulations  
25 already approved by the Board for transit buses, solid

1 waste collection vehicles, vehicles in publicly-owned  
2 fleets, and trucks and equipment that operate in ports and  
3 intermodal rail yards, to name a few.

4 Taken all together, these regulations are a  
5 critical component of ARB's overall strategy for reducing  
6 the public risk throughout the state for all Californians.

7 --o0o--

8 AIR POLLUTION SPECIALIST MARTIN: As I mentioned  
9 earlier, a key enabler in achieving emission reductions  
10 from trucks operating in California is the availability of  
11 cleaner new engines.

12 Since 1990, ARB in conjunction with U.S. EPA has  
13 implemented increasingly cleaner standards for newer  
14 heavy-duty diesel engines. The progression of cleaner  
15 emission standards for new diesel engines is shown on this  
16 slide.

17 As you can see, the cleanest engines available,  
18 those meeting 2010 and later model year engine standards,  
19 reduce exhaust emissions for both NOx and PM by 90 percent  
20 relative to engines produced as recently as 2006.

21 --o0o--

22 AIR POLLUTION SPECIALIST MARTIN: Significant  
23 benefits have already been realized because of ARB's suite  
24 of regulations to reduce emission from diesel engines. In  
25 fact, the localized benefits resulting from the

1 regulations related to diesel engines have been confirmed  
2 in scientific studies conducted at Los Angeles and Long  
3 Beach and at the Port of Oakland.

4 An ARB study focused on the port truck cleanup in  
5 Los Angeles and Long Beach measuring pollutants levels at  
6 busy intersections in July 2007 and July 2010; the study  
7 found that levels of both black carbon and NOx, primarily  
8 from diesel vehicles, were reduced by 50 percent over the  
9 three-year period.

10 And a study in West Oakland performed by U.C.  
11 Berkeley researchers measured port truck emissions from  
12 November 2009 to June 2010 and found that diesel PM  
13 emissions went down 54 percent and NOx emissions went down  
14 41 percent.

15 It is also notable that this port truck cleanup  
16 occurred rapidly, in less than a year. Similar reductions  
17 for heavy-duty trucks at another Bay Area location took  
18 nine years to achieve.

19 While these near-term successes are important,  
20 California must continue its progress towards reducing  
21 emissions from diesel engines so that we can meet our  
22 long-term emission reduction goals. And the truck and bus  
23 regulation is a key strategy to ensure that these goals  
24 are achieved.

25 --o0o--



1           AIR POLLUTION SPECIALIST MARTIN: The truck and  
2 bus regulation was adopted in 2008 to clean up harmful  
3 emissions from heavy-duty diesel trucks operating in  
4 California. The regulation was amended in 2010 to provide  
5 economic relief to truckers affected by the recession,  
6 particularly small fleets by delaying the first compliance  
7 requirements by one year and extending the time the truck  
8 could be operated before replacement. The amendments in  
9 2010 reduced fleet compliance costs by about 60 percent,  
10 while maintaining the regulation's air quality benefits.

11           The regulation applies to medium and heavy-duty  
12 diesel vehicles that operate in California, regardless of  
13 where they are registered. The compliance requirements of  
14 the regulation include upgrading lighter vehicles and  
15 older vehicles to 2010 or newer engine year standards  
16 starting in 2015.

17           Fleets with newer heavier vehicles must phase in  
18 PM filters between 2012 and 2014 based on the engine year  
19 of the vehicle or over a percentage of their fleet and  
20 then must phase in the cleanest engines meeting 2010 or  
21 newer engine year standards beginning in 2020.

22           Small fleets, which are one to three diesel  
23 vehicles, can delay their PM filter requirements on  
24 heavier trucks until January 1, 2014, and truck  
25 replacements until January 1st, 2020, or later.

1                   --o0o--

2                   AIR POLLUTION SPECIALIST MARTIN: The regulation  
3 has also a number of flexibility options to provide fleets  
4 additional time, as shown on this slide, to meet the basic  
5 requirements of the regulation. Key flexibility  
6 provisions include dedicated agriculture use vehicles, log  
7 trucks, vehicles operating in NOx exempt areas of the  
8 state, low mileage construction trucks, and vehicles that  
9 operate less than a thousand miles, which are exempt from  
10 cleanup requirements.

11                   Fleets that chose to take advantage of these  
12 provisions must report annually. Currently, some of the  
13 opt-in periods are closed to fleets.

14                   --o0o--

15                   AIR POLLUTION SPECIALIST MARTIN: As you can see  
16 by this chart, significant statewide diesel PM benefits  
17 are already being realized from the regulation. The top  
18 line reflects estimated emissions from normal truck  
19 turnover. As you can see, emission are forecast to go  
20 down over time due to new engine standards and cleaner  
21 fuels that provide emission reductions as fleets turn over  
22 their vehicles naturally.

23                   The bottom line shows statewide emissions with  
24 implementation of the regulation, which are substantially  
25 lower than would be realized through normal turnover

1 alone.

2 Cumulatively, since the first compliance date,  
3 the regulation will have reduced 2,700 tons of toxic  
4 diesel PM2.5 by the end of this year, providing  
5 significant regional and local air quality and health  
6 benefits, as well as substantial reductions in global  
7 warming black carbon.

8 --o0o--

9 AIR POLLUTION SPECIALIST MARTIN: This chart is  
10 similar to the previous chart and shows the expected  
11 statewide NOx benefits of the regulation. The top line  
12 shows NOx emissions with natural fleet turnover. The  
13 lower line shows the expected statewide NOx emissions with  
14 the regulation. Because the regulation's fleet turnover  
15 requirements do not begin until 2015, very little NOx  
16 benefits have been realized so far. However, the expected  
17 NOx benefits are estimated to be approximately 89 tons per  
18 day in 2023.

19 --o0o--

20 AIR POLLUTION SPECIALIST MARTIN: As we look at  
21 how fleets are complying with the regulation, we see both  
22 tremendous successes and upcoming challenges. Overall,  
23 there are approximately 260,000 heavier trucks that must  
24 comply with the PM filter requirements.

25 The success is that about 136,000 of these trucks

1 already have filters and are compliant with the PM  
2 requirements. Additionally, another 68,000 trucks are  
3 taking advantage of the flexibility provided in the  
4 regulation, which allows them to comply at a later date,  
5 including in some cases as late as 2023.

6 Another 34,000 trucks have older engine model  
7 years and do not need an upgrade until 2015 at the  
8 earliest. This means that for most truck operators there  
9 are no upgrade requirements for the January 1st, 2014,  
10 compliance date.

11 While this is a good story, not every fleet is in  
12 this situation. Staff estimates that about 20,000 trucks  
13 still need an upgrade by the end of this year. Even more  
14 challenging is that out of these trucks, we estimate that  
15 15,000 trucks are in small fleets, with many of these  
16 trucks being driven by owner-operators.

17 Recognizing the importance of these trucks to the  
18 transportation sector and to local regional economies,  
19 staff developed a comprehensive strategy which will help  
20 many of these fleets transition into compliant trucks.

21 --o0o--

22 AIR POLLUTION SPECIALIST MARTIN: In developing a  
23 comprehensive compliance strategy, staff recognized that  
24 no single solution would work. Rather, a multi-pronged  
25 approach was developed to provide a compliance pathway for

1 affected operators which will help them transition into  
2 cleaner trucks.

3 ARB's plan includes a continued focus on  
4 compliance assistance and incentives, addressing  
5 compliance challenges faced by fleets in both urban and  
6 non-attainment areas, as well as rural and attainment  
7 areas; and recognizing fleets that make good faith  
8 compliance efforts to meet the upcoming compliance date.

9 Each of these pathways will be discussed fully in  
10 the next few slides.

11 --o0o--

12 AIR POLLUTION SPECIALIST MARTIN: Last year at  
13 this time, we updated the Board about our ongoing efforts  
14 for compliance assistance. This effort has remained  
15 strong since then, with continued support through  
16 training, call center assistance, website support, media  
17 events, and published materials mailed to the affected  
18 community.

19 Through these efforts, we have been able to train  
20 13,000 truckers in person and handle 84,000 calls in  
21 Spanish and English and Punjabi since 2012. We continue  
22 to develop and distribute printed materials. Thousands of  
23 packets of such materials have been handed to truckers at  
24 inspection sites throughout California.

25 Mail outs of important deadlines and action items

1 are regularly sent to the California truckers. The  
2 English and Spanish truck stop website are useful  
3 resources that are easy to navigate and provide  
4 information to small fleet owners. The address for the  
5 truck stop website is [arb.ca.gov/truck stop](http://arb.ca.gov/truck-stop).

6 --o0o--

7 AIR POLLUTION SPECIALIST MARTIN: Augmenting our  
8 ongoing efforts and to broaden the reach of our  
9 assistance, we are also launching a comprehensive media  
10 and information outreach campaign including pump toppers,  
11 printed materials in Spanish and English, and TV and radio  
12 advertisements. The design of this campaign is based on  
13 research and work with focus groups so that the materials  
14 we provide resonate with truck owners.

15 I would like to note that as part of our efforts  
16 today we have assembled in a mezzanine outside the hearing  
17 room as well as in the lobby a variety of representatives  
18 who can provide information on clean trucks, retrofits,  
19 and loans. We also have ARB staff on hand to provide  
20 information on compliance assistance and enforcement  
21 aspects.

22 We would encourage any fleets here today to stop  
23 by and talk to the representatives outside on the  
24 compliance options that may be available to them and  
25 answer any questions they may have.

1                   --o0o--

2                   AIR POLLUTION SPECIALIST MARTIN: As an example  
3 of outreach efforts underway, I will now share with you a  
4 video clip that will be placed in major television media  
5 markets to reinforce the importance of meeting upcoming  
6 compliance deadlines.

7                   (Whereupon a video presentation was made.)

8                   --o0o--

9                   AIR POLLUTION SPECIALIST MARTIN: In developing  
10 our comprehensive compliance strategy, we recognize that  
11 fleets in urban and nonattainment areas face challenges in  
12 meeting the upcoming compliance date.

13                  To address this, ARB is continuing to make  
14 funding opportunities available for fleets. In  
15 particular, the ARB and the Legislature through Senate  
16 Bill 359 have collectively made available \$20 million for  
17 small fleets in the Statewide Truck Loan Program.

18                  In addition, the Goods Movement Grant Program,  
19 commonly referred to as Prop. 1B, will provide \$108  
20 million in funding to fleets with 2006 and older trucks  
21 that operate in trade corridors and move goods. At least  
22 \$40 million of this funding will be prioritized for grants  
23 and loan assistance for small fleets.

24                  Staff is also proposing some new regulatory  
25 flexibility to be added to the regulation. This would

1 include allowing additional trucks to use the existing  
2 flexibility options for both low use agricultural vehicles  
3 and low mileage construction trucks.

4 In allowing trucks access to these provisions,  
5 staff is not proposing to change any of their existing  
6 elements.

7 Staff also proposes to increase the low use  
8 mileage threshold from a thousand miles to 5,000 miles per  
9 year through 2020. Staff believes that this will provide  
10 targeted relief to fleets that most need assistance  
11 without appreciably changing the overall benefits of the  
12 regulation or the ability of non-attainment regions to  
13 meet federal air quality standards. Staff anticipates  
14 presenting these proposed amendments to the Board no later  
15 than its April 2014 meeting.

16 --o0o--

17 AIR POLLUTION SPECIALIST MARTIN: In addition to  
18 the concerns expressed in urban and non-attainment  
19 regions, staff has received considerable feedback from  
20 stakeholders in rural and attainment areas to request  
21 relief.

22 To address this, staff has developed a strategy  
23 that builds on the elements of incentives and regulatory  
24 relief just discussed for urban areas and expands them to  
25 recognize the different needs in more rural areas.



1           For incentives, the statewide \$20 million Truck  
2 Loan Assistance Program will remain open to small fleets  
3 in rural areas, as will \$3 million in new state funding  
4 for modernizing log trucks. This \$3 million is currently  
5 available through local rural air districts throughout  
6 California.

7           Similar to the regulatory relief being proposed  
8 for urban and non-attainment areas, staff is proposing to  
9 allow additional trucks in rural areas to use the existing  
10 flexibility options for both low use agricultural vehicles  
11 and low mileage construction trucks, as well as increase  
12 the low use vehicle mileage threshold.

13           Additionally, staff is proposing to adjust how  
14 NOx exempt areas are defined. Additional areas will  
15 include those in attainment for NOx that also do not  
16 prevent other regions from meeting their federal air  
17 quality standards.

18           In proposing this change, staff will evaluate the  
19 timing of the PM filter requirements in these regions such  
20 that fleets may more easily transition to cleaner trucks  
21 on a time line that is longer than what is currently  
22 provided in the regulation.

23                           --o0o--

24           AIR POLLUTION SPECIALIST MARTIN: Finally, it is  
25 important to recognize that many fleets are making good

1 faith efforts to comply with the regulation before the  
2 January 1st, 2014, deadline, but will still be unable to  
3 fully meet its requirements on time.

4 Staff believes it is reasonable to recognize  
5 efforts by fleets and provide them additional time to  
6 finish their compliance actions. As such, staff is  
7 proposing to issue a regulatory advisory that would  
8 provide fleets that order a PM filter or a replacement  
9 truck or that are eligible and apply for a grant or a loan  
10 to have until July 1, 2014, to complete the steps  
11 necessary to come into compliance.

12 Fleets must initiate the effort by January 1,  
13 2014. In recognizing these steps and providing additional  
14 time, the actions taken by the fleets must be documented and  
15 reported into ARB's truck reporting system.

16 In addition, because we are planning to make  
17 regulatory changes to provide relief, we believe it is  
18 appropriate to provide access to these provisions while  
19 staff finalizes them to present to the Board by April  
20 2014. Therefore, staff is proposing that the regulatory  
21 advisory also allow fleets that are able to utilize these  
22 provisions to claim compliance with the regulation for  
23 eligible reported trucks. Staff plans to issue the  
24 regulatory advisory in late October and early November.

25 --oOo--

1           AIR POLLUTION SPECIALIST MARTIN: Moving forward,  
2 ARB will continue to work with fleets and other  
3 stakeholders through our extensive compliance assistance  
4 and outreach efforts and maximize funding opportunities,  
5 especially for small fleets.

6           As part of this effort, staff will assess the  
7 emission and economic impacts of proposed regulatory  
8 changes and to discuss the specific elements of the  
9 changes in a public process.

10           Staff believes that the changes will provide  
11 significant relief to fleets in need of the most  
12 assistance without changing the overall benefits of the  
13 regulation.

14           Staff will return to the Board by April 2014 with  
15 proposed amendments to the regulation as well as to  
16 provide an update on overall fleet compliance.

17           This concludes my presentation. Thank you.

18           CHAIRPERSON NICHOLS: Thank you. Obviously, a  
19 lot has gone on, but we're now getting down to the end of  
20 the implementation and people facing difficulties, we  
21 understand, as well as some opportunities. So I think we  
22 need to probably hear from the witnesses. We've got 43 of  
23 them. So I think we're going to keep our usual  
24 three-minute time limit. But if anybody is able to  
25 shorten their time, that will just provide more time for

1 everybody else. And if necessary, we may have to tighten  
2 that up a little bit if we start to hear the same message  
3 over and over again. But for now at least I think we need  
4 to try to hear from everybody.

5 We'll start out with Matt Cox and go from there.  
6 We have one podium here with a microphone. And you can  
7 see where you are on the list. So if you see that your  
8 name is about to come up, it's helpful if you can kind of  
9 be in position to come forward. All right, Mr. Cox.

10 MR. COX: Madam Chair, members thank you for the  
11 opportunity today.

12 My name is Matt Cox. I'm an advisor for State  
13 Senator Ted Gaines, and I'm here on his behalf  
14 representing him. The Senator represents the first Senate  
15 district, largely rural district, which goes from here up  
16 to the Oregon border. The Senator is very concerned about  
17 the effect that this regulation, the heavy bus and truck  
18 regulation will have on businesses in our district,  
19 particularly small business, and is asking for a  
20 suspension of the implementation of these regulations. In  
21 our district, we have received many calls, and these  
22 business owners have flatly told us that they will be  
23 unable to comply and they will go -- the will disappear.  
24 Jobs will evaporate in our districts immediately.

25 Certainly, the compliance costs would have been

1 difficult even in good times. Many of these businesses,  
2 however, have not rebounded from what continues to be a  
3 recession. And unemployment in many of the counties in  
4 our district is above ten percent.

5 So we are doing everything we can to try to  
6 reverse that trend and feel that this will move in the  
7 wrong direction for the Senator's district.

8 With that, I'll close. Thank you.

9 CHAIRPERSON NICHOLS: Thank you very much.

10 Rick Bosetti.

11 MR. BOSETTI: Good afternoon, Madam Chair,  
12 members.

13 Rick Bosetti, Mayor of the city of Redding. And  
14 you know, we've sent you a letter expressing our concerns  
15 with the implementations as well. Not only are small  
16 businesses in our community, but also the smaller cities  
17 that are required to bring their fleets up to the  
18 standards as well are being affected here as well.

19 And so to echo the sentiments of all of the small  
20 trucking fleets in our area, we'd really like to see a  
21 suspension as well or implementation of the  
22 recommendations right now to delay this as much as  
23 possible.

24 Mr. Cox's estimation of immediately losing jobs  
25 should not be taken lightly at all. I'm born and raised

1 in that area. My family came out fro the Red River Lumber  
2 Company that started up, and we saw the lumber industry  
3 completely disintegrate. And this is having the same  
4 effect as what the Spotted Owl has done for the large  
5 fleets that will be the only one standing like the large  
6 timber companies are the only ones left standing. That's  
7 not makes our community up in Northern California great.  
8 It's the individuals, the small businesses. I really  
9 would like for you to take that into consideration. Thank  
10 you.

11 CHAIRPERSON NICHOLS: Excuse me, but we do have a  
12 general policy of recognizing elected officials ahead of  
13 the rest of the group, just in deference to the fact they  
14 are elected and representing a lot of other people. If  
15 there are other supervisors, assembly members, legislators  
16 of any kind who join us, would you just make yourselves  
17 known so we can call on you ahead of others. If not,  
18 might as well go ahead. Okay.

19 MR. HOGO: Good afternoon, Madam Chair, members  
20 of the Board. I'm Henry Hogo, Assistant Deputy Executive  
21 Officer from the Mobile Source Division, South Coast Air  
22 Quality Management District.

23 I want to express our staff's appreciation to  
24 your staff's efforts to address the issues. You have a  
25 very challenging regulation to have folks comply with, and

1 your staff has gone out of their way to work with us and  
2 CAPCOA to address many of these issues. So we appreciate  
3 that.

4 We do look forward to working with your staff on  
5 the proposed amendments. We're generally supportive of  
6 providing more flexibility, because we recognize that  
7 there is no one-size-fits-all in this regulation.

8 I do want to make a couple comments. And first  
9 in our discussions with staff, it wasn't clear that an  
10 upper limit has been set for the low use mileage proposal.  
11 And today, staff mentioned moving up to 5,000 miles. We  
12 believe we need to see the analysis to see how many trucks  
13 would be out of the regulation and how that impacts our  
14 air quality in the South Coast. Because as you know, the  
15 truck and bus regulation is part of the key regulation for  
16 us to meet the fine particulate and ozone standard in the  
17 South Coast air basin.

18 Secondly, we do recognize the need to have  
19 further flexibility in NOx-exempt areas. And we would  
20 want to make sure that the trucks that are proposed to  
21 have a delay in their PM requirements. Because of the  
22 local toxics exposure, we're a little concerned about  
23 that. But these trucks may travel into other areas of  
24 non-attainment. So we need to take a closer look at that.

25 With those two comments, we look forward to

1 working with staff as they move forward with the proposed  
2 amendments. Thank you.

3 MR. SADREDIN: Good afternoon, Madam Chair,  
4 members of the Board.

5 It's a pleasure to be here before you. Once  
6 again, Seyed Sadredin with the San Joaquin Valley Air  
7 Pollution Control District.

8 I do have one slide I wanted to show you just to  
9 point out the enormity of the issue to our district. This  
10 is the inventory of NOx emissions by source category  
11 within San Joaquin Valley and where we need to go to  
12 attain the federal standards.

13 As you can see, the trucks -- and this is for NOx  
14 emissions, which is really the key pollutant for both  
15 ozone and particulate attainment. Trucks are over half of  
16 the total -- or near half of the total emissions in San  
17 Joaquin Valley. And there is no way San Joaquin Valley  
18 can meet its public health goals, attainment goals, and  
19 the federal mandates without significant reductions in  
20 those emissions. We can shut down all the businesses,  
21 stationary sources that you see up on top and all the  
22 farms and stop all the vehicles in San Joaquin Valley and  
23 we will not be able to meet many of these standards  
24 without a significant reduction in truck emissions.

25 So we do support a strong measure to reduce those



1 emissions. However my Board, the public in San Joaquin  
2 Valley, is also concerned with economic impact of this  
3 rule that we cannot simply stick our head in the sand and  
4 hope to wake up January 1st and everything will be okay.

5 And I want to thank you, your Board, for  
6 recognizing that Rich Corey for working very hard on this.  
7 ARB staff has come a long ways since we first started  
8 talking about this. They have worked very closely with  
9 us, and we support all the recommendations before you  
10 today.

11 I do have one additional request that I like your  
12 Board to consider. I have had a chance to briefly discuss  
13 it with your staff. I think it's critical to find a way  
14 to deal with this other component that I think today's  
15 recommendations really do not get to.

16 That is for trucks that for which the only  
17 suitable option -- economically feasible option is  
18 retrofits. Many of these measures we're talking about  
19 today really get to if you replace your truck, you will  
20 get some assistance and some additional time if you show  
21 good faith. This issue really came to real life for me  
22 yesterday afternoon when I was talking to an  
23 owner-operator. He called me. He says he's a 59-year-old  
24 owner of a truck. He just bought a truck ten years ago,  
25 and he's about to finish paying it off. Come January 1st,

1 we're in a position to tell him you either have to do away  
2 with the truck or put a filter that he can not afford.

3 At our district, as you know, we have spent a lot  
4 of resources of our own dollars to help the  
5 owner-operators. And we have additional funding to help  
6 this gentleman, for instance. And fortunately, the way  
7 the law is written right now, we cannot help him with any  
8 retrofit dollars, because those reductions will not be  
9 deemed surplus.

10 My request is to ask your staff to look at the  
11 potential regulatory change, if need be, that would allow  
12 a small universe of the owner-operators where they can  
13 demonstrate economic hardship and they have a fairly new  
14 truck that you don't want to simply throw away and buy a  
15 new truck. That with local funding, perhaps if you want  
16 to limit it to that so you can encourage local  
17 contribution to this. Or perhaps for other districts that  
18 don't have the where with all, open that up with other  
19 funding to allow that rule to create some surplus  
20 reductions by allowing for some time to be able to take  
21 advantage of some funding to help those specific cases.

22 CHAIRPERSON NICHOLS: So just to clarify, this  
23 would be an amendment to the Moyer program?

24 MR. SADREDIN: In the context of the regulatory  
25 changes back to the truck rule, I think that's probably

1 where it has to be dealt with. It could be something  
2 similar to where with do with the construction rule. We  
3 called it SOON. But this is not soon, because it's going  
4 to be late. It's going to be fast. It will be a fast,  
5 you know, get it basically to compliance to give them some  
6 time if you can show economic hardship, if you have a  
7 fairly new truck, provide with good faith effort along the  
8 lines you're talking about in today's proposal they can  
9 take advantage of some local funding or grant funding to  
10 help retrofit. I know your Board has been supportive of  
11 retrofit technology. Today's proposal really leaves  
12 retrofits for the most part out of the equation.

13 CHAIRPERSON NICHOLS: Appreciate your suggestion  
14 and appreciate all your district has done to provide funds  
15 and other assistance. Thank you.

16 Mr. Gearhart.

17 MR. GEARHART: Good afternoon. I'm Doug Gearhart  
18 with the Lake County Air Quality Management District.

19 Chairman Nichols, Board, thank you for having us  
20 here. I just want to say before we start, I want to thank  
21 your staff. They've been wonderful to work with. They've  
22 come up with some good ideas. We're generally supportive  
23 of the ideas they've come up with. There is a few things  
24 that we think could really definitely help in our area.

25 I just want to say I had a little thing to -- as

1 you probably see, we a quick meeting of our Board on  
2 Tuesday, and they provided me with their full support to  
3 represent them as the Board of Supervisors and as the  
4 District Board of Directors. So it's kind of an economic  
5 and air quality benefit.

6 We're looking at -- our Board is definitely  
7 interested in protecting public health and safety, as well  
8 as economic interest in country. As an Air Quality Board,  
9 of course, air quality is definitely a concern. But the  
10 economics is definitely a concern because, as you know,  
11 we're kind of a -- we're a bowl in the middle between a  
12 lot of areas. There's not a lot around us, and we're kind  
13 of in the middle of nowhere. If we lose truck fleets that  
14 are specifically our local fleets that don't go outside  
15 the county, that means we have to get truckers from  
16 outside to drive through those roads, drive into our  
17 county to do work in the future.

18 And as you know, the Lake County area basin has  
19 been in attainment with all State and federal air quality  
20 standards since 1990. Just this last year, we were rated  
21 number one cleanest county in the nation for PM, by the  
22 American Lung Association, and which makes it difficult  
23 for truckers to swallow. Our local companies have been  
24 very supportive of us. And to have that number one rating  
25 and then we can't use our trucks anymore, it's a very hard

1 thing to explain to them what the issues are. So having  
2 those options is really important.

3 I wanted to give you a quick example. We have  
4 one operator, she's 65. We have a lot of family-owned  
5 businesses. They are family run. The parents,  
6 grandparents, and the kids, the truck company passes down  
7 from one to the next. She's selling her trucks because  
8 she doesn't want to hand the company down to her kids  
9 because to come into compliance, she'll have a million  
10 dollars in loans to come into compliance with the  
11 regulation. She has a large fleet by definition, but it's  
12 a rural fleet so it doesn't really fall into -- it's not a  
13 corporate ownership. It's a family owned, but they have  
14 to have a lot of trucks because there's a lot of different  
15 things they end up doing.

16 With that, what staff has suggested we are  
17 definitely in favor of. The couple things that we would  
18 like to see in addition to some options, of course, I've  
19 mentioned them, but modifying the -- well, making changes  
20 to the Moyer program so that we can open up the Moyer to  
21 any project that's in excess of what's required by  
22 regulation.

23 This company that I was letting you know about,  
24 we had them in the Moyer program, but we had to -- they  
25 were dropped because they were a large fleet. And when

1 the regulation went into effect, even though we had five  
2 years until the compliance date, we couldn't fund any of  
3 the vehicles. It made it very difficult for them, and we  
4 would like to see those things in excess still continue on  
5 as options.

6 CHAIRPERSON NICHOLS: Okay. Can I ask you to  
7 wrap it up?

8 MR. GEARHART: The last thing I wanted to say was  
9 we would like to see the extension in rural attainment  
10 areas is very important because we would rather see them  
11 replace their truck with a 2010 used truck over the next  
12 five or ten years than put a filter on a 1990 truck and  
13 use it for another ten years. We're looking at the  
14 long-term benefit of getting the NOx reductions.

15 Thank you. We are definitely in favor of the  
16 option being proposed.

17 CHAIRPERSON NICHOLS: Thank you. Appreciate your  
18 involvement here.

19 Mr. Davies and then Constance Boulware.

20 Mr. DAVIES: Good afternoon, Madam Chair and  
21 Board.

22 My name is Skip Davies. I'm the Mayor of the  
23 City of Woodland. Sit on the Yolo Solano Air Quality  
24 Board. I'm the Chair of the Truck and Bus Subcommittee.

25 I grew up in agriculture. Drove a truck. Had a

1 Class A license. Now they're Class 1. I've been involved  
2 in it for a number of years. Been in Woodland for 45  
3 years. I understand agriculture.

4 I'm here with three interests I'd like to share  
5 with you. I'd like to look at a more realistic and  
6 practical path and an assisted path to compliance for  
7 small fleet owners. In my area that's usually one, two,  
8 three trucks.

9 We still have some technology issues with  
10 filters. They only don't all work. They plug up. Some  
11 have to be replaced. Our estimates are that 60 to 80  
12 percent of our small truckers in Woodland and Yolo County  
13 cannot be in compliance and will be out of business in  
14 two years.

15 We need a special outreach program in Yolo County  
16 and in our area to those Latino- and Spanish-speaking  
17 truck drivers. They're not tech savvy. They don't find  
18 your website very well. They don't trust you. They don't  
19 trust me either sometimes, so that's okay.

20 In Woodland, we had a meeting. We expected to  
21 have 20 individuals. We ended up with 70 truck drivers,  
22 50 of those were Latino. Their families were there. They  
23 had children there. Many of them just have high school  
24 help and they were a little bit frightened.

25 Our second interest that I speak to is allowing

1 the small fleet owners to stay in business for four to  
2 five years to reach compliance. We believe in compliance.  
3 The 5,000 mile exemption, it was suggested is not  
4 adequate. You have to understand our lifestyle. In May,  
5 we do wheat. That lasts until June. From June until  
6 mid-August, tomatoes. And from September through  
7 November, October, we do rice. And these people work for  
8 six or seven months, and then it's over.

9 We also would like you to understand that they  
10 have to take non-op certificates in the winter to save  
11 licensing money. To move their truck into a non-op  
12 status, they don't qualify for the loan programs. But  
13 that's the way we live.

14 We'd like to encourage a loan program that is  
15 restricted to small fleet owners. \$20 million is  
16 appreciated. We need to work on that with you to gain  
17 more.

18 My third interest is to protect my regional  
19 economy. In Woodland, we have the third -- we have the  
20 largest tomato cannery in the United States. We have 600  
21 employees. It's important that we maintain our economy.  
22 And again, that series that I talked to you about is  
23 exactly what we have. Our projects need eight hours from  
24 the time it's harvested to get to processing. Very, very  
25 important. Without adequate trucks, we won't meet the



1 demand.

2 CHAIRPERSON NICHOLS: I want to interrupt you  
3 because I want to have you answer a question, if you don't  
4 mind.

5 MR. DAVIES: Please, ma'am.

6 CHAIRPERSON NICHOLS: Supervisor Serna wanted to  
7 ask a question.

8 BOARD MEMBER SERNA: First of all, thank you, Mr.  
9 Davies for being here. I appreciate you taking the time  
10 and energy to do the outreach you have in your own  
11 district, but also being here this afternoon.

12 My general question is -- and I appreciate the  
13 fact that you've articulated your concerns. Have you or  
14 others in your air district, members of your air district,  
15 had a chance to understand some of the flexibility  
16 measures that staff have presented this afternoon?

17 MR. DAVIES: Yes, sir. We got that e-mail about  
18 three or four days ago. The 5,000 miles, we understand  
19 that. We appreciate that movement. We also understand  
20 the issue of the loan piece. Constance, behind me, will  
21 talk about the NOx issues because we're not in that exempt  
22 area and that effects us.

23 But yes, sir, I think -- I guess they're  
24 listening well. They're making some movement. We  
25 appreciate that. We want to continue to work with them to

1 see if there's more money, more issues, more outreach that  
2 we can do to keep our businesses afloat and keep our  
3 people employed.

4 BOARD MEMBER SERNA: Thank you.

5 CHAIRPERSON NICHOLS: Thank you. If you could  
6 just wrap up.

7 MR. DAVIES: I just want a summary, ma'am. Thank  
8 you so much.

9 Again, in my interest, more feasible path to  
10 compliance. We all believe in compliance. Increases in  
11 mileage allowance so people can pay their bills and work  
12 and feed their children. 5,000 miles isn't going to get  
13 this.

14 Time and effort to allow a better outreach  
15 program to our small individuals, especially our Latino  
16 population. And that's a personal contact. It's not a  
17 website. It's not a TV add.

18 A loan program that is restricted to small fleet  
19 owners. Little more money, please. I'll work with  
20 whoever else to try to assist in that. I to protect my  
21 local economy. I want to provide an opportunity for the  
22 non-op trucks to still qualify for loans.

23 And the last piece is to allow the agriculture  
24 exemption to go beyond the first point of processing. Ag  
25 exempt allows it to go to the first point of processing

1 from the tomato field to the cannery, not really allow you  
2 to pick those large cans up and take them to the  
3 warehouse. If you're taking rice to the rice dryer, it's  
4 fine. You can't really pick it up and take it to the  
5 flour mill. It's a simple piece within the mileage.  
6 Those are things we could consider.

7 Thank you for your time. Thank you for the work  
8 of your staff. We recognize each other's interests and  
9 who we're trying to represent. We'll make a lot of  
10 progress.

11 CHAIRPERSON NICHOLS: Thank you very much. That  
12 was really helpful.

13 We have now Constance Boulware and Skip Thompson.

14 MS. BOULWARE: Good afternoon, Madam Chair and  
15 Supervisors. I'm Constance Boulware. I'm the Vice Mayor  
16 of Rio Vista, California. I'm also on the Air Quality  
17 Management Board for Yolo Solano Air District and a  
18 Committee member with Skip Davies.

19 I do want thank your staff for taking up this  
20 cause for the work they've done and the proposals they've  
21 made to expand the NOx exempt area and to delay the filter  
22 for small fleets.

23 However, we just think that it needs a little bit  
24 more tweaking. And we'd like to just offer maybe an  
25 expansion of the criteria used in determining that all

1 areas should include all areas of the state which are  
2 primarily rural and do not need short-term reduction of  
3 particular matter like Yolo, Solano district. We suggest  
4 that the criteria to evaluate it when studying these areas  
5 should include population of the county or area district  
6 or particulate matter attainment status. We think that  
7 would help make the process more inconclusive. And  
8 probably protect some of the drivers and the truckers that  
9 Mr. Davies spoke about earlier.

10 And that's what we're trying to reach here in  
11 Yolo Solano county is an inconclusive process so that we  
12 don't put people in economic dire need and have them --  
13 this has been a very stressful couple of months for us  
14 trying to find the solution to help our constituents.

15 I also am very concerned when I looked at the  
16 slides when we talked about your staff, spoke about  
17 assistance, it was very light. Not a lot of detail. So I  
18 just want -- I'm concerned there be a safety net for those  
19 truckers who don't get things through the normal channels,  
20 the website, the telephone. We need, as Mr. Davies spoke  
21 about, a system that works one on one with them because we  
22 want everyone to be included in this process, regardless.  
23 Because it benefits the whole state.

24 In closing, I'll say I look forward to hearing  
25 from your staff on compliance assistance and on economic

1 opportunities to keep everybody working towards the same  
2 goal. And thank you for your time.

3 CHAIRPERSON NICHOLS: Thank you.

4 Skip Thomson and then Vicki Helmar.

5 MR. THOMSON: Good afternoon, Madam Chair and  
6 Board members.

7 I'm Skip Thomson, member of the Yolo Solano Air  
8 Quality Management and also a member of Board of  
9 Supervisors in Solano.

10 As I sat in the audience and was looking at your  
11 TV ad, it's a great tag line, "just do it." But one thing  
12 that I was struck by a couple weeks ago when your staff  
13 came to our Board to make a special presentation on these  
14 rules and possible changes is that just doing it could  
15 cost anywhere between 20,000 for a new filter up to  
16 140,000 for a new truck. So just doing it is a little  
17 problematic for some of my constituents.

18 What I would like to do is just leave you with  
19 some thoughts. Some of my colleagues, Mr. Davies and  
20 Ms. Boulware, have talked about the short term reductions  
21 of particulate matter.

22 What I would like to say is first I support  
23 staff's recommendations. Your staff has done a yoman's  
24 job of trying to deal with all the moving parts in the  
25 different parts of California that are required to comply

1 with this new rule. So while I don't have any concerns  
2 with allowing the NOx exempt areas to delay the  
3 installation of filters, it should not be based solely on  
4 ozone attainment status. And my colleagues mentioned the  
5 other criteria that we think could be considered when  
6 achieving those rule goals.

7 I won't take but another 15 or 20 seconds, but I  
8 just wanted to close and say that this is an extreme  
9 burden on our small businesses. And I'm sure you're going  
10 to take that into consideration. I've always prided  
11 myself as an elected official, been around since the early  
12 '90's that government is about finding solutions. Your  
13 staff has indicated that they're willing to look at  
14 anything they can do. I would ask your Board do as well.  
15 Think about things that we can do around the edges that  
16 achieve the goal of good air quality but don't forget  
17 about the burden that it places on some of the small  
18 businesses. So thank you.

19 CHAIRPERSON NICHOLS: Thank you. Appreciate your  
20 testimony.

21 Vicki Helmar and Gretchen Bennitt.

22 MS. HELMAR: Good afternoon. I'm Vicki Helmar,  
23 the Air Pollution Control Officer for Toulumne County Air  
24 Pollution Control District.

25 Thank you for the opportunity to share some

1 comments regarding the implementation and possible  
2 amendments to the Truck and Bus Regulation. Our Air  
3 District Board has in the past commented to the California  
4 Air Resources Board on the adoption of this regulation:  
5 First, in June of 2007, with a letter suggesting that the  
6 regulation apply to larger urban counties and not to small  
7 rural counties; again, in December 2008, with the  
8 resolution requesting the delay of the implementation of  
9 the rule due to the economic hardship it would create for  
10 Tuolumne County operators; and most recently with the  
11 letter requesting a delay in the implementation schedule.

12 The reality is the situation has not changed for  
13 Tuolumne County. We still are a small rural district with  
14 mostly small fleet operators, a low population density, a  
15 lack of any high transportation corridors and a slow  
16 economic recovery.

17 The regulation as currently written is still  
18 overly burdensome on our operators. What has changed is  
19 that in 2012, Tuolumne County was designated as attainment  
20 for the 2008 federal ozone standards. We are encouraged  
21 by the proposed amendment to the regulation to redefine  
22 the NOx exempt areas. Having recently achieved attainment  
23 for the 2008 standard, I'm confident the Tuolumne County  
24 Pollution Control District will be included as an exempt  
25 area. However, it is important that your Board also

1 consider for listing as NOx exempt areas those rural  
2 districts that are on the bubble of achieving attainment  
3 and are victims of overwhelming transport.

4 We also applaud your efforts to recognize the  
5 applicability for filter requirements does not necessarily  
6 need to be the same throughout the state and your efforts  
7 to explore a phase-in schedule with a time line at the end  
8 of the decade for rural districts and NOx exempt areas to  
9 comply. Adopting such an amendment to the regulation  
10 would certainly provide the flexibility for our small  
11 operators to gain compliance in a less burdensome manner.

12 Tuolumne County Air Pollution Control District  
13 supports these proposed amendments to the regulation.  
14 However, as with the development of any amendment to a  
15 regulation, the devil is in the details. I urge the Air  
16 Resources Board staff to work with districts to ensure  
17 that the amendments will truly benefit small rural  
18 counties and ease the burden of complying with the  
19 regulations. Thank you again for taking my comments.

20 CHAIRPERSON NICHOLS: Thank you.

21 Gretchen Bennitt and then Alan Abbs.

22 MS. BENNITT: Good afternoon. My name is  
23 Gretchen Bennitt. I'm the APCO for Northern Sierra Air  
24 District. That's a three county district: Nevada,  
25 Plumas, and Sierra. Plumas and Sierra are NOx exempt



1 areas, very rural. I'm also a member of the Mountain  
2 Counties Air Basins. Those Are the counties of -- not  
3 just the three I just mentioned -- but also Placer, El  
4 Dorado, Amador, Calaveras, Tuolumne, Mariposa. So  
5 basically the foothills.

6 We've submitted -- both of those agencies have  
7 submitted comments to you in writing, so you've got those  
8 on record. And primarily, we just did -- we submitted  
9 comments during the development of this regulation, but we  
10 also would like you to consider more recent comments that  
11 are basically asking for relief for our businesses in our  
12 rural counties.

13 I just really quickly echoing Vicki's previous  
14 comments. I do agree with everything that she said as  
15 well.

16 And you know, I did want to thank your staff for  
17 being so accommodating. They've been really helpful.  
18 They've come to my rural areas. Erik White has come to  
19 Downeyville and Sierra County and presented in front of  
20 the Sierra County Board of Supervisors. That was in about  
21 2007 when the development of the regulation, there were a  
22 lot of questions. He was able to answer it and put them  
23 more at ease.

24 And then more recently, we've done three  
25 workshops in our very rural counties. So we really

1 appreciated that as well.

2 And in closing, I just urge to you adopt these  
3 modifications that would put some kind of relief to our  
4 rural counties. Thank you.

5 CHAIRPERSON NICHOLS: Thank you. Appreciate  
6 that.

7 Alan Abbs and then Jack Broadbent.

8 MR. ABBS: Good afternoon, Madam Chair and  
9 members of the Board. My name is Alan Abbs. I'm the Air  
10 Pollution Control Officer for Tehama County Air Pollution  
11 Control District. Major cities of Red Bluff and Corning.  
12 Population in total for the county of 65,000.

13 The Tehama County District Board has previously  
14 submitted a letter to the Air Resources Board. And  
15 several of the things that we asked that ARB staff  
16 consider were, in fact, presented today as possible  
17 solutions, including the reopening the low mileage  
18 provisions for construction trucks, ag vehicles, and the  
19 threshold of 1,000 miles or 100 hours.

20 We also asked for to look at a delay of the  
21 implementation date for the filter requirements. It looks  
22 like staff is proposing some way to do that as well. So  
23 I'm in full support of what staff has proposed so far.  
24 And certainly willing to work with them to make this a  
25 reality when it comes back to the Board in April.

1           Also one thing I think is good to hear as well is  
2 that staff is looking at changes to the areas designated  
3 as NOx exempt. For us, that's particularly important  
4 because although Tehama County is a NOx-exempt county, our  
5 neighboring county, Butte County, is not NOx exempt. And  
6 the 99 corridor from Tehama County down into Yuba County,  
7 Sutter County, it's a major transportation corridor for  
8 the ag community. So it would be great if we could have  
9 Butte County become a NOx exempt area as well. That would  
10 make things a lot easier for our truckers in Tehama  
11 County.

12           Thank you very much for the work staff has done  
13 so far.

14           CHAIRPERSON NICHOLS: Thank you.

15           Jack Broadbent and then Larry Greene.

16           MR. BROADBENT: Good afternoon, Madam Chair and  
17 members of the Board. I'm Jack Broadbent, Executive  
18 Officer for the Bay Area Air quality Management District.  
19 And very much appreciate the opportunity to speak to you  
20 on this matter.

21           I'm here to speak in favor of the flexibility  
22 being proposed by your staff for those single, small, and  
23 rural truck operators affected by the year's deadline for  
24 the on-road truck and bus regulation.

25           I want to begin by complimenting your staff,

1 Richard Corey, Erik White, Cynthia Marvin, and the rest of  
2 your team for their openness in being able to work with  
3 the Bay Area Air District on these proposed measures.

4 As you know, the Bay Area is home to several  
5 communities with some of the highest health risks of  
6 diesel particulate in California. The primary driver of  
7 that risk is the truck emissions associated with the truck  
8 traffic in these communities. We believe these measures  
9 achieve a good balance between the need to provide  
10 regulatory relief for one of the most hardest hit segments  
11 of our economic community here in California with the need  
12 for strong regulations to protect public health.

13 We at the Bay Area Air District are ready and  
14 stand ready to assist your staff in performing the  
15 outreach for this program and to continue to provide  
16 grants and compliance and educational assistance to the  
17 truckers for this upcoming deadline.

18 I think you know, Madam Chair, we have a long and  
19 strong record of working with your staff in this area.  
20 And we did it with the drayage truck rule, and I know we  
21 can do it for this as well.

22 I do want to note, however, while we support  
23 these measures in front of you today, we do not wish to  
24 see this repeated and think that you have some additional  
25 deadlines coming up in 2015 and 2016. So therefore, on

1 behalf of the Bay Area District, we want to request that  
2 you task your staff to return with an action plan that  
3 ensures that similar measures are not necessarily for  
4 these upcoming deadlines.

5 We think frankly this is where the Bay Area Air  
6 District can continue to work with your staff to come up  
7 with some solutions so that we can continue with the  
8 success of this program.

9 So thank you, Madam Chair and members of the  
10 Board. Appreciate it.

11 CHAIRPERSON NICHOLS: And we certainly have  
12 worked together on the truck rule, the port trucks and so  
13 forth. While it wasn't exactly smooth at all times, you  
14 know, overall, I think people would look back on it and  
15 say it was amazing how well it worked. So thank you for  
16 that.

17 Larry Greene and then Greg Furlong.

18 MR. GREENE: Chairman, members of the Board,  
19 thank you for this opportunity. I'm Larry Greene, the Air  
20 Pollution Control Officer at Sacramento Air Quality  
21 Management District.

22 We certainly recognize the complexity of the  
23 rules and the scope of what we're discussing today. Our  
24 district and others have been working for many months with  
25 the Air Resources Board staff and with Richard. I want to

1 commend them for their really hard work. We've had a lot  
2 of late night meetings.

3 They've driven many miles coming to meet us and I  
4 think it shows their dedication to come into a good  
5 resolution on these issues.

6 We think they've seriously considered the  
7 concerns we brought up, and we think they have brought a  
8 good package forward. We certainly support the  
9 recommendations that are in front of you today.

10 A few things other things to note, this is a  
11 journey we're on. This is one deadline we're coming up  
12 on, but we're going to be doing this. There's other  
13 milestones over the upcoming years. Just like Jack  
14 Broadbent mentioned, we need to not only be focused on  
15 this deadline coming up at the end of this year, but we  
16 need to be thinking about how we're going to execute this  
17 program over multiple years and as much as possible really  
18 get ahead of the curve as we move forward on these other  
19 deadlines.

20 We also want to remind the Board as you might  
21 guess that we are a non-attainment area for NOx and that  
22 we are -- we do not want any changes that would  
23 significantly impact our attainment date coming up in  
24 2018. I think that we've been assured the changes they're  
25 recommending are going to be okay in that regard. But as

1 we move forward in time, that needs to be one of the  
2 things that we consider as we consider maybe other options  
3 and other things we're doing.

4 That SIP deadline is a federal requirement, and  
5 it impacts other businesses and other things in our  
6 district that are far beyond the scope of this particular  
7 role.

8 We'll continue to work closely with the Air  
9 Resources Board. We've developed some really good working  
10 relationships over the last month. I'm sure that will  
11 continue into the future. Thank you very much.

12 CHAIRPERSON NICHOLS: Thank you.

13 Greg Furlong and then Betty Plowman.

14 MR. FURLONG: Good afternoon, Board.

15 I'm an owner-operator. And just a little bit, me  
16 and my wife owned a 1981 Peterbilt. Had three million  
17 miles on it. We sold it in '03 after putting four kids  
18 through school and bought an '03 Pete. The '03 Pete is  
19 actually my 401(k).

20 So with that, there's \$3500 a month payment on  
21 this new truck. Okay. So now at the age of 62, I bought  
22 a house for the first time. Without the truck, I ain't  
23 going to have a house. I won't be able to make the  
24 payment.

25 So as a small businessman, everything I've had

1 and read said the filters don't work yet. They haven't  
2 had the technology. So as a small businessman, how am I  
3 supposed to spend the money on that? I just can't bring  
4 myself to work it out in my mind how that's all supposed  
5 to work.

6 And I don't think it's fair for me to put my wife  
7 through the anxiety of trying to figure out how to make  
8 those payments. So basically I'm going to be out of  
9 business. And I'm also probably going to lose my house.

10 The thing to think about the filters, I've talked  
11 to a small fire department from Browns Valley Bullards  
12 Bar. They have on record the filters have started 20  
13 fires. I mean, that's something the Board needs to really  
14 think about.

15 And it's been my life since I bought my first  
16 truck in '68. And basically I'm going to be out of  
17 business. Thank you.

18 CHAIRPERSON NICHOLS: Ms. Plowman and then Chris  
19 Shimoda.

20 MS. PLOWMAN: Hello again, folks. As usual, I'm  
21 going to veer off all the perfect notes I took because of  
22 some things that happened today.

23 I'd like to address Mr. Gearhart from Lake  
24 County. Lake County actually fascinates me because the  
25 American Lung Association di give them an A, which is very



1 hard to achieve from the American Lung Association for  
2 their state of the air. However, the Robert Woods Johnson  
3 Foundation, which examines every county in the  
4 United States on many, many health factors -- by the way  
5 attribute ten percent of one's health to all environmental  
6 factors and 40 percent of your health to poverty and  
7 unemployment. And this year, Lake County has the  
8 distinction of being rated the unhealthiest county in  
9 California based on their premature deaths. So I think  
10 it's interesting. I have the documentation.

11 With that same report, Santa Clara County is the  
12 third healthiest, which shocked me. How could that be?  
13 They have 880, 680, 280, US 101, eight expressways and the  
14 third healthiest. They also have low unemployment and  
15 poverty. So I ask you to keep that in mind.

16 I also question the figures that we heard at the  
17 beginning on only -- if I've got that right -- only 15,000  
18 trucks still need filters. Was that accurate? Well, I  
19 think we got 15,000 of them in this audience today. So  
20 this is why we need to go back to the table. We've got to  
21 get back to the table because some things didn't work.  
22 TRAC didn't work. TRAC we haven't had a meeting of TRAC,  
23 which I'm of member of, since 2010. Wasn't that when we  
24 were supposed to be talking?

25 We've got solutions if I could offer one. Our

1 state's period smoke inspection program PSIP, wow, what a  
2 mismanaged program that was. You insisted that anyone  
3 that had more than one truck, two or more is a fleet, had  
4 to test every year. But it was not tied into any type of  
5 regulation whatsoever.

6           Once in a while, years ago, you'd get a knock on  
7 the door from the CARB guy. He wants to see your papers.  
8 Two years ago they got wise and sent mail audits. The  
9 state of New Jersey has the rule every truck in the state  
10 needed to be smoke tested once a year. I talked to them  
11 two days ago. I can say that the limits they set for the  
12 state of California is way too high. You've got a 40  
13 percent for 91 and newer. Let's cut it in half. Let's  
14 require every single truck in the state to test.

15           I don't like dirty trucks. Tony, you know, I've  
16 talked a few times to report them when I've seen them. I  
17 love clean air. I've got grandchildren. I can't leave  
18 the state. But we can clean up the work. These folks  
19 can't afford filters right now. That's another thing at  
20 the table. There are problems with the filters,  
21 especially for our trucks that don't generate the heat as  
22 the freight guys do going down the road. Thank you. I  
23 guess I'm out of time.

24           CHAIRPERSON NICHOLS: Thank you.

25           MR. SHIMODA: Chris Shimoda with the California

1 Trucking Association. A couple of slightly different  
2 items I'd like to highlight for the Board.

3 There are a significant amount of fleets out  
4 there who have spent millions of dollars to come into  
5 compliance with the rules that you guys have passed in the  
6 passed couple years. I'd like to talk about a couple of  
7 the issues that are hot with the compliance fleets right  
8 now.

9 So first, we still don't have a resolutions  
10 inform the Cleaire long mile situation. There are 2800  
11 long miles out there that need to be replaced. We're  
12 talking about the burden of complying once. I don't think  
13 anybody believes you should have to pay for compliance  
14 twice. We've suggested what we feel are reasonable  
15 solutions to this problem, and we hope to work with them  
16 in the future and get a resolution to that.

17 Second is this issue of what happens with the  
18 folks in the room if you do offer flexibility, they decide  
19 to go ahead and make the investment, what happens then?  
20 And I can tell you that I do hear concerns from compliant  
21 carriers every day. Here's an sample from the e-mail that  
22 sums up the frustration my members are feeling right now.  
23 This is what he said. "They haven't shown us they can  
24 adequately enforce the regs. Why make it harder on  
25 themselves with more changes? This seems to create a

1 moving target when they haven't shown us they can hit a  
2 stationary one." That reflects the frustration the  
3 compliant carriers are feeling right now.

4           With regards to the flexibility you're  
5 considering today, I do believe that the folks in this  
6 audience are going to take that flexibility and comply.  
7 But keep in mind that public incentive money was never  
8 supposed to pay for the cost of this rule. The industry  
9 was supposed to pay for all this new equipment by raising  
10 the rates. This is never going to happen as long as  
11 carriers who are compliant or plan to comply have to  
12 compete with those who have no intention of ever complying  
13 on an unlevel playing field.

14           We urge the Board not no forget about the folks  
15 who have already invested in early compliance and are in  
16 danger of suffering right now because of that.

17           And lastly, I think the expectation from most  
18 folks out there is that in this current round of  
19 Proposition 1B solicitations, there is going to be a  
20 pretty good chunk have money left over. I'd just like to  
21 say we have two areas of the state in the north state and  
22 the central coast who have received next to no money  
23 through either Prop. 1B or Moyer.

24           I would encourage to Board to consider whether  
25 this money should go into compliance assistance for

1 carriers in the NOx-exempt areas or other areas of the  
2 state who have been shut out of major grant programs  
3 because they did not meet the criteria. There are folks  
4 who do not run enough miles to qualify for those programs,  
5 and the folks in the NOx-exempt areas have received next  
6 to no money.

7 Thanks for your time. We'll be working with the  
8 staff in the coming weeks.

9 CHAIRPERSON NICHOLS: Bonnie Holmes-Gen and  
10 Charlie Peters.

11 MS. HOLMES-GEN: Good afternoon. Bonnie  
12 Holmes-Gen with the American Lung Association of  
13 California.

14 The Board's regulations on the diesel trucks and  
15 buses have already reduced thousands of tons of particle  
16 pollution, as you've heard today. When they're fully  
17 implemented, they will save thousands of lives every year  
18 and protect vulnerable populations, including those with  
19 asthma, emphysema, chronic bronchitis, and other  
20 respiratory illnesses.

21 And for this reason, the Lung Association has  
22 been a very strong supporter of these regulations through  
23 the years. They're incredibly important to our mission to  
24 prevent lung disease and promote lung health.

25 From our perspective as a health organization

1 it's important to remember the facts about diesel  
2 pollution that diesel is a top cancer risk in California.  
3 Contributes to a range of lung illnesses, heart attacks  
4 and strokes. And that the science demonstrating the link  
5 between diesel pollution and premature death is very sound  
6 and has been growing recently. And we're concerned about  
7 the vulnerability of the children. And you've discussed  
8 today even the effects of diesel soot pollution on  
9 children who already suffer from the highest rates of  
10 asthma and are particularly vulnerable because their lungs  
11 and bodies are still growing and developing. As we know,  
12 children living in these heavily polluted areas are  
13 suffering from underpowered development of their lungs.

14 So while we appreciate the concerns that are  
15 presented today, we have to stay on course with the diesel  
16 truck and bus regulation and want to present our  
17 perspective. As you're looking at these ideas presented  
18 by staff, we'll say number one we appreciate the need to  
19 work with truck operators that are trying in good faith to  
20 comply. And we appreciate the need for some flexibility  
21 where these good faith efforts that are occurring.

22 We support and have worked hard to expand  
23 incentives, financial incentives, loan incentives  
24 available to assist truck operators. And we're very  
25 pleased that AB 8 has been passed to extend those

1 incentives as well as other programs. We support  
2 compliance outreach assistance. Appreciate the hard work  
3 and the ramping up of those efforts by the Board. That's  
4 incredibly important, and we hope more will be done in  
5 that area.

6 But we are concerned about proposals to allow  
7 Board delays and exemptions from rule requirements. This  
8 is where we think the Board has to take a very hard look.  
9 We need more information on the impact of these ideas on  
10 emissions and health benefits. We need to make sure that  
11 modifications are limited, short term, anything considered  
12 would be a limited short-term, maintain the integrity and  
13 health benefits of the rule, and not disadvantage those  
14 who have already taken steps to comply. We think there is  
15 a -- we want to express caution and say we need to take a  
16 very hard look and carefully understand what exactly would  
17 be the impacts of these suggestions that are before us  
18 today. We've worked a long time and hard, as you know, to  
19 get these regulations implemented. And we're new on the  
20 read to seeing these health benefits. And we don't want  
21 to lose ground. I guess that's a good place to end.

22 CHAIRPERSON NICHOLS: Thank you. Charlie Peters  
23 and then Justin Oldfield.

24 MR. PETERS: Yes. Hello, Madam Chairwoman and  
25 Air Resources Board.

1 Charlie Peters, Clean Air Performance

2 Professionals. We're a coalition of motorists, and we'd  
3 like to see the programs in California work better.

4 Provided for you today a letter to the President  
5 of the California Senate asking him to make sure that the  
6 new Chief of the Bureau of Automotive Repair if and when  
7 the Governor decides to appoint one actually has the  
8 ability to determine whether or not cars that need repair  
9 actually get it. Such things as PZEV that seems to have  
10 the car manufacturers, the Air Resources Board, the Bureau  
11 of Automotive Repair, God, Jesus Christ, all of the cycles  
12 involved in those processes, how does the public get a  
13 quality job and actually get those cars repaired.

14 Somebody needs to take a look at that and see if they can  
15 give some help to see that more of those cars actually get  
16 repaired.

17 I would guess somewhere between 25 and 50 percent  
18 of the cars that should fail do and what's actually wrong  
19 with them get fixed. I would petition the Committee to  
20 take a look at the possibility of improving that  
21 performance with a quality audit process so we can work on  
22 quality and performance instead of crime and fines. We  
23 can't put anything in of the newspaper except calling  
24 small businesses in California frauds and cheats. I think  
25 it's time for that to end and for us to start working on



1 quality and performance and start doing something to make  
2 this a better state, instead of one that destroys small  
3 business.

4 I've given you a second page there that talks  
5 about the use of ethanol in gasoline. I happen to have  
6 gone to an IM Review Committee some time back and  
7 indicated that in Colorado in the wintertime when they put  
8 ethanol in the gasoline that the NOx goes up double.  
9 Double. Member of that Committee said, "That's a lie,  
10 Charlie." Well, the supplied by Dr. Steadman to my fax  
11 machine.

12 I think it's time for the Air Resources Board to  
13 do a little testing to find out if, in fact, ethanol-laced  
14 gasoline or gasoline that doesn't have the ethanol does  
15 better at performance, gas mileage, and particularly in  
16 emission, and to report to us and let us know if we have  
17 an opportunity here at making the ethanol flexible rather  
18 than mandating. We don't have to do what the Feds says if  
19 it's costing us our wallet and our air.

20 Thank you, Madam Chair.

21 CHAIRPERSON NICHOLS: Thank you.

22 Justin Oldfield and then Jason Barbose.

23 MR. OLDFIELD: Good afternoon, Madam Chair and  
24 members of the Board.

25 Justin Oldfield with the California Cattlemen's

1 Association.

2           It's a pleasure to be here in front of you today,  
3 and I appreciate the opportunity to comment on this  
4 update.

5           First, I want to thank staff, especially Erik,  
6 Tony, for working with us back in 2007 and 2008. Seems  
7 like a long time ago. Unfortunately, not long enough,  
8 when we worked on the ag provisions of this rule.

9           And I have a couple comments I want to make  
10 today. There was a lot of effort that went into that. So  
11 my comments are meant to be constructive, not meant to be  
12 critical.

13           With that being said, I do want to talk about  
14 some realities. I've heard largely two complaints from my  
15 members since this rule has gone into effect, one of which  
16 I think the presentation mentioned that there were 84,000  
17 phone calls. I'd like to know how many of those 84,000  
18 phone calls were actually returned. And when they were  
19 returned, they typically were returned by interns that  
20 provided very little information. That was very  
21 frustrating and a process that if we are going to open up  
22 the ag provisions and begin to allow new trucks in, we  
23 have to fix that. To have the ability to clearly  
24 communicate requirements, especially reporting  
25 requirements, to individuals is absolutely key.

1           And a lot of times I ended up getting calls from  
2 people saying, you know, we've called four or five times.  
3 Haven't heard anything back. Can you contact somebody  
4 over there and find out what's going on?

5           Second is largely based on compliance. I've had  
6 a whole lot of people -- I don't think I've had one  
7 individual tell me they can comply with the rule. And I  
8 think leading into these first phase of compliance for  
9 small businesses, I would say for us a lot of people that  
10 looked at that as procrastination. We look at it as an  
11 economic reality. So that's very challenging. It's very  
12 hard to convince an individual that's operating a  
13 20-year-old truck to put a filter on it when the filter  
14 probably is worth more than the vehicle itself.

15           And then I guess my last comment that's specific  
16 would be, you know, California's cattle industry, we're  
17 not just competing with producers in other parts of the  
18 world. We're competing with producers in states next to  
19 us. We depend on the ability to get trucks in and out of  
20 here. Our cattle are marketed typically to other states.  
21 So we depend heavily on out-of-state trucks.

22           So I guess my one request in addition to opening  
23 up the ag rule, which we would support for vehicles that  
24 would fit within that, would also be to look at taking the  
25 mileage provisions in the ag exemption or the ag

1 compliance portion of the rule and extend that to say if  
2 you were going to drive in California, the total vehicles  
3 of that vehicle for that year over all the states that you  
4 operate in don't just have to be under 10,000 miles. It  
5 can be under 10,000 miles only in California. I think  
6 that will provide a huge help.

7 I understand there's issues related to  
8 enforcement and monitoring, but I hope we can work with  
9 staff over the next coming months to address that. That  
10 would be a huge help for us. Thank you.

11 CHAIRPERSON NICHOLS: Jason Barbose and then  
12 Karen Pelle.

13 MR. BARBOSE: Chairman Nichols, members of the  
14 Board. I'm Jason Barbose, with the Union of Concerned  
15 Scientists.

16 For any newer Board member who may not be  
17 familiar with our organization, we're a national  
18 science-based advocacy organization. We have about  
19 350,000 supporters across the country. And I've noticed  
20 listening to the conversation today it's understandably  
21 focused a lot on the compliance and the urging for  
22 flexibility. And I understand that investments that are  
23 needed to clean up the legacy fleet are significant and  
24 especially a challenge for smaller operators.

25 But I hope that as you all consider where to go

1 from here that you keep at the front of your minds the  
2 reason this rule was adopted to begin with. And that is  
3 to protect public health and keep in mind that the rule is  
4 working, that the rule is providing significant benefits  
5 to Californians today, as we saw from the slide  
6 presentation. As investments by companies and truck  
7 owners, along with the support of the important local and  
8 State incentives, they're helping to clean up thousands of  
9 trucks on California's roads. And it's already happening.

10 And second, that continuing to make progress is  
11 absolutely critical to achieving our health-based air  
12 quality standards, as well as reduce the risks from  
13 exposure to diesel exhaust, particularly in communities  
14 that are on high traffic corridors and in communities  
15 overly burdened with truck pollution.

16 So you know figuring out where you go from here,  
17 one of the things that is absolutely critical from our  
18 perspective is that if you are to consider any changes  
19 that there would be a full accounting and assessment of  
20 impacts to the health benefits that would result from such  
21 changes.

22 And then we'd also urge as others have that the  
23 Board focus any modification very narrowly and ensure that  
24 we -- those who are in need of short-term compliance  
25 flexibility are put on track to come into compliance

1 quickly.

2           Otherwise, we'd also urge the modifications be  
3 short term. For example, provisions under consideration  
4 such as the increase in low mileage exemptions, we urge  
5 those to be on a temporary basis only. So I'd really just  
6 conclude with where I started, which is to say this rule  
7 is vitally important to cleaning up California's air to  
8 protecting public health, because diesel trucks and buses  
9 are a major contributor to pollution and is harming public  
10 health. So we strongly support this Board's efforts to  
11 ensure the rule is successfully implemented and that our  
12 health benefits are achieved. Thank you.

13           CHAIRPERSON NICHOLS: Karen Pelle and then Erica  
14 Morehouse.

15           MS. PELLE. I had my notes completely done and  
16 wrote them ten times over, and there was a few comments I  
17 need to comment on.

18           The so-called 15- or 20,000 non-registered  
19 truckers is not true. You have over a half a million  
20 trucks based outside the state of California that still  
21 are required to have this compliance. And a lot of these  
22 trucks are owner-operators. And to require this  
23 compliance of an owner-operator -- I work with  
24 owner-operators a lot. I get so shaky. He's absolutely  
25 true. He's going to lose everything.

1           The cost of the filters which is not yet proven  
2 is anywhere from 7- to 20,000 alone for that one piece and  
3 it's not a proven piece. I also have trucks that have the  
4 filter on them, and I'm replacing them regularly because  
5 of multiple cracks. So this is not a proven piece of  
6 equipment that an owner-operator should be required to buy  
7 at this time. When the part is proven, that's good.

8           I have notes real quick. So to mandate this  
9 program is going to cause a lot of issues with  
10 owner-operators. And the major problem nobody is saying  
11 is that nobody wants to come to California. What are our  
12 shippers going to do? What are our corporations going to  
13 do? What are we going to do for trucks?

14           Our corporations are going to be required to pay  
15 30 to 35 percent more in freight charges to hopefully find  
16 a truck. And don't think it's just about trucks. When  
17 the truck rates get to go up, so do the rail rates. The  
18 corporations in California are going to be impacted I  
19 would say minimally 100,000 trucks a month. And they are  
20 required to have this program.

21           So there's 500,000 trucks out there that do not  
22 have the DPF filter. Do I believe in clean air?  
23 Absolutely. I have four grandchildren. I want them to be  
24 healthy for the rest of their life. But that's one thing  
25 that hasn't been brought up is the impact on our

1 corporations. But to require an owner-operator to put  
2 that kind of money into a truck is a burden. There is no  
3 program available for an owner-operator. You have to have  
4 a fleet. Should you make up a fleet? Who wants to lie?  
5 You want to be honest business person. They need to  
6 invest in this program.

7 Now, with these older trucks it's not just about  
8 switching a lightbulb for seven to \$20,000. It requires  
9 their turbos need to be redone. They need to have larger  
10 cooling system on the trucks. So you're asking them to  
11 invest 20- or \$25,000 in a truck they can't sell for that  
12 much because it doesn't have the filter on it in  
13 California. It's a catch 22 how it works. But these are  
14 really good people. This is their business. And they are  
15 being jeopardized because this product is not proven.

16 I'm done.

17 CHAIRPERSON NICHOLS: Erica Morehouse and Bud  
18 Caldwell.

19 MS. MOREHOUSE: Good afternoon, Erica Morehouse  
20 with Environmental Defense Fund. I'm going to be brief  
21 today.

22 But just want to thank the Board and their staff  
23 for their critical work on the standards that our  
24 children, our vulnerable communities absolutely need. And  
25 they're already making great strides towards improving our



1 health and environment.

2 I'd like to echo the comments of my colleagues  
3 from the American Lung Association and the Union of  
4 Concerned Scientists and just look forward to working with  
5 you going forward to keep these standards in place and  
6 doing the critical work. Thanks.

7 CHAIRPERSON NICHOLS: Thank you.

8 Mr. Caldwell and then Angela Casler.

9 MR. CALDWELL: I'm Bud Caldwell representing the  
10 Alliance for California Business. We try to keep  
11 businesses and jobs in California. And you're making it  
12 tough for us.

13 I also have North Gate Petroleum. I'm in  
14 compliance. I intend to stay in compliance. I don't  
15 appreciate it. I think it's wrong. It's bad business  
16 decisions on my part. But the law is the law, so I'm  
17 doing that. But I don't think that you should take some  
18 action against some people that unable to do that. That's  
19 anti-American. That's anti-California. If my counterpart  
20 over here just doesn't have the funds to comply, maybe I  
21 started business 25 years before he did. But the worst  
22 thing the Board is doing is killing the American dream.

23 I started as the vice president of the air hose  
24 and Hancock station part time. I was going the stay there  
25 for there six months. And this Jewish -- son of a Jewish

1 immigrant took this Methodist Heinz 57 variety American  
2 and all he wanted in that whole company was for all of us  
3 to want to be Americans.

4           So we went down the road, and he made it -- every  
5 time I planned to leave, I got promoted. But it got  
6 better and better and better. And he made it so that I  
7 could buy that company with a wife and my strong back and  
8 both of us wanted to work. But if you make me come take  
9 my sons today and say go out and buy ten trucks and buy  
10 about 14 service stations and you go into business and  
11 then try to find customers to sell it to, you can't do  
12 that. You're killing the American dream. That hurts me  
13 more than anything you could possibly do.

14           To work in compliance to work together toward a  
15 goal which we all want, that's what I want to do. But in  
16 the next -- between now and 2023, you take the line that  
17 you're demanding and it drops off pretty quickly. But we  
18 end up at the same point in seven years. What is the  
19 point?

20           And the other thing the people that have no  
21 access to funding -- and I know the Board says, oh, yeah,  
22 you do. You do. We take your own graphs that show there  
23 is no funding above interstate 80 and there isn't, unless  
24 you have multiple trucks. In my case, I qualified for two  
25 new trucks at 60,000 a price. He came back and said, no,

1 you don't operate in the corridor. I was awarded that  
2 before it was withdrawn. But this any case today, I don't  
3 want the funding. I want to comply, but I want to tell  
4 you, we've got the change this.

5 So thank you for listening to us. And I have 57  
6 minutes left to talk to you, but I'm done. Thank you very  
7 much.

8 CHAIRPERSON NICHOLS: Angela Casler and then Tony  
9 Hobbs.

10 MS. CASLER: Good afternoon. Thank you very  
11 much. Welcome, everyone, to this Board meeting. We  
12 appreciate public comments.

13 I want the say a thank you for Erik White and  
14 Tony Brasil for coming up to Butte County to meet with  
15 several of our business owners.

16 My name is Angela Casler. I'm with  
17 Sustainability Management Consulting, also today  
18 representing the Alliance for California Business. And  
19 also I'm an instructor at Chico State, and I teach  
20 sustainability management.

21 And I'd like to talk to you about a different  
22 take on I have on this entire regulation. I also served  
23 as a TRAC member. I was a former owner-operator as well,  
24 and I have been engaged with this regulation since the  
25 formation in 2007.

1           Now that it's been in place for quite a while, I  
2 specialize in something called systems thinking. I like  
3 to look at the whole entire picture of what could be the  
4 consequences of decisions that we make. And so looking at  
5 the environmental impact of this actual regulation, I see  
6 it as getting worse. So a little bit of a different take  
7 today. Yes, I agree with all the speakers today this is  
8 economic hardship on our small companies, but I wanted to  
9 talk to you today about some of the supply chain impacts  
10 that are occurring.

11           Many of you Board members have been inside a  
12 truck I would assume; right? You've seen a truck. So you  
13 know the enormous materials that go into building a  
14 tractor trailer or refrigerator trailer, so on, so on.  
15 The materials that we're using today, these trucks of  
16 course last for so long because we rebuild them, refurbish  
17 them, we maintain those engines, rebuild them over time.  
18 And so those are ways that we can extend the life of a  
19 huge piece of equipment.

20           We then take that piece of equipment and now  
21 we're having to sell it out of state because it doesn't  
22 comply. Or we're ordering these huge particulate matter  
23 traps or an entire new system to rebuild for the new 2010  
24 compliant engines.

25           So the materials resources we are already having

1 exceeded the carrying capacity of the planet. And as a  
2 populous or as a wealthy nation, we are partaking in  
3 continuing that trend. This particular regulation is  
4 exceeding the resources because we are ordering new parts,  
5 new trucks to build these SERs and the PM filters. I'm  
6 very concerned about that impact. Not only that, we are  
7 then transferring all these materials from global  
8 resources, assembling here hopefully this California,  
9 which I was happy to see a lot of the PM trap  
10 concessionaires outside are located here in California.  
11 That made me feel very good today.

12 But the global transportation of all these  
13 materials to come here to be assembled and then to go  
14 globally all over the world is increasing CO2 as well.

15 And of course, we're delivering that through  
16 ships, through trucks, and we're increasing our PM filters  
17 as well. So imagine that that probably exceeds what we're  
18 trying to do here in the state by reducing PM and NOx in  
19 the transportation companies within the state.

20 I also just want to finish up telling you  
21 downstream we have hazardous materials --

22 CHAIRPERSON NICHOLS: You've used more than three  
23 minutes. Really, I appreciate the sustainability  
24 overview --

25 MS. CASLER: I want to make one more point --

1           CHAIRPERSON NICHOLS: Could you just submit your  
2 testimony in writing? I've got the --

3           MS. CASLER: I will. The urea tanks, I would  
4 like to see a study from the Air Resource Board on the  
5 ammonia and the impact to ozone and also the methane that  
6 is exhausted during that process as well.

7           CHAIRPERSON NICHOLS: Thank you. You can have  
8 some further dialogue with our staff on this topic. Thank  
9 you.

10           Tony Hobbs.

11           MR. HOBBS: Thank you Board for letting me speak  
12 today.

13           Back in June, Glenn County Air District sent you  
14 a letter, Ms. Nichols, right here, asking for help or  
15 delaying or letting us have a stay in execution if you  
16 might. But you sent back a letter to Glenn County stating  
17 that, you know, the rules are rules. We have all this  
18 funding money available to the people in your country.  
19 And I'd just like to ask you, I have 25 trucks. I travel  
20 within 150, 200 mile radius of Glenn County. What kind of  
21 funding can I get?

22           CHAIRPERSON NICHOLS: I think that you're going  
23 to have to that conversation with the staff of the Air  
24 Resources Board.

25           MR. HOBBS: I already have.

1           CHAIRPERSON NICHOLS:  What they tell you?  They  
2 didn't have any funding.

3           MR. HOBBS:  No.  None for me.

4           CHAIRPERSON NICHOLS:  I don't have it in my  
5 pocket either.  That's why we have a problem.  That's why  
6 we pursue the next iteration.

7           MR. HOBBS:  In your letter, you stated that there  
8 was funding money available for me.

9           CHAIRPERSON NICHOLS:  I did not say there was  
10 funding for you, sir.

11          MR. HOBBS:  Well, we'll go on.

12          First of all, I want to thank you guys for coming  
13 out to Chico to meet with us.  It was faster for you guys  
14 to come out than the hotline.  Appreciate that.

15          And one way you guys could probably find out --  
16 your chart, you know, with the little trucks on it and  
17 stuff, the one that says 15,000 trucks is only left.  It's  
18 about upside down.  You might try contacting the CHP motor  
19 carrier permit division.  Everybody that has a truck has a  
20 CA number, and they have to report to the California  
21 Highway Patrol how many trucks they have.  And put that  
22 against your list of the people that are trying to comply.

23          You know, I'm on your list.  I'm complying as  
24 much as I can.  But without help from -- that 1B Goods  
25 Movement, I would be using it right now if I can get it.

1 I have so many truck loans right now I can't go any  
2 further. I employ about 30 people, and it would be nice  
3 to keep those people employed. Thank you very much.

4 CHAIRPERSON NICHOLS: Appreciate that. Thank  
5 you.

6 Everybody, every individual is different. Every  
7 business is different. We're not trying to say we have  
8 the answer for every person. I think what we can say is  
9 that staff has worked really hard to get the correct  
10 information about what is going on out there. I'm not  
11 asking them to respond every time somebody says something  
12 that indicates something they disagree with. We're just  
13 going to wait until the end and then try to respond to a  
14 lot of the factual comments so that we can get a better  
15 handle on what's right.

16 And I really do appreciate you all coming here  
17 and also giving us your views. So we'll just continue on  
18 through this.

19 Mr. De Carbonel.

20 MR. DE CARBONEL: Good afternoon. I guess I'd  
21 like to start with a quote from Winston Churchill. "If  
22 you have a thousand regulations, you destroy all respect  
23 for the law."

24 We ought to keep that in mind. We have some  
25 pretty complex regulations here.



1           Secondly, on the staff's report this morning on  
2 the number of filters that have been installed, I think  
3 the number was in excess of 130,000. But if I look at the  
4 press release from MECA, the Manufacturers Association  
5 from September of this year, they show 25,000 total  
6 filters sold in all applications in California. So we  
7 have some sort of problem with the mathematics there.

8           I'd also like to point out hat California leads  
9 the nation in the number of households living below the  
10 poverty line. That's not the place you want to be. We  
11 are below the poverty line. We are number one. Our  
12 closest competitor is two and a half percent below us.  
13 The U.S. Bureau of Labor Statistics rates California as  
14 number two in unemployment. Number one is Nevada with  
15 eleven percent. California is at ten and a half percent.  
16 The California Transportation Commission which oversees  
17 all transportation in this state has a \$3 billion  
18 shortfall coming up the first of the year, which does not  
19 bode well for growth in the state of California.

20           I'd also like to point out that early on in this  
21 whole procedure we did talk a lot about economic recovery  
22 and time lines. We haven't even come close to the first  
23 or the worst time line we projected. We also talked at  
24 that time a number of ways about trucking. I saw this  
25 morning's ad you put up. You talked to their about

1 commercial truck, truckers. But many people own trucks  
2 who are not -- don't see themselves as commercial  
3 truckers. A truck is a part of their business, their  
4 overall business, but it's not the business they're in.  
5 That's a big difference. And that's a message that is not  
6 being relayed very well in the television commercial, in  
7 my opinion.

8           Also Ritchie Brothers, the largest auctioneer in  
9 the world for construction equipment, as well as all sorts  
10 of ag equipment, shows 120 different categories for  
11 vocational trucks. I don't think we ever considered  
12 vocational trucks as how separate they are from all over  
13 the highway trucks. And I think when you have that kind  
14 of a very big difference in the way they operate, their  
15 temperature ranges, everything else, a lot of assumptions  
16 are made that are not accurate. That's why we're having a  
17 lot of problems today with these accessories.

18           We're only talking in the terms of construction  
19 trucks in the state of California maybe around 50,000  
20 vehicles. I think there's plenty of room for  
21 accommodation to revisit this regulation before we have a  
22 serious problem for the people of California who get  
23 everything that they eat and everything they use on a  
24 daily basis via a diesel truck. And I don't think anybody  
25 wants that impact to put on a bunch of people who are

1 struggling to get along right now.

2 CHAIRPERSON NICHOLS: Thanks.

3 Mike Manna and then Pat Cramer.

4 MR. MANNA: Good afternoon. I just want to say  
5 thank you for this time and the opportunity to be heard.  
6 I represent a company. We kind of fall into the -- we're  
7 not a small company. We're not a small fleet. We are in  
8 a rural area. But we are in a NOx-exempt area. So  
9 we've -- we are currently -- my company is in compliance  
10 and we plan to stay in compliance. However, we've applied  
11 for the 1B money. And because we don't operate in the  
12 corridor, we're not allowed that money.

13 We have currently purchased a couple trucks, but  
14 we used the flex option phase-in option. And the  
15 percentage from 60 percent to 90 percent is a good chunk.  
16 It's actually about \$650,000 for my company. And as of  
17 right now we bought two trucks. We're supposed to be  
18 buying three more before the end of the year.

19 I've got to tell you, the phrase-in option was  
20 the best scenario a couple years ago. It's just painful  
21 coming into the end of the year. Any extension or to  
22 allow us to go past the January deadline would be much  
23 appreciated.

24 Our trucks operate in a very rural area. We  
25 don't have a lot of help and support. If we were to use

1 the filters, they have proven to be problematic. And I  
2 can't see sending our drivers out into these areas so far  
3 from the manufacturers and the dealers that would work on  
4 these filters. So for our application, we really look at  
5 buying a new truck. If nothing was to happen and these  
6 regulations were not in place, we would have all the  
7 trucks replaced in two to three years anyway. It's just  
8 we have to replace so many of them in one year, it hurts.  
9 Thank you.

10 CHAIRPERSON NICHOLS: Pat Cramer.

11 MS. CRAMER: Good afternoon. And thank the Board  
12 for letting us speak.

13 I kind of have a dual position here. My husband  
14 and I have a small trucking company. And we also have an  
15 insurance agency which specializes in transportation  
16 insurance. Consequently, this is two-sided sword for me.  
17 So I have some numbers I brought to the Board that are  
18 accurate, not manufactured out of the thin air.

19 I do business with a company called Great West  
20 Insurance Company. Nationwide, they insure 56,000 trucks.  
21 41,000 of those trucks are 2006 and older. Of those  
22 41,000, less than one percent of any kind of filters.

23 Now, since California has the largest number of  
24 trucks, you can imagine. I don't have the absolute  
25 numbers for California.

1 Another company that I do business with insures  
2 21,000 trucks in California. Now, these are long haul  
3 trucks, interstate trucks. Of theirs 21,000 -- and that  
4 is insurance companies that are Scottsdale, Northland,  
5 Carolina, Maxim, and Stratford, major A rated insurance  
6 companies. Of their 21,000, 15,300 of them are 2006 and  
7 older.

8 Now, my smaller company out of the northwest who  
9 insured primarily local short haul trucks in California,  
10 Washington, Oregon, they have 6,000 trucks. 4,600 of  
11 those trucks are 2006 and older, less than one percent  
12 again have filters.

13 I personally have very small insurance agency. I  
14 probably insure right at 500 trucks. Of that 500, I do  
15 not have one, one owner-operator who has a filter. Not  
16 one. So the numbers that we've heard today are extremely  
17 misleading. And you can come and look at my numbers.  
18 Those are just manufactured somewhere. I don't know  
19 where.

20 Once again, as the gentleman who spoke before, go  
21 to the California Highway Patrol and find out how many  
22 trucks are out there. 15,000 isn't even close. So it's  
23 very offensive to me that have to sit and listen to things  
24 that I know are fact. I'm in the trenches. Fifteen to  
25 \$20,000 for a filter, my guys have a three percent profit

1 margin. There's no way.

2           The money that you're willing to give them,  
3 \$60,000 -- \$60,000 on a \$150,000 truck. So what you end  
4 up with, \$30,000 in sales tax and FET. Then you get a  
5 1099. Tell me, folks, where can these people -- and I'm  
6 primarily dealing with owner-operators. Where are they  
7 going to go? They're out of business. I'm in northern  
8 California. So please take these things into  
9 consideration. These guys aren't going to be compliant.  
10 And everything in this state is going to stop.

11           CHAIRPERSON NICHOLS: Kirk BLACKBIRD.

12           MR. BLACKBIRD: Good afternoon. Kirk BLACKBIRD,  
13 General Counsel for the California Tow Truck Association.

14           First applaud the Board and staff for recognizing  
15 that there is severe impediments to complying with this  
16 rule. In the towing industry, heavy duty tow trucks are  
17 particularly impacted. These are trucks that drive very  
18 low mileage and clean up the state's most disastrous  
19 accidents. Because these are highly specialized trucks,  
20 they're extremely expensive. Generally range from 325,000  
21 to \$750,000 to replace.

22           As you can see, because of the low mileage these  
23 trucks operate as well as the expense incurred in order to  
24 replace them, the business model assumes these trucks are  
25 going to last for several decades, something the rule does

1 not permit.

2 In order to accommodate these trucks, we want to  
3 continue to work with staff in order to make any  
4 modifications -- any necessary modifications to the low  
5 use exemption. Thank you.

6 CHAIRPERSON NICHOLS: Thank you.

7 Mr. Faris.

8 MR. FARIS: My name is Allen Faris. I'm a native  
9 Sacramentan, second generation in the trucking industry.

10 And so many people have said exactly what I want  
11 to say. I just have one thing I want to talk about that  
12 nobody has talked about. But nobody in their right mind  
13 wants dirty air. Nobody in their right mind would nt want  
14 a brand new state-of-the-art truck. It's the ability of  
15 being able to afford it and servicing the debt.

16 Myself, I'm in the construction industry. We're  
17 vocational and seasonal, which makes it even more  
18 burdensome.

19 But since July 1st, 1998, we have complied with  
20 all the opacity testing that you required. And I guess  
21 what I'm trying to say is we have mechanical engines that  
22 you say are going to be junk, have to be thrown away.  
23 There is no way we can run any more in the state. And I  
24 have statistical opacity tests on my own trucks that are  
25 down as low as some of your new state-of-the-art

1 electronic motors. I'm looking at -- went to three trucks  
2 so I could, you know, work for a little bit longer. I'm  
3 looking at putting aftermarket soot collector on a 2003  
4 truck, which is an electronic engine and that may work.

5 My other trucks, I guess I wished you could  
6 revisit the mechanical engine aspect and maybe have an  
7 opacity test just like smogging a car with a minimum  
8 standard to meet to let these trucks serve their life  
9 expectancy out. A lot of these independent  
10 owner-operators of small businesses have the older trucks  
11 that we overhaul, maintain, take care of. And for  
12 six months out of the year, they get better fuel mileage  
13 than some of the new ones. It's hard to believe, but they  
14 do. And that would be one way of keeping some of the  
15 small businesses going.

16 The other thing is the thousand mile threshold is  
17 way too low. I mean, that should be really looked at.  
18 But everybody has brought that up already. So I guess I'm  
19 just going back and saying again that the opacity testing  
20 on the mechanical engines is something that should be  
21 looked at. And if they're maintained properly and  
22 everything, they're very, very clean. Thank you.

23 CHAIRPERSON NICHOLS: Thank you.

24 Mr. Horspool and then Mr. Lokey.

25 MR. HORSPOOL: Chairman Nichols, Board, and my



1 old County Supervisor, Ms. Barbara Riordan. I'd like to  
2 thank you for the opportunity to address the Board and  
3 express some of my concerns.

4 I work with countries around the world in  
5 reducing emissions. We have a large operation in the  
6 Philippines. If any of you have been to the Philippines,  
7 you know what a jeepney is? Jeepney is one of the  
8 absolute dirtiest forms of transportation in the world.  
9 And we bring jeepneys into compliance with Philippine  
10 emission standards, in particular particulate matter, the  
11 PM standards.

12 In Mexico, we've got trucks that run zero  
13 emissions, but they're not allowed to come into California  
14 because they don't have a trap. And to me, I mean, these  
15 guys are the kind of tearing their hair out. They have  
16 trucks that are absolutely beautiful. Our vision of the  
17 trucks coming from Mexico are these poor broken down, bad  
18 tires, et cetera, et cetera. No. These guys have some  
19 unbelievable rigs. And they can't bring them into the  
20 state because they don't have particulate traps.

21 What I would like to see -- and we had the  
22 discussion about traps earlier. And traps is a good word  
23 for these things. We had the discussion earlier about the  
24 need for the traps. What about having an easier regime as  
25 far as qualifying for bringing vehicles or engines into

1 compliance because right now it's extremely expensive if  
2 you want to come up with a new approach. We're looking at  
3 doing that with another device. And between what we have  
4 and what these other guys have, our product will reduce PM  
5 up to 96 percent. These guys are reducing it up to 70  
6 percent. Combined, we know we're going to be a Tier 3  
7 basically, have a Tier 3 approach. I'd like to have the  
8 Board look at technology and be open to new technology  
9 that's out there. Because you will be amazed at what the  
10 entrepreneurs in this -- not just this country, but  
11 especially this state can come up with.

12 Thank you very much for your time.

13 CHAIRPERSON NICHOLS: Thank you.

14 Mr. Lokey and then Mr. Luiz.

15 MR. LOKEY: Hello. I'm Richard Lokey, from  
16 Calaveras County, a rural area up in central eastern  
17 Central Valley.

18 1986, the PUC rates were around \$52 an hour for  
19 the trucking. Fuel was around 86 cents a gallon. On the  
20 average for most people there's about a five to seven year  
21 turn-around on your trucks. And you know I come from the  
22 construction and agricultural, we haul livestock. Plus we  
23 have our own ranches. And most of our trucks service our  
24 own business.

25 Since 1986, the government has added many new

1 programs, UCP and other fees that heavily impact us as  
2 well as the average hourly rate for a truck today is about  
3 \$85 an hour. And with four dollar a gallon fuel, the  
4 rates have not gone up near as much as the fuel has.

5 There is a lot of trucks out there running these  
6 lower rates that don't maintain their truck up to industry  
7 standards. Since 1995, the CA numbers on these trucks  
8 were around 135,000. And that was from the start of the  
9 trucking industry. Now since 1995 to present, the CA  
10 number's well over 500,000. That tells you how many new  
11 trucks have been implemented in the last 17 years.

12 Then also the housing is down 80 percent since  
13 2006, and the construction world, you know, it makes it  
14 pretty tough to survive being a seasonal job, as well as  
15 myself, I haul livestock. Eighty percent of my time is in  
16 the rural areas. And we do pass through these high  
17 emission San Joaquin Valley and stuff. And I would like  
18 to see something to help the livestock because with all  
19 the new housing tracts going in, we now move our cows from  
20 a 50-mile radius to three states: California, Nevada,  
21 Oregon. So I'd like to also see the mileage raised up on  
22 some of the agricultural trucks. I put an average about  
23 65,000 miles on my truck.

24 Thank you.

25 CHAIRPERSON NICHOLS: Thanks.

1           Blain Stumpf and Paul Larking.

2           MR. LUIZ: Good afternoon, Ms. Nichols, Board  
3 members.

4           I've been coming up here for quite a few years on  
5 this issue. I've been against this whole thing for many,  
6 many years. Been to a lot of stakeholder meetings. And  
7 so your staff brought up their update on this whole  
8 proposition. I'm going to give up my update on my  
9 business.

10           As of right now I've lost every single puller  
11 I've had. Every single puller is gone. Subs, people own  
12 their own equipment, I'm down to a handful. I'm down to  
13 two trucks, one driver, all because of this rule and  
14 because of the economy. I went from a two million dollar  
15 a year business to hopefully I'll make 300,000. Out of  
16 the \$2 million, if I did my job correctly, if I had good  
17 luck, I'd be able to keep about 10 to 15 percent of that  
18 money into expanding that business. The rest of that  
19 money went into the economy; parts, fuel, wages.

20           Some of those drivers that I had are no longer  
21 with us. They're dead. You know one of the reasons I  
22 believe they're dead is because they had health issues.  
23 And because they no longer worked for me, they had no  
24 medical insurance. So they're gone. Others are on  
25 welfare. Others lost their houses. This is all wrong.

1           As far as the filters go, the reliability on the  
2 filters. I've had transfer units -- this is construction  
3 work mainly. I've had transfer units that had filters on  
4 them that haven't made it to the job. So now they got a  
5 whole transfer load of hot asphalt. You have to get it  
6 off. You can't dump it on the ground because the truck  
7 ain't going to run. You got a whole crew waiting for that  
8 stuff. You've got cement mixers. Trucks don't run. You  
9 got a whole drum full of concrete. You can't turn it.  
10 You can't dump it.

11           These filters are unreliable. They're expensive.  
12 A lot of the trucks can't put them on there. This is  
13 what -- I'm giving you what the real world -- what I'm  
14 dealing with right now. I have three months. Three  
15 months left, okay. Three months left. And either I got  
16 to get rid of one of my trucks so I can go one more year  
17 or I have to get out of the business after 30 years.  
18 Thirty years of busting my ass, me and my wife, six days,  
19 seven days a week. It's a total disaster. Total  
20 disaster.

21           I had a few more things to say but my time is up.  
22 I'm been up here so many times this is wrong. Wrong deal.  
23 Thank you.

24           CHAIRPERSON NICHOLS: Mr. Larking.

25           MR. STUMPH: Chair Nichols, Board, thank you.

1           My company is a Placerville based dump truck  
2 fleet of 17. Been in business since 1983, 30 years. I  
3 had hair back then. Come to think of it, I had hair right  
4 up until the implementation of the truck and bus rule.  
5 I'm thinking there might be a correlation here.

6           CHAIRPERSON NICHOLS: Excuse me, sir. I'm sorry.  
7 I just got confused in the order. Would you just tell me  
8 who you are?

9           MR. STUMPH: 34, Blain Stumph.

10          CHAIRPERSON NICHOLS: You are. Okay. So the  
11 last gentleman who just spoke was Tony. Okay. I just  
12 missed him. Sorry. That's okay. I just got out of  
13 whack.

14          MR. STUMPH: This rule has been a massive hit to  
15 our way of operating and our bottom line. We've been  
16 fortunate enough to receive CCAT funding for several  
17 units. However, most of the balance has been financed.  
18 That amounts to between 90 and \$100,000 each after grant  
19 funding. We've purchased nine units that way. And you do  
20 the math on what that's cost me. This has put us in a  
21 position with having the highest payments we've ever had  
22 during the worst economy we've seen while being in  
23 business.

24          The cost of these replacements is not limited to  
25 financing. These trucks have higher DMV registration

1 fees, insurance, and maintenance costs. The technology  
2 used in these vehicles is new and largely untested in the  
3 real world. Of course, we have seen our share of emission  
4 equipment problems also. DPF plug-in, forced re-gen  
5 during the workday, port OEM support, extended down time  
6 waiting for dealer repairs. I can go on and on.

7 We embrace technology. I'm not afraid of it.  
8 What I'm afraid of is competitors that don't upgrade,  
9 retrofit, or replace. Those guys don't charge the rates  
10 required to operate this new technology like we do. We're  
11 running \$150,000 pieces of equipment competing with guys  
12 running \$15,000 equipment. The truck and bus rule has  
13 really upset the market. Eventually, it will level out.  
14 But where will the honest guys like me who have spent the  
15 money to be compliant be when the old trucks are finally  
16 gone?

17 Please consider these implications when modifying  
18 the rule. Thank you for your time.

19 CHAIRPERSON NICHOLS: Thank you.

20 Okay. I hope we're back on the right order now  
21 Mr. Larking.

22 MR. LARKING: My name is Paul Larking. I'm the  
23 co-Chair for the Port of Oakland Truck Work Group. I've  
24 been honored to have that position for the last two years.  
25 It completely unpaid. It's a forum. I don't work for

1 Port of Oakland. I'm not here to represent any particular  
2 interest, but to give you a perspective and update on the  
3 Port of Oakland situation.

4 I'm glad, Madam Chair, that you mentioned the  
5 drayage truck regulation. So I feel that I could talk  
6 about that a little bit, too.

7 As you know, the Port of Oakland was shut down  
8 again Monday this week and was shut down completely for  
9 two days in the month of August. There are currently  
10 intense ongoing discussions. The Port of Oakland has done  
11 a marvelous job facilitating a discussion group to come  
12 together. But speaking through my capacity as co-Chair  
13 for the trucking industry to various parties, I could tell  
14 you the issues are far from resolved.

15 The independent owner-operators have put several  
16 considerations or requests on the table. But one in  
17 particular is relevant to this audience. And that is the  
18 fact that, as you know, the port drayage truck rule  
19 community went first and experienced many of the issues  
20 that are being discussed here today in terms of filters,  
21 et cetera, et cetera.

22 There is approximately -- numbers are always  
23 subject to discussion. I think CARB's own drayage truck  
24 registry has got numbers of 1700. Those numbers have been  
25 reducing month on month. Maybe it's a thousand. Let's



1 cut it in half and call it 500. There are at least 250 to  
2 500 families affected as a result of 250 to 500  
3 owner-operators being put out of business come January  
4 1st, at least prevented from working at the Port of  
5 Oakland.

6 The irony of this situation is they already  
7 complied once with CARB's regulations by putting filters  
8 on their trucks. And all these trucks in question here  
9 are filtered vehicles. The irony is they would still be  
10 legal to drive over the road anywhere in the state of  
11 California. And that to me seems a little bit  
12 nonsensical, because there really is a zero emission  
13 benefit or impact from actually allowing these guys to  
14 operate beyond January 1st next year and do what they like  
15 to do and that is stay at the port.

16 Many of them live in the port area and even if  
17 pushed over the road will be coming back into the  
18 residential area of the Oakland community.

19 On top of this, we have the 880 and I-80 going  
20 right through the heart of the Oakland residential  
21 community. And many of the over-road vehicles that will  
22 only be required to be compliant with the truck and bus  
23 road apply that route.

24 So my request to you is please give urgent  
25 consideration. What we don't want to see is 250 vehicles

1 descending on Sacramento if they can shut the port down,  
2 they may well be capable of this. This is not a threat.  
3 It's just providing you with information for your  
4 consideration. If there is any dispensation given under  
5 the truck and bus rule, I would urge you to see if there  
6 is any way we can accommodate some form of additional time  
7 for the drivers effected in the port drayage community in  
8 the port of Oakland.

9 Thank you for your time. I'm available to answer  
10 any questions.

11 CHAIRPERSON NICHOLS: Thank you.

12 Mr. Torres.

13 MR. TORRES: Madam Chairman, members of the  
14 Board, thank you for your time.

15 Chris Torres, F&L Trucking. I hail from Colusa  
16 County, rural community. We operate 15 trucks in that  
17 area. We operate in about approximately 250 multiple  
18 radius covering three states, 15 trucks, with 14 employees  
19 at any one time. We've already -- we've purchased nine  
20 trucks that are already compliant. 08-09 trucks, used  
21 ones. We've spent almost \$700,000 in the last 18 months  
22 with these trucks to try to become compliant.

23 There's been pretty much a burden for us, but we  
24 are complying. We have to buy two more next year and two  
25 more the following year to bring us to where we need to

1 be.

2           You know, it's almost a million dollars worth of  
3 money I've spent out of my own pocket or my family's  
4 pocket to comply. We want to comply. We don't have a  
5 problem with it. But we're concerned about some of the  
6 issues that staff is bringing up about changing and  
7 delaying. This could possibly show some unfair  
8 composition for folks like me that have tried to -- that  
9 are complying and struggling through the payments.

10           I do support though the low mileage change. I  
11 don't see a problem with going up to 5,000 miles. That  
12 will help a lot of the farmers. I'm a farmer also. It  
13 will help my farming friends and the communities all  
14 throughout the state.

15           I also support putting Butte County into an  
16 attainment area. That will take that island out from  
17 north of Sacramento. It's important there is consistency  
18 there throughout the north state. So I think businesses  
19 that are there can stay and not have to worry about going  
20 through Butte County. Butte County is of major importance  
21 to the north state.

22           Also the one of the other things I'm interested  
23 in is I think the folks that are retrofitting and that  
24 have purchased '08 and '09, '10 model trucks that are  
25 supposed to be phased out in 2020 through 2023 that may

1 possibly extend that time with those folks that have  
2 retrofitted and spent the money and let these trucks go  
3 and use their full life cycle. The life cycle of these  
4 trucks I don't believe was utilized enough when we get  
5 went through this rule and developed it back in '08.

6 I also feel that DMV needs to be involved  
7 somehow, some way, too. The trucks that don't comply  
8 shouldn't be licensed. And that would help with  
9 compliance and that.

10 And that's it for me. The only other thing I  
11 have to say, I'm wondering where everybody was in this  
12 crowd here back in '08 when we went through all this.  
13 Everybody should have been here then. Thank you.

14 CHAIRPERSON NICHOLS: Okay. Thank you.  
15 Obviously, there is a lot of different views and positions  
16 that people are coming from.

17 Richard Skaggs and then Joe Matlen.

18 MR. SKAGGS: Thank you, Madam Chairman.

19 My name is Richard Skaggs. I've been in the  
20 environmental field since the '60s. I served on the  
21 Inspection Maintenance Review Committee appointed by Kirk  
22 Pringle at the time for seven years. I've been testing  
23 diesel for over 25 years. And I have to say everything I  
24 heard today and years now, they're absolutely right. We  
25 do have to listen to them. We've been testing diesel

1 vehicles, bringing bring them into zero.

2 I know when we started this program with SAE -- I  
3 went back to SAE back in '91, '92 because we were using  
4 analog meters. They were reading high. So I went to SAE.  
5 We started the SAE 1667. We designed equipment that was  
6 digital instead of analog. And today, these meters, all  
7 of them, they can read the opacity right down to .001 or  
8 whatever we want.

9 When we started this, the Air Resources Board  
10 indicated that we did not want the meters to read zero  
11 because no diesel would ever come down to zero. That was  
12 back in '96.

13 Well, guess what? These folks, the hard-working  
14 folks with trucks, tractors, you name it, they did it. I  
15 was in the room back in the '90s when I said the diesel  
16 industry, the folks that have these diesel trucks can  
17 really do it if you give them a chance to do so.

18 I remember back in 1991, I was Chairman of the  
19 Environmental Department for the California Bus  
20 Association. Paul Jacobs came to our annual meeting. And  
21 he said every one of you should replace every diesel with  
22 methanol because we're going to phase out diesel. That's  
23 our program. We said there is not enough infrastructure  
24 to have methanol. Well, the RTD decided to go with  
25 methanol. Guess what. It failed. They had to get diesel

1 buses to go out and pick up the passengers.

2 A year later I asked the question: Why did you  
3 continue the program when you knew it wasn't going to  
4 work? They said because the government continued giving  
5 us money, \$131 million. And they continue giving them  
6 money. The engines kept failing. We kept using diesel  
7 buses to pick these passengers up.

8 So you must listen to these folks. I've been  
9 listening to them since 1985 when we started our program  
10 in California to clean up diesel. We did not ask the Air  
11 Resources Board to help us. We had a program. We gave  
12 out \$5,000 for the cleanest bus in California, and I  
13 personally sent out ten people to do testing throughout  
14 California. And these people were proud. They wanted to  
15 bring those emissions down and they did. That program  
16 lasted for seven years. Thank you very much.

17 CHAIRPERSON NICHOLS: Okay. Thank you.

18 Mr. Matlin.

19 MR. MATLEN: My name is Joe Matlin. I'm the  
20 controller for an agricultural hauling company that has a  
21 fleet of about 150 trucks.

22 Over the past several years, we have invested and  
23 borrowed about \$10 million to stay compliant with ARB  
24 rules. This exercise has severely limited our competitive  
25 ability, our ability to provide increased pay and benefits

1 for our employees, and created immense financial  
2 challenges for our business.

3 For these trying to become compliant, sadly our  
4 story is typical. Although I do not really support the  
5 regulation because of the hardships you have heard here  
6 today, I also do not support any modifications at this  
7 time because too many companies have already followed the  
8 rules, much to their disadvantage. Any attempt to soften  
9 the blow at this late day is completely unfair to those  
10 companies.

11 You may or may not know the goods movement  
12 program that was just taking applications this month is  
13 not available to companies who are not already compliant.  
14 This is bad policy.

15 The point of government is to help industry and  
16 assist them in getting compliance so there is no  
17 transportation meltdown in the state. I understand that  
18 the State does not want to invest when a particular  
19 company will never get compliant. But limiting it to  
20 those already compliant is ridiculous. You should at  
21 least include those that will get compliant with these  
22 funds.

23 So to summarize there is only one action by this  
24 Board I would support and for this Board to lobby with the  
25 Legislature from a more funding to help truckers get

1 compliant. The time line for implementation that was  
2 extended once is very difficult to meet. And the  
3 appropriate action now is to attain some funding for  
4 retrofits and replacements, not to extend. Thank you.

5 CHAIRPERSON NICHOLS: Thank you.

6 Mr. Lewis.

7 MR. LEWIS: Good afternoon. I'm Mike Lewis with  
8 the Construction Industry Coalition on Air Quality. And I  
9 want to talk about construction and construction trucks.  
10 That's not the trucks that were in your video, just so you  
11 know.

12 Let me put it in context. Home building in  
13 California usually makes up 75 percent of all the  
14 construction in the state. A healthy annual rate for  
15 building homes is about 150,000 homes. At the peak of the  
16 economy, just before it tanked in '07, we were building at  
17 the rate of 200,000 homes a year. Last year, we built  
18 40,000 homes.

19 This year, with a little luck, we may make 50.  
20 And the best projections anybody has got for next year are  
21 60,000. At that rate, the terminates are eating them  
22 faster than we're building them.

23 Unemployment is until 30 percent in this  
24 industry. There simply is no recovery in construction.  
25 Your staff's hockey stick recovery graph from 2010 is



1 simply laying on the ice today.

2           The good news is that because of that, the  
3 emissions from the construction industry are well ahead of  
4 schedule. And you should take some comfort in that. But  
5 we would like some credit for that.

6           The staff recommendations I would categorize as  
7 benign. I think you should certainly follow through with  
8 them at a minimum. They're a little bit of tinkering  
9 around the edge. If that's all you do, we're probably  
10 going to be having this conversation again in six months.  
11 Not that anybody asked, I'd like to give you the  
12 suggestions what I think part of the direction to the  
13 staff should be.

14           First of all, you need to update the construction  
15 industry emission inventory. A lot has changed in the  
16 five years since this rule was adopted and the assumptions  
17 that were made at the time that it was adopted. The fleet  
18 looks different. Activity has not been at the same pace  
19 it was originally projected. And I think we need to get  
20 the phantom emissions out of the equation. If we could  
21 get down them down from what they are today from the  
22 industry, the point we have to hit is going to look a lot  
23 different than it did when you wrote this rule in '08.

24           Secondly, humor us and take a really good hard  
25 look at VDECS reliability. Both new and old equipment

1 retrofits and OEMs, the problems are more widespread than  
2 you think or more than the VDECS manufacturers will admit.  
3 My contractors thought they were smart buying 2010 trucks  
4 and now they complain they're in the shop more than  
5 they're on the road.

6 Third, recognize the excessive burden you've  
7 placed on California-based businesses with the multiple  
8 rules that you have that effect a lot of these fleets.  
9 Certainly in construction with you have off-road  
10 equipment, on-road equipment, portable equipment, and  
11 forklifts and things of that sort, you're trying to  
12 compete and comply with a bunch of rules that don't  
13 necessarily work together. And that creates a very unfair  
14 burden, and there ought to be some sort of additional time  
15 for multi-use fleets.

16 Next, let's create a vocational truck category  
17 for those that are solely dependant on the vehicle --

18 CHAIRPERSON NICHOLS: Guess what. I'm going to  
19 ask you your opinion so you can get more time. You're  
20 over your time. So Mike, what do you think we should do?

21 MR. LEWIS: Well, I have a couple more points.

22 CHAIRPERSON NICHOLS: All right. Go ahead.

23 MR. LEWIS: Create a vocational truck category  
24 for those who are totally dependent on their truck for  
25 their source of living. And make a distinction here

1 between the interstate and the intrastate. These aren't  
2 the same kind of trucks. They're individuals. They don't  
3 travel very far. And the cost of compliance is excessive  
4 for many of them.

5 Next, harmonize some of your requirements. You  
6 can have a truck in the construction activity that only  
7 has a thousand mile limit on it, but if it's in ag, it has  
8 a 10,000 mile limit. That doesn't make any sense. You  
9 need to pull those together.

10 Six, open the low mileage truck exemption as your  
11 staff is proposing to do. I would advise to you do that.  
12 But look at the definition of a contractor. Currently,  
13 you have to have a contractor's license to put your trucks  
14 into that program. Not every business that does  
15 construction needs a contracting license. So they can't  
16 get their trucks in. And some companies that are  
17 contractors keep their fleets in a separate company that  
18 doesn't have the license. So they can't put their trucks  
19 in those fleets either.

20 I think at the time you did this, we told you  
21 that that criteria, that was going to be a barrier to  
22 entry. And it's turned out to be that. We haven't had as  
23 many trucks into that category as were originally allowed  
24 based on the emission estimates. And therefore, you need  
25 to look at that definition.

1           Seven, on the low use designation, I think 5,000  
2 miles will help, certainly for people that have water  
3 trucks and things of that sort. It should probably be  
4 about 7500 miles. And if you looked at those actual  
5 emissions, if we had that inventory updated emissions  
6 inventory, it would probably be justified.

7           And if you're going to do that, you also need to  
8 change the PTO limits on the PTOs on that same equipment.  
9 So to be able to drive a truck more miles doesn't help if  
10 when it gets there it can't work because it's at its 100  
11 hour limit on the power take off on it. You might want to  
12 consider raising that to 4- or 500 hours as well.

13           Finally, I would suggest you consider a  
14 three-year rolling average similar to what you have in the  
15 off-road program so you can exceed a limit in any one  
16 year, as long as you didn't exceed the total limit over  
17 three years. I think that would provide some additional  
18 flexibility for some of the smaller fleets trying to  
19 comply.

20           So all you have to do is ask. We're more than  
21 happy to sit down and help you fix this. Thank you.

22           CHAIRPERSON NICHOLS: Thank you.

23           Ian MacDonald and Rasto Brezny.

24           MR. MAC DONALD: Madam Chair, members of the  
25 Board, thank you for the opportunity to make comments.

1           My name is Ian MacDonald. I'm with the CDTI, a  
2 California-based company with headquarters in Ventura,  
3 California, and research and manufacture facilities in  
4 Oxnard, California. We're a VDEC manufacturer. CDTI  
5 supported the education and outreach of several programs  
6 including, the one being discussed today. We have  
7 interpreted and understood the truck and bus rule in an  
8 effort to assist fleets with understanding the rules and  
9 option for compliance.

10           We have also understood and adapted to the  
11 tendency for fleets to delay compliance action until the  
12 deadline is imminent. We attempt to plan our business  
13 around this typical peak demand. And as such, we have  
14 invested in significant inventory to support what we  
15 expect were the reasonable compliance dates proposed by  
16 the ARB.

17           Systems that remain in our inventory for extended  
18 periods of time as a result from delays in compliance  
19 requirement will be detrimental the our business.

20           I would like the Board to consider this impact in  
21 light of the proposed changes. Thank you.

22           CHAIRPERSON NICHOLS: Okay. Thank you.

23           DR. BREZNY: Good afternoon, Chairman Nichols,  
24 and members of the Board. I'm Rasto Brezny with the  
25 Manufacturers of Emission Controls Association.

1           With the new Board members, MECA represents the  
2 manufacturers of emission control technology for all types  
3 of internal combustion engines, everything from chainsaws  
4 to oceangoing vessels. That includes heavy-duty trucks,  
5 both new vehicles that have had filters and catalysts on  
6 them since 2007, as well as the in-use fleet we're talking  
7 about today with the same technology being incorporated in  
8 the form of retrofits filters.

9           We've been around since 1976. And we've worked  
10 with your staff on all types of regulations for new  
11 vehicles as well as for over ten years on the development  
12 and implementation of these fleet rules.

13           So we certainly recognize the hard work that  
14 staff does in the regulatory process as well as beyond  
15 once the regulations have been adopted and are going  
16 through implementation, which is where we are today.

17           The emission control industry is a green industry  
18 and relies on regulations in order to incentivize  
19 technology development and investments made into  
20 commercializing those technologies.

21           Retrofit manufacturers have made huge investments  
22 in verifying their devices are working properly over  
23 ten years ago. And today, they rely on market stability  
24 in order to recover some of those investments and continue  
25 to stay in business.

1           MECA has always supported staff's proposals that  
2 they brought before you to provide economic relief for our  
3 potential customers. And we believe that, you know, this  
4 is an important consideration. But as you consider what  
5 you've heard today, the main point I want to make is that  
6 we're concerned that changes to regulations that are made  
7 mid-stream of implementation are not only going to  
8 destabilize the market and the incentives that have been  
9 already made, but it also creates an unlevel playing field  
10 for those that have already complied with those  
11 regulations.

12           So we urge you to consider and hold firm on the  
13 major provisions of this regulation so that the emissions  
14 benefits and the health benefits of this regulation are  
15 realized.

16           And we look forward to continuing to work with  
17 your staff as they go through making whatever changes you  
18 direct them to make. And we thank you for your time for  
19 allowing us to make these comments. Thank you.

20           CHAIRPERSON NICHOLS: Thank you.

21           BOARD MEMBER BERG: Madam Chairman, could I ask a  
22 quick question?

23           CHAIRPERSON NICHOLS: Sure.

24           BOARD MEMBER BERG: Are you seeing an uptick in  
25 retrofits now that we have this rule coming?

1 DR. BREZNY: We have done a midyear survey that  
2 was a quantitative survey. And the midyear numbers were  
3 at the same level they were a year ago. We've done an  
4 informal qualitative survey for the third quarters. We've  
5 seen a slight increase in retrofit sales, but we're  
6 nowhere near the level that has been predicted or expected  
7 when either this rule was adopted or as recently as a year  
8 ago.

9 BOARD MEMBER BERG: Thank you very much.

10 CHAIRPERSON NICHOLS: Cynthia Cory.

11 MS. CORY: Good afternoon, Chairman and members.

12 Many of you, Mr. Sperling, Ms. Berg, a lot of you  
13 that were here the first time we got to vote on this rule  
14 a handful of years ago. As one Chris Torres said, where  
15 was everybody? Well, I remember there was overflow room  
16 and it was the most people that had ever testified on any  
17 rule ever. We went for two days and there was hundreds of  
18 people and we heard similar stories.

19 So I hated this rule then and I hate it now. And  
20 I know maybe you do, too. And I didn't mean that say that  
21 for applause. I'm just saying it because we've heard from  
22 the manufacturers who make the retrofits. Sure, they  
23 don't want things changed. We've heard from the folks  
24 that have already invested. They don't want things  
25 changed. We have the SIP hanging over your head. I get



1 that. You're going the get sued no matter what you do.  
2 And it's a mess. I hate it. I'm going to be clear. I  
3 hate it.

4 But given that reality, which is just the  
5 reality, I really embrace the changes that you're making.  
6 They're baby steps. I don't want to overplay them.  
7 They're not going to help a lot of folks, a lot of the  
8 small operators. But I appreciate the steps you are  
9 tacking.

10 As Jack Broadbent said, we can't turn around. We  
11 started with the rules, had some changes a couple years  
12 later. Every time we get more flexibility in this rule,  
13 it's helpful. But folks that have made the changes, and I  
14 understand that. They already made the investments. It's  
15 not fair to them.

16 But in playing around the edges, which is what  
17 we're doing here, I really encourage you. There's been a  
18 handful of good ideas. I'm not going to repeat them  
19 today. There's been a handful of ideas I think we can  
20 take it a little bit more especially for the small  
21 operators. We not going to say they're not going to  
22 comply. If we can give them to the folks doing the  
23 non-opt that only go into one to six months a year, if  
24 there is anything that can be done for the funding for  
25 their incentives, that's -- some of them are going to

1 shrug and say the loan is not going to help me anyway.

2 But I just hope that we take every step we can.  
3 We're going to get one last bite at this apple. And I  
4 really encourage us to do that. The outreach that's been  
5 talked about, you know, I'll help you work with the farm  
6 communities on that. It takes a lot of work to get the  
7 changes into place and get them out all over the state.  
8 We can't do it many more times.

9 We heard a lot about the concerns about the  
10 filters, the life cycle analysis, the impact, the  
11 environmental impact. If we can talk about that a little  
12 bit more, I think that would be helpful.

13 But again, thank you for what you've done, even  
14 though I still hate this rule.

15 CHAIRPERSON NICHOLS: Okay. Tell us how you  
16 really feel.

17 Now let's hear from Mary Jo Dutra and then Jim  
18 Wagoner and Bill Magavern.

19 MS. DUTRA: Madam Chairman and members of the  
20 Board, thank you for allowing me the opportunity to speak.

21 I was actually asked to come down and introduce  
22 myself to you and our organization, which is SAFE-BIDCO,  
23 State Assistance Fund for Enterprise and Business  
24 Industrial Development Corporation. A very long name, but  
25 the State named us.

1           They created us to work with other State and  
2 federal agencies in order to facilitate lending to  
3 borrowers that might not be bank ready or bankable for one  
4 reason or another. Specifically, when we started was in  
5 the energy field. How it fits in with what you're doing  
6 is a lot of the borrowers and the truckers that are  
7 prospective borrows have been showing up at our door  
8 because they can't afford loans at the banks. We are  
9 hearing about the problems they're facing in getting  
10 regular funding and financing. Therefore, they come to us  
11 usually referred by the banks.

12           Because of that, we would like to work with you  
13 in terms of any kind of programs moving forward you might  
14 be considering in your direct lending programs, if any.  
15 And I did have brochures that were handed out with some of  
16 the different programs we've put together with other  
17 agencies. If you have any questions, I can be available  
18 after your meeting to answer them. Thank you.

19           CHAIRPERSON NICHOLS: Thank you. That's good to  
20 know about your work. And hopefully we will be able to  
21 purview it further.

22           Jim Wagoner and Bill Magavern.

23           MR. WAGONER: Thank you, Chair Nichols and Board  
24 members.

25           First of all, I'd like to thank the staff,

1 particularly Erik White, for the presentations he's been  
2 doing in the north state. I did one up in Chico a few  
3 months ago and then in September in Marysville for the  
4 Sacramento Valley Basin-Wide Air Pollution Control  
5 Council. It was a very good opportunity to present  
6 information on the rule and to get comments at that time.

7           Just a couple of areas I'd like to talk about.  
8 We're really interested and happy to hear that staff is  
9 proposing to reopen or revisit the definitions to the NOx  
10 exempt area. This's an area where Butte under the current  
11 rule as designated does not qualify for that because we  
12 are a federal non-attainment area. Marginal for ozone.  
13 But we are heavily impacted by transport, much like the  
14 mountain counties. So we feel that re-visiting that  
15 provision and allowing a district like Butte to have that  
16 relief would work. It wouldn't hinder us as far as  
17 attainment goes. We're very close to attainment. And we  
18 think that should be looked at.

19           Regarding the PM filter installation schedule,  
20 this is something that I think that as we look at this  
21 rule -- and I'm not sure what the staff is going to do, if  
22 anything, with that schedule. I think we really do need  
23 to look at attainment status. We have a lot of rural  
24 attainment areas that don't need the PM reductions. We  
25 don't have heavy populations in those areas that are

1 exposed to the diesel particulates. An area like Butte,  
2 true, we are technically a federal non-attainment area.  
3 But recently EPA classified us as meeting attainment. Our  
4 issues are not related to diesel particulate exhaust as  
5 far as our attainment status. It's wood smoke. And we're  
6 making very good progress on that.

7           So with that, thank you again. And thank you to  
8 the staff.

9           CHAIRPERSON NICHOLS: Thank you. Sorry you had  
10 to go to the end of the line there. Okay.

11           And Bill.

12           MR. MAGAVERN: I'll try to be brief. Bill  
13 Magavern with the Coalition for Clean Air.

14           This Board has been in the forefront of first  
15 identifying diesel exhaust as being toxic and moving to  
16 regulate it. And you know that since that initial  
17 determination there has been increasing scientific  
18 evidence of the damage caused by particulate matter,  
19 including lung disease, heart disease, premature death,  
20 among other ills.

21           And as we'll be discussing in the next agenda  
22 item, particulate matter also is one of the pollutants  
23 that is rapidly changing the climate. When it lands on  
24 our snow pack, accelerates the loss of that snow pack.

25           But this is a challenging rule. And we thank

1 everyone who is complying with the rule or making a good  
2 faith effort to comply. And we think it's important that  
3 those folks not be disadvantaged by any changes that are  
4 made.

5 We support the loan program, support the recent  
6 legislation to put more funding into that. We think it's  
7 very important that the staff proposal proposes to gather  
8 more data and to analyze those data before making any  
9 regulatory changes.

10 You're showing flexibility here today. And  
11 flexibility is an important part of wisdom, an important  
12 part of success. I think it's most important certainly to  
13 us and to the mission of this Board that you focus  
14 primarily on maintaining the health benefits of this  
15 important rule. Thank you.

16 CHAIRPERSON NICHOLS: Thank you, Mr. Magavern.

17 This is not a public hearing item because there  
18 is no proposal before the Board. And so there is no  
19 record to be closed at this point.

20 We have given this issue a good bit of time  
21 because it deserves a good bit of time. And other Board  
22 members I know have devoted time, not just at Board  
23 meetings, but in between times to working with staff and  
24 working with many segments of the affected stakeholder  
25 community.

1           I want to particularly thank and call on Board  
2 member Sandy Berg to give us a few pearls of wisdom, if  
3 you wouldn't mind, Ms. Berg, because I know that you  
4 struggled hard with this one.

5           BOARD MEMBER BERG: Well, thank you very much,  
6 Chairman Nichols.

7           I have followed this regulation from the very  
8 beginning. And it is near and dear to my heart. As a  
9 business owner and as an owner of 17 trucks, I understand  
10 the rule fairly well. And more important is I have  
11 interacted with many of the stakeholders and both in large  
12 businesses and small businesses. And recently, I have  
13 also interacted with many of our friends up in the rural  
14 counties.

15           This is for real. People are not coming here to  
16 talk about these issues in a way to be defiant, too not  
17 care, to be flippant. This is very near and dear to their  
18 heart. That is their businesses. And so as we do look at  
19 this, it is extremely important that we hear everything  
20 that everybody has said. I hear from the business owners  
21 that they care about clean air. They care about the  
22 health of the environment. They have children and  
23 grandchildren. They have children that want to come into  
24 the business. They want to be able to not only live in  
25 clean environments, but they also want to be able to be

1 business owners and participate not only effectively but  
2 productively.

3 And so I've always worked very closely with our  
4 NGO partners who have a passion to make sure that we have  
5 clean air and that we are on the path. This has been an  
6 important regulation, and I don't want to underscore that.

7 Given that, I have to commend staff tremendously  
8 for the work that they have done, Chairman Nichols, over  
9 the past several months. They have earnestly come  
10 together. They have gone out into communities. They have  
11 listened. They have an absolute yoman's almost impossible  
12 job here in looking at a regulation that quite frankly is  
13 so large and covering so many types of vehicles and  
14 vocations and duty cycles that it was almost a little too  
15 big.

16 I really appreciated the testimony that suggested  
17 that we take a look at vocational trucks. And I'm not  
18 suggesting because I think there is about zero will to  
19 want to look at this rule and reopen it and recraft it.

20 That said, I can't express strongly enough the  
21 need that regulation should not drive small businesses out  
22 of business. We need small business here in California.  
23 We need medium-size businesses. And regulation does tend  
24 to weigh heavily on almost four times the amount of cost  
25 on small business as it does large business.



1           So Madam Chairman, I do applaud staff for this  
2 major step forward. I would strongly recommend to this  
3 Board that we endorse the staff's recommendation. I would  
4 strongly recommend to staff that you come back to us by  
5 your April deadline, and I know that you have looked in  
6 all sorts of areas. But I would also encourage you to  
7 revisit some of the areas where it is so complicated that  
8 owner-operators don't understand what they truly do have  
9 available to them. And I would ask that you would revisit  
10 some of the intent of the existing rule where it wouldn't  
11 have an emissions impact, but people don't know how to do  
12 it.

13           I appreciate, Madam Chairman, you giving me this  
14 opportunity to open up this discussion. And with that, I  
15 really thank all of you for coming and testifying. I know  
16 many, many of you have been here several times. And I  
17 thank you for your tenor, for your heartfelt opinions, and  
18 for letting us know on all sides. It's a very important  
19 issue. Thank you very much.

20           CHAIRPERSON NICHOLS: Thank you.

21           I'd like to hear from Mr. Serna and also from Dr.  
22 Balmes and then Mr. Mr. De La Torre and then Ms. Mitchell  
23 and Mr. Roberts. Okay.

24           BOARD MEMBER SERNA: Thank you, Chairman Nichols.

25           First, I want to certainly echo and underscore

1 what I think Member Berg has appropriately articulated in  
2 terms of the stress of this regulation, quite frankly.  
3 But also the needs for the regulation.

4 I want to thank in particular all the speakers  
5 that took time out of their very busy schedules to be here  
6 and not just here this afternoon, but I know at many  
7 evening meetings, other meetings, to engage staff and to  
8 hopefully engage in productive exchanges to get us to a  
9 place where we can find that sweet spot so to speak, if  
10 there is one, and how best to implement a regulation that  
11 has real health impacts and one that doesn't, as Ms. Berg  
12 mentioned, doesn't put small business out of business in  
13 California.

14 There have been a number of speakers this  
15 afternoon that have expressed your concerns with a great  
16 deal of passion, but with also a great deal of civility.  
17 I want to thank everyone for being very, very respectful.  
18 I know there are some very, very concerned people in this  
19 audience and elsewhere that maybe couldn't be here today.

20 I want to thank staff for taking I think very  
21 seriously what those concerns are. We heard from a  
22 speaker early in the testimonials from Woodland about some  
23 concerns that that air district has about communication  
24 and outreach with the Latino population and also the area  
25 that I represent in the north part of the Sacramento

1 Valley, the Punjabi seat population as well.

2           And I'm not sure if Ms. Bowen is the appropriate  
3 person to direct this comment to, but as our Ombudsman, I  
4 would suggest that as we begin to move forward with  
5 hopefully some recommendations that we think are going to  
6 advance what we need to advance at this point, maybe  
7 introduce some flexibility, that we make sure that we do  
8 it in a manner that isn't necessarily phone calls that  
9 don't get returned or just in a monolingual fashion. So  
10 any way we can enhance communication moving forward in  
11 those respects I think would be very much appreciated by  
12 the community that we heard from in large part this  
13 afternoon.

14           OMBUDSMAN BOWEN: We'll follow up on that,  
15 Supervisor Serna. And I know we have a really good  
16 outreach team on Erik's staff and also have a Spanish  
17 speaker on our own staff in the Ombudsman office. And  
18 we'll pull ourselves together and develop a plan and let  
19 you know what it is before we implement it.

20           CHAIRPERSON NICHOLS: Great. Thank you.

21           Dr. Balmes.

22           BOARD MEMBER BALMES: So I again want to express  
23 my thanks for everyone that showed up today. I know a lot  
24 of you came a long way. And this is a major investment of  
25 time, but I understand why you've made that investment.

1           I just want you to know that I'm listening to  
2 your stories and they move me.

3           I'm the public health representative on the  
4 Board. And I have to be concerned about the health  
5 consequences that several of the witnesses talked about  
6 Bonnie Holmes-Gen from the Lung Association, Bill Magavern  
7 for the Coalition for Clean Air.

8           But that said, I also listen to Ms. Plowman who  
9 correctly said that being out of work is not good for your  
10 health. So it's a balancing act we're dealing with here.

11           When I was testifying or actually speaking to  
12 members of the Legislature or the Senate when I was up for  
13 confirmation, I said while I was -- pledged to try to  
14 maintain as best as possible clean air for public health  
15 in California, I also would work to try to find pragmatic  
16 solutions so that the economy wasn't impacted too much.

17           And I think that what I'm hearing is that small  
18 truck owner-operators and small fleets are being impacted  
19 to the point where they're maybe having to go out of  
20 business. I don't think that's what we really need.

21           Because we have to balance, again, the positive  
22 impacts of improved air quality and less climate change  
23 impact with the negative consequences of people losing  
24 their livelihood.

25           So I don't have a specific solution. This is a

1 complex rule. I voted for it back in whenever 2008, but  
2 it doesn't mean that it's -- that we can't make  
3 modifications at some point. I agree with Member Berg  
4 that we can't do a wholesale change, but I think we have  
5 to come up with some solutions for small trucking  
6 operations.

7 CHAIRPERSON NICHOLS: Okay. Mr. De La Torre.

8 BOARD MEMBER DE LA TORRE: Thank you, Madam  
9 Chairwoman.

10 I also appreciated all of the comments and the  
11 struggles that the various owner-operators have expressed  
12 today. But I wanted to share two anecdotes of my own  
13 living down in southern California, very close to the 710  
14 freeway and the goods movement corridor.

15 The first is every morning when I drive on the  
16 710 taking my son to school, invariably, I would say  
17 almost every day if not every day, there is a truck that  
18 is smoking not just normal emissions, smoking on that  
19 highway. And more often than not, it's an independent  
20 owner-operator truck. A lot of dump trucks, a lot of  
21 other kinds of trucks, they tend not to be drayage trucks  
22 because those have been processed already. So I see these  
23 trucks every day on this freeway.

24 And that's problematic because the people who are  
25 on that freeway, the people who live next to that freeway

1 are breathing this every single day. So there is a  
2 postponement that has already taken place for folks to  
3 comply with this. And these trucks are out there. And  
4 they are polluting. Again, I understand the difference  
5 between urban and rural. But clearly, there is an issue  
6 out there in terms of what people are breathing from these  
7 trucks.

8           The second is an owner-operator story. A couple  
9 weeks ago, I was at an event in southern California at a  
10 trucking company where an independent owner-operator had  
11 taken advantage of some of the programs we are talking  
12 about here in terms of the loans and some of the grants,  
13 and he had packaged a means of being able to get a newer  
14 truck. And he bought this truck and was making payments,  
15 and the ceremony was the ceremony where he made his last  
16 payment. So he got to keep the truck obviously and they  
17 were recognizing that.

18           He did this through the recession. He bought the  
19 truck in the midst of recession when port container  
20 traffic and other business activity had dropped  
21 tremendously. And he, you know, kept making his payments  
22 and he got through. And after it was over, I went up to  
23 him and I said, "You know, if you buy a car and get a loan  
24 on a car, all you get a pink slip in the mail. But here,  
25 you get this whole big ceremony. It's kind of a big

1 deal." And he was so proud. It was a father-son trucking  
2 team. They just took turns with the truck, and it was  
3 their family business. And that was all they had, one  
4 truck, two drivers.

5 And so when I see that and folks who have already  
6 done it and made it work in the worst of times, I think it  
7 can be done. That's not to dismiss everything that we've  
8 heard here today as was expressed by Ms. Berg and Dr.  
9 Balmes. We would like to see how we can be more helpful  
10 to make this happen. But because it has already happened,  
11 it is important to us to stay the course on this path  
12 because those trucks are out there smoking in communities  
13 like the one I just described. Thank you.

14 CHAIRPERSON NICHOLS: Thank you.

15 We've got Mitchell, Roberts, Riordan, Gioia.  
16 Okay.

17 BOARD MEMBER MITCHELL: Again, I want to  
18 reiterate a thanks to all the people that came today. You  
19 took time out of your busy schedules, and you drove to get  
20 here. We all appreciate hearing from you because it helps  
21 us make better decisions. So I always appreciate and  
22 relish the input of the stakeholders.

23 Also want to thank our staff. I know they worked  
24 on this to get flexibility into the rule. And when issues  
25 of owner-operator came up a couple months ago, I spoke out

1 very passionately in favor of finding some funding for all  
2 of you, because we need that. And you know how much we  
3 need it.

4 At the same time, I think most of us sitting up  
5 here we're balancing always the economic impacts on some  
6 rule that we are looking at on the one end. On the other  
7 hand, we're looking at the health impacts. And both of  
8 those are important issues and goals that we struggle with  
9 because we want to find how we can manage both of those in  
10 a way that is equitable, is fair to all of you.

11 So I'm very thankful that we build flexibility  
12 into this rule, because I've heard a lot of things that  
13 are going to be included that will give that flexibility.

14 I do have a concern about my area, which is a  
15 non-attainment area. And the concern -- but I think it  
16 can be managed -- is that if we allow exemptions in the  
17 NOx exempt areas, I think there should be some assurance  
18 that we don't have those vehicles then straying into  
19 non-attainment areas. That can be done with some kind of  
20 program. I'm sure that can be managed. From what I've  
21 heard from the testimony is that, you know, many of you  
22 are rural truck operators and you're operating in a rural  
23 radius that doesn't extend beyond a certain sphere. So  
24 I'm sure that can be managed. I'd like to see you look at  
25 that.



1           We continue to hear about problems with the  
2 filters and the traps. And I think some of that deals  
3 with public outreach. I've heard from the other side of  
4 the story, if you put these in right, if you're using an  
5 authorized dealer, there is no problems. But I'm still  
6 hearing from our owner-operators, our truck owners that  
7 these are problematic. So I think we should continue to  
8 look at that and work on that.

9           The loans, I think that also probably people  
10 don't know how to get them. Maybe they don't qualify. I  
11 think some will fall through the cracks that may not  
12 qualify. We need to keep helping those people as much as  
13 we can and help them find the loan assistance or other  
14 kinds of financial assistance that might be available.

15           And the Spanish speaker issue is one that's  
16 particularly true in the South Coast area, lots of  
17 Spanish-speaking owner-operators. And we want to make  
18 sure that we publicly reach out to them so they get the  
19 help they need.

20           So I think that's it for me. Thank you.

21           CHAIRPERSON NICHOLS: Okay. Ron.

22           BOARD MEMBER ROBERTS: Thank you, Madam  
23 Chairwoman.

24           One of the speakers mentioned that thanks to the  
25 negative economy we have actually achieved some of our

1 early goals. About three years ago, we amended this rule.  
2 We actually took that into account when we changed the  
3 filter -- both the filter requirements and the new truck  
4 requirements. So we extended the period. And I know I  
5 was a strong proponent of that at the time. And several  
6 of us here on the Board today strongly supported that  
7 because clearly the times were bad and the emissions were  
8 down significantly. So that has been to some extent  
9 reflected in the current rule.

10 Having said that, there were a couple things.  
11 Mike Lewis gave us a whole series of points, but he didn't  
12 give us anything in writing. And I couldn't keep up --

13 CHAIRPERSON NICHOLS: I'm sure she'd be happy to  
14 give it to you in writing.

15 BOARD MEMBER ROBERTS: He unfortunately didn't.  
16 I have a pile of stuff. I would like to have heard  
17 staff's response. I know one of the items was -- we heard  
18 it from a few speakers was the possibility of going from  
19 1,000 to 5,000 miles for me that seems to have some  
20 resonance.

21 We are in a difficult position. And I do feel  
22 obligated for people who have made the investment. So I  
23 don't want to just sort of push everything aside.

24 And we want to get this changed. Some of us have  
25 been here long enough to actually have been part of the

1 Board that declared diesel a toxic -- at least two or  
2 three of us I think maybe more, but I doubt it. And it  
3 was a commitment that we were going to change. And we  
4 were going to get the health benefits that would come from  
5 it. So we're committed to that. And we've been committed  
6 to that for a long time.

7           Having said that though, I'd like to work to the  
8 fullest extent possible with the fairness to the people  
9 that are complying. I think the staff has done a good  
10 job. I think there's a few things out there. I'll be  
11 honest, I don't understand how analyzing on the intra to  
12 interstate basis might do, what the implications of that  
13 might be.

14           But again, I'd like to -- if we can't hear today,  
15 I'd like to see in writing responses to some of the  
16 points. That used to be routine. We would do this after  
17 a hearing that the staff would say okay, here's what we  
18 heard, let us give us a response to that. There's kind of  
19 a silence. A lot of points were raised. I'm not hearing  
20 a rebuttal here that I would have expected.

21           CHAIRPERSON NICHOLS: Well, it's because I didn't  
22 let them talk.

23           BOARD MEMBER ROBERTS: Pardon?

24           CHAIRPERSON NICHOLS: Because I didn't let them  
25 speak. We can hear from staff if you want to now or

1 later. But I think probably getting a written response to  
2 some of the points you'd like --

3 BOARD MEMBER ROBERTS: I didn't know if it was  
4 the lateness of the hour.

5 CHAIRPERSON NICHOLS: It's just we wanted to  
6 hear --

7 BOARD MEMBER ROBERTS: I would like to see  
8 especially on those points that were made and some of the  
9 others. There's some that I understand the general  
10 economic conditions. And those are clearer to me than  
11 some of the specific points that are coming up though.

12 CHAIRPERSON NICHOLS: Fair enough.

13 Mrs. Riordan.

14 BOARD MEMBER RIORDAN: Thank you.

15 Quickly, I'm supporting the staff recommendation.  
16 I think you did an excellent job of trying to balance all  
17 the issues out here.

18 The one thing that I noted, there is still -- and  
19 I think it was brought up prior to my time -- this issue  
20 of filters and whether or not they work. We need to  
21 follow through on that. We need to take some examples and  
22 see if, indeed, that is what is happening. Or is it the  
23 maintenance or the installation or whatever. Please,  
24 please, if we make these requirements, I want them to  
25 work.

1           The other thing is to the audience. I just  
2 picked up on Mary Jo Dutra's brochures here. Here is a  
3 program -- and I don't know if it works for you or not.  
4 But it is a program for financing for small counties. And  
5 it goes from Butte to Yuba and all the rest in between.  
6 These are the kinds of things you need to make inquiries  
7 about. This has to do with a rural county loan program.  
8 And it's for businesses. And maybe they have the gap  
9 funding that you might need for the improvements that you  
10 might need to do. And my suggestion is before she leaves  
11 the room, talk to her. Thank you.

12           CHAIRPERSON NICHOLS: Thank you.

13           Mr. Gioia.

14           BOARD MEMBER GIOIA: First, we thank everybody  
15 that came here today, both those who run the businesses  
16 and those who are also public health advocates. And by  
17 saying that, I don't mean the truckers aren't public  
18 health advocates. They are. They understand the  
19 importance of clean air and running their business. But  
20 also those who came here, like the Lung Association.

21           You know, for those of us in the urban areas, we  
22 deal with the same thing. We look at how do we balance  
23 the challenges of a new -- controlling what is a very  
24 large source of diesel particulate emissions in the state.  
25 It's hard to not address the issue when 40 percent of

1 diesel particulate matter comes from trucks out of mobile  
2 sources.

3           We've had the same things with neighborhoods  
4 around urban areas concerned about the trucks that pass  
5 through from the ports, for example. And I'm glad in this  
6 case -- and I think you heard this from folks here -- is  
7 that the staff has tried to go back and develop a strategy  
8 to address a lot of the concerns that have been raised.  
9 While it's not an extension of a deadline, it's things  
10 like coming up with additional financial assistance  
11 opportunities for single truck operators to obtain cleaner  
12 trucks. So that issue -- the strategy to identify more  
13 funding for that. To also recognize I think this is a big  
14 deal, recognize good faith efforts to comply. Not  
15 everybody by January 1, 2014, will be in full compliance.  
16 But the strategy is going to look at recognizing good  
17 faith compliance. So I think that's a really important  
18 fact to emphasize.

19           And also to go back and evaluate your  
20 recommendations to provide additional flexibility and  
21 doing additional outreach. I think all of those -- and  
22 the strategy I know they're going to work on to bring  
23 back, it will allow us to really achieve a very important  
24 public health goal that's going to be good for everybody,  
25 but try to balance the issue of protecting those in this

1 business.

2           So I have faith that the implementation of this  
3 is going to be thoughtful and going to -- we'll get a  
4 report. We'll get an update on this. It will be  
5 thoughtful in a way to respect a lot of issues that you  
6 raised here today.

7           CHAIRPERSON NICHOLS: Okay. I think it comes  
8 back to me. And I want to close with a couple of  
9 comments. Oh, no. I thought you said no.

10           BOARD MEMBER SHERRIFFS: No respect for the  
11 skeptics.

12           CHAIRPERSON NICHOLS: Did you wish to speak?  
13 Please, go ahead.

14           BOARD MEMBER SHERRIFFS: I'll be brief because  
15 everybody has been very articulate in expressing  
16 appreciation for people sharing their concerns and for  
17 staff's efforts to listen and come up with some  
18 flexibility to meet some very important issues that have  
19 been raised.

20           Just a reminder because, indeed, we are driven by  
21 health. That is why we're doing it. And there is  
22 potentially a cost to the postponement of some of the  
23 compliance issues we've discussed. And I think it's  
24 important that staff work as you're crafting these things  
25 to also be as specific as you can about what the costs

1 are. Because these things do affect air districts in  
2 terms of meeting criteria pollutant issues and standards.

3 You know, a comment was made that the lines come  
4 together at the end. What's the difference? Well, the  
5 difference is there is this space under the curve, and  
6 that is tons of pollution per day which actually does  
7 translate into lives per year. That is a real number.  
8 And the lines don't exactly match up at the end anyway.  
9 But even if they did, this represents real thousands of  
10 lives over that period of time. That's a real effect.

11 But I think it's important we've talked earlier  
12 today about metrics and how important that is to help us  
13 do a good job.

14 I think the Board is committing -- if there is in  
15 a sense a shortfall by postponing some of these people  
16 coming online three months, six months, there is a  
17 shortfall. I think the Board's making a commitment to  
18 figure out how to make that up. Because we committed to  
19 make a January 1, 2014. And there is going to be a lag.  
20 I think it's important we know what the cost is and what  
21 we need to be thinking about.

22 CHAIRPERSON NICHOLS: Okay. Anybody else?  
23 Dr. Sperling? No. Okay.

24 Well, first of all, if you don't give us credit  
25 for anything else, I think you have to admit this is a



1 Board that has stamina.

2           Secondly, I've been thinking a lot about what  
3 Cynthia Cory said about how much she hates this rule  
4 really cut me to the quick.

5           I think part of what I want to say to all of you  
6 is that we are here because we have a sworn obligation  
7 literally to carry out the laws that have been given us to  
8 execute, which include the Clean Air Act. And frankly,  
9 regulation isn't always fun and it isn't certainly easy.  
10 It's tough. And it's tough to do well. We probably don't  
11 achieve perfection. But I think we strive to get as close  
12 to that as we can. And what we're seeing here is a  
13 process where we iterate where we improve.

14           I take it as a sign of success that even though  
15 there clearly are people who are still struggling to  
16 figure out how or if they can comply and plenty of people  
17 who don't think that we should be regulating in this area  
18 at all, that some of the people who came who were in that  
19 camp before are not in that camp anymore, and others have  
20 chosen to send us messages that they want us to stay the  
21 course. So I actually -- while that shouldn't make me  
22 feel happy -- it doesn't make me feel happy. It makes me  
23 feel like we have been moving in a positive direction.  
24 And that we can continue to make progress.

25           I have to say as an urban person myself, I have a

1 particular bias in favor of the proposal to increase the  
2 size of the low mileage exemption, because I don't think  
3 that's just an issue for rural areas. I think that's  
4 actually an issue for quite a number of small, for  
5 example, nonprofits, churches, and other organizations  
6 that have trucks that are subject to this rule. So I'm  
7 especially interested in that one as one that the staff is  
8 working on.

9 But I'm also very interested in pursuing further  
10 this question of whether there are trucks who either by  
11 the nature of their business or by where they're located  
12 just are not -- should not have the same level of concern  
13 for us from a regulatory public health perspective.

14 Having said all of that, I also I can't help  
15 reminding us that at the end of the day, by its very  
16 nature, regulation advantages some more than others and  
17 disadvantages some other than others. We can do our very  
18 best to try to bring everybody into compliance and find  
19 funding, and I'm thrilled that we've been able to come up  
20 with some additional funding.

21 I can't say too strongly how gratified I am that  
22 the Legislature and the local districts have come together  
23 to try to make this a more affordable regulation, but we  
24 can't make it completely affordable or easy for everybody.  
25 And I don't want to pretend that we think we can. But I

1 do think that we can get there pretty close. And  
2 certainly we can improve over where we are right now.

3           So I, too, want to thank everybody who came and  
4 who's helped us with this process. Thank staff. I know  
5 there were some things that were said that you didn't  
6 agree with and that you would like to comment on and  
7 others where, you know, the Board members have challenged  
8 you to give us better information because, you know, it is  
9 frustrating to come back time and time again and hear  
10 people talking about how horrible these filters are. And  
11 yet at the same time, we know that there were people out  
12 there who have used the filters, have the filters, and  
13 people who invested a lot of money in designing them and  
14 certifying them who think they're working very well. So  
15 anything we can do to kind of close that gap I think would  
16 be very helpful.

17           And with that, I think I'm going to say that  
18 we've come to the end of this item. But our job at the  
19 Board is not done even for today. We have another item on  
20 the agenda. So I'm going to give everybody five minutes  
21 or so stretch break and then we're going to come talk  
22 about scoping plan.

23           (Whereupon a recess was taken.)

24           CHAIRPERSON NICHOLS: We're here to talk about  
25 the Scoping Plan. So recently we released a Scoping Plan,

1 which is the first five-year update on our AB 32 Climate  
2 Change Scoping Plan. And the draft is out because we want  
3 to hear comments from the public.

4 We also have a couple people who are joining us I  
5 hope for this discussion. So I'll be introducing them as  
6 soon as we I guess before we hear from the staff. After.  
7 So after the staff report. Okay. I'm sorry to be  
8 fumbling here, but we invited representative from the  
9 CAPCOA, from the organization of local air districts, and  
10 also a representative from our Environmental Justice  
11 Advisory Committee, but I will introduce them in a minute.  
12 So two representatives.

13 Let's talk for a minute about what we're doing  
14 here. We have a framework that we're required to use for  
15 implementing the requirements of AB 32. AB 32 has  
16 occupied a lot of our time, so I'm not going to bother to  
17 tell people what it is, because the Board certainly knows  
18 and I think everybody who's watching does, too.

19 But the point of this effort is that we have to  
20 look at the variety of different programs that we operate  
21 that are driving us towards the goals of 2020 and beyond  
22 in some kind of a comprehensive fashion. The plan itself  
23 is not the same thing as a SIP. It's not the same thing  
24 as a local general plan. It's a new creation, the idea of  
25 a Scoping Plan. In fact, nobody knew what one was really

1 until we started to try to create it. But it's a way to  
2 organize our thinking about how we're getting towards the  
3 lower carbon future that we need to have to achieve the  
4 overall goals of AB 32.

5           So we need to work on this with partners. The  
6 ARB is responsible for developing the plan, but we don't  
7 implement it all. In fact, large portions of it are  
8 within the areas of responsibility of other agencies.  
9 Many of them are things that we do with local government,  
10 with the private sector, and with individuals. And we  
11 can't do any of this all by ourselves. So we recognize  
12 that the plan serves as a guide post that others can look  
13 at, but that it has to be flexible enough so that as we  
14 learn more and we do continue to learn more, both about  
15 the science and about the technology and economic  
16 feasibility of various strategies that we can change it  
17 and update it.

18           I think it's important that we hear briefly at  
19 least from the staff about what this new Scoping Plan  
20 looks like, how it differs from the previous Scoping Plan,  
21 what they're hoping to achieve, and the time line they're  
22 on.

23           I know that there were a number of people who  
24 signed up to talk about it, and we will hear from you.  
25 But I would urge you to remember that we're going to be

1 back here again in November -- December. Sorry.  
2 December, not November. December. We will be producing  
3 in November a revised version. So we're on a fast track  
4 already to continue to make the plan more specific, more  
5 concrete, and to reflect what we're hearing already from  
6 the public.

7 So with that, I will turn it over to our  
8 Executive Officer to present this item.

9 EXECUTIVE OFFICER COREY: Thanks, Chairman  
10 Nichols. And I will move through this quickly.

11 With the development of the original Scoping  
12 Plan, California became the first state in the nation with  
13 a comprehensive set of greenhouse gas emission reduction  
14 strategies involving every sector of the economy. The  
15 Scoping Plan stimulated a long list of successful State  
16 and local initiatives, including several ARB measures,  
17 such as the low carbon fuel standard, advanced clean cars,  
18 and cap and trade.

19 The update highlights California's success to  
20 date in reducing its greenhouse gas emissions, defines  
21 California's climate change priority and activities for  
22 the next several years and frames activities and issues  
23 facing the state as it develops an integrative framework  
24 for achieving both the air quality and climate goals in  
25 California beyond 2020.

1           Staff released a discussion drafted earlier this  
2 month to solicit public input and will release a revised  
3 version in November. We plan, as you noted, to bring the  
4 next version of the update to you all in December, with  
5 approval set for spring. With that, I'll ask Marcelle  
6 Surovik with our Stationary Source Division to begin the  
7 staff presentation.

8           (Thereupon an overhead presentation was  
9 presented as follows.)

10           AIR POLLUTION SPECIALIST SUROVIK: Thank you, Mr.  
11 Corey.

12           Good evening, Madam Chairman and members of the  
13 Board. Today, we'll provide you with the status on first  
14 update to the Climate Change Scoping Plan.

15                           --o0o--

16           AIR POLLUTION SPECIALIST SUROVIK: AB 32 required  
17 the ARB to develop the Scoping Plan that outlines the  
18 State's strategies to meet the 2020 greenhouse gas  
19 emissions limit set forth in the law. The initial Scoping  
20 Plan was built on a principle that a balanced mix of  
21 strategies is the best way to cut emissions and grow the  
22 economy in a clean and sustainable way.

23                           --o0o--

24           AIR POLLUTION SPECIALIST SUROVIK: As envisioned  
25 in the initial Scoping Plan, the State has implemented a

1 comprehensive suite of strategies across sectors that are  
2 moving California toward a clean energy future.

3 California has made tremendous strides in  
4 harnessing its abundant renewable energy resources,  
5 increasing its renewable energy use to 22 percent.

6 The State has long been a global leader in energy  
7 efficiency and is implementing scope plan strategies to  
8 set aggressive standards for appliances and buildings and  
9 saving billions in reduced electricity costs.

10 The State has also developed the most  
11 comprehensive Cap and Trade Program in the world, sending  
12 a clear signal to California businesses that investment in  
13 clean, low carbon technologies will be rewarded.

14 --o0o--

15 AIR POLLUTION SPECIALIST SUROVIK: Renewable  
16 fuels with the help of low carbon fuel standard displaced  
17 more than a billion gallons of gasoline and diesel.  
18 California's pioneering zero emission vehicle regulation  
19 and Governor Brown's 2012 Executive Order are driving a  
20 transformation of the State's vehicle fleet. As a result  
21 of these efforts, California will see 1.5 million zero  
22 emission vehicles on the State's roads by 2025.

23 California is also making major strides toward  
24 reducing the number of miles vehicles are driven, through  
25 more sustainable transportation, land use, and housing



1 planning.

2 --o0o--

3 AIR POLLUTION SPECIALIST SUROVIK: AB 32 mandates  
4 that the Scoping Plan be updated at least every five  
5 years. The Initial Scoping Plan prescribed specific  
6 measures and programs to achieve 1990 emission levels by  
7 2020.

8 The update focuses on our progress towards  
9 meeting this goal and tees up challenges and opportunities  
10 to achieve reductions beyond 2020. Progress toward  
11 meeting our pre- and post-2020 targets will depend on  
12 direct regulations, partnerships with local and regional  
13 agencies, and incentives such as through the cap and trade  
14 proceeds.

15 The update is part of the administration's  
16 overall climate strategy, which includes the Governor's  
17 environmental goals and policy report, the State's  
18 adaptation strategy, and the climate change research plan.

19 --o0o--

20 AIR POLLUTION SPECIALIST SUROVIK: In developing  
21 the update, we posted several questions to focus the  
22 discussion and coordinate input from multiple agencies.  
23 These questions are: How have we done over the past five  
24 years? What is needed to continue progress to 2020? And  
25 what steps are needed to continue emission reductions and

1 grow our economy beyond 2020?

2 --o0o--

3 AIR POLLUTION SPECIALIST SUROVIK: The update was  
4 developed by ARB in consultation with the Climate Action  
5 Team and reflects the input and expertise of a range of  
6 State and local government agencies.

7 The update also reflects public input and  
8 recommendations from business, environmental,  
9 environmental justice, and community-based organizations.

10 ARB held four public workshops throughout the  
11 state to provide opportunity for input before the  
12 discussion draft was released on October 1. We are  
13 currently accepting written comments on the discussion  
14 draft.

15 --o0o--

16 AIR POLLUTION SPECIALIST SUROVIK: Since the  
17 development of the Initial Scoping Plan, even stronger  
18 scientific evidence continues to mount that the climate is  
19 changing. The recently released intergovernmental panel  
20 on climate change fifth assessment report confirms the  
21 increasing scientific consensus that human activity is  
22 contributing to climate change and underscores the growing  
23 body of scientific evidence confirming the serious  
24 detrimental impacts of increasing GHG emissions.

25 California is particularly vulnerable to the

1 effects of climate change and faces a range of impacts,  
2 including increases in extreme heat and storms, and  
3 coastal flooding and erosion. Climate change is also  
4 likely to affect air quality and water availability.

5 We must accelerate the pace of emission  
6 reductions needed over the coming decades to avoid the  
7 worst impacts of climate change.

8 --o0o--

9 AIR POLLUTION SPECIALIST SUROVIK: One way to  
10 accelerate our progress is to focus on short-lived climate  
11 pollutants. These pollutants have atmospheric lifetimes  
12 ranging from a few days to a few decades as compared to  
13 CARB dioxide's lifetime of more than 100 years.

14 Short-lived climate pollutant have high global warming  
15 potentials and thus contribute more to global warming.

16 These pollutants include black carbon, methane,  
17 and hydrofluorocarbons. Reducing emissions of short-lived  
18 climate pollutants can offer significant air quality and  
19 public health benefits, in addition to slowing the rate of  
20 climate change.

21 Over the past several decades, California's  
22 actions to improve air quality and protect public health  
23 have already resulted in significant reductions in these  
24 pollutants emissions.

25 In addition to implementing several regulations,

1 the Board adopted to reduce emission of short-lived  
2 climate pollutants. ARB staff is currently developing a  
3 proposed measure to reduce methane from oil and gas  
4 production. Other measures may be pursued as we continue  
5 to collect data and identify sources that can be  
6 regulated.

7 Staff is proposing to develop a comprehensive  
8 short-lived climate pollutant strategy by 2016. The  
9 strategy will include an inventory of sources and  
10 emissions, and a plan for developing additional control  
11 measures.

12 --o0o--

13 AIR POLLUTION SPECIALIST SUROVIK: Over the last  
14 five years, ARB has worked with other State and local  
15 agencies to implement and ensure the smooth implementation  
16 of the climate change programs outlined in the Scoping  
17 Plan.

18 California has undertaken a number of  
19 ground-breaking climate change initiatives. These include  
20 the first in the nation economy-wide Cap and Trade  
21 Program, the low carbon fuel standard, a 33 percent  
22 renewable portfolio standard, and the Advanced Clean Cars  
23 Program that has been adopted at the federal level,  
24 building and appliance energy efficiency standards, and  
25 the California Solar Initiative.

1           ARB is also working closely with our local and  
2 regional partners to implement Senate Bill 375.

3           Projecting the benefits of these measures in  
4 2020, we are confident that the state is well on its way  
5 to meeting the 2020 goal.

6                               --o0o--

7           AIR POLLUTION SPECIALIST SUROVIK: In 2008 and  
8 2010, ARB completed a detailed economic analysis of the  
9 Scoping Plan. ARB's and other analyses found that the  
10 impacts of AB 32 were expected to be small relative to  
11 California's two trillion dollar economy. Many of the  
12 measures identified in the Scoping Plan have now been  
13 adopted, and are in the early stages of implementation,  
14 presenting challenges in the ongoing assessment of the  
15 economic impacts of AB 32. ARB is consulting with  
16 economic advisors, as the Scoping Plan measures are being  
17 implemented to guide us with our data collection efforts  
18 and to assist us with developing methodologies to better  
19 assess economic impacts.

20           As implementation progresses, ARB will continue  
21 to consult with experts to help us evaluate the economic  
22 impacts of AB 32 measures using the best available models  
23 and techniques.

24                               --o0o--

25           AIR POLLUTION SPECIALIST SUROVIK: Turning now to

1 public health, many of the strategies laid out in the  
2 Scoping Plan have health benefits. For example, cleaner  
3 and more fuel efficient vehicles are reducing criteria and  
4 toxic air contaminants, particularly in disproportionately  
5 burdened communities. And more sustainable communities  
6 are promoting more active transportation and physical  
7 activity. ARB is currently working to understand and  
8 address any unintended negative health impacts of AB 32  
9 measures, including the creation of an adaptive management  
10 program to address potential localized pollution impacts  
11 from the cape and trade program.

12 As we move forward, new tools and data will be  
13 needed to help quantify public health impacts and monitor  
14 health benefits from implementation of AB 32.

15 --o0o--

16 AIR POLLUTION SPECIALIST SUROVIK: AB 32 requires  
17 ARB to convene an Environmental Justice Advisory Committee  
18 to advise it in developing the Scoping Plan. The EJAC  
19 held two meetings before the discussion draft was released  
20 and developed eight pages of initial recommendations to  
21 inform development of the discussion draft before you  
22 today. These recommendations are appended to the update  
23 and address environmental justice policy, each of the  
24 Scoping Plan sectors, and the Cap and Trade Program.

25 This Committee met again earlier this week to

1 discuss metrics for tracking the impacts of AB 32  
2 implementation and the discussion draft. Two  
3 representatives from the EJAC will share the Committee's  
4 views following my presentation.

5 The EJAC will meet again in early December to  
6 finalize written comments to the Board on the next draft  
7 of the plan.

8 --oOo--

9 AIR POLLUTION SPECIALIST SUROVIK: Local and  
10 regional government efforts are critical to the success of  
11 AB 32. Local governments are reducing GHG impacts of  
12 their municipal operations and are adopting more  
13 sustainable codes, standards, and general plan  
14 improvements to reduce their community's emission.

15 Sustainable communities strategies are being  
16 implemented that link transportation and land use  
17 planning, reducing the impacts of vehicle use. Although  
18 these planning strategies are a critical component of  
19 reducing GHG emissions, resources remain a challenge to  
20 their implementation.

21 According to a recent survey, roughly 70 percent  
22 of California jurisdictions have or will complete GHG  
23 emission reduction programs and policies.

24 ARB is collaborating with the California Air  
25 Pollution Control Officers Association to identify

1 additional local and regional initiatives and priorities  
2 for the next draft of this update. You will hear more  
3 about this effort directly from CAPCOA following my  
4 presentation.

5 --o0o--

6 AIR POLLUTION SPECIALIST SUROVIK: Looking now to  
7 beyond 2020, the latest climate science supports the  
8 continued need for reductions of GHG emissions beyond 2020  
9 to reduce the likelihood of catastrophic climate change.  
10 California has established long-term climate goals to  
11 reduce GHG emissions to 80 percent below 1990 levels by  
12 2050. However, a significant gap remains between the  
13 ongoing GHG emission reduction progress and this 2050  
14 target. Emissions from 2020 to 2050 will have to decline  
15 several times faster than the current rate.

16 A 2030 midterm target should be established to  
17 ensure continued progress toward the 2050 target, provide  
18 greater levels of market certainty in the near future, and  
19 frame the next suite of emission reduction measures.

20 Determining an appropriate midterm target and how  
21 it would be established will require coordination with the  
22 administration, the Legislature, stakeholders, academia,  
23 and others.

24 --o0o--

25 AIR POLLUTION SPECIALIST SUROVIK: Six key focus



1 areas comprising major components of the state's economy  
2 were identified to evaluate and describe the larger  
3 transformative actions that will be needed to meet the  
4 State's more expansive emission reduction needs by 2050.  
5 These focus areas include energy, transportation,  
6 including fuels, land use, and associated infrastructure,  
7 agriculture, water, waste management, and natural working  
8 lands.

9 State agency focus work groups were created to  
10 conduct these evaluations. Various State agencies took  
11 lead roles. For example, CEC took the lead on energy, and  
12 ARB took the lead on transportation.

13 The discussion draft contains several specific  
14 recommendations for each focus area. For brevity, I'll be  
15 presenting a high level characterization of them in the  
16 next few slides.

17 --o0o--

18 AIR POLLUTION SPECIALIST SUROVIK: Reducing  
19 energy sector GHG emissions will require wholesale changes  
20 to the current energy system. The State will need to take  
21 on a key leadership role. There is no single party or  
22 agency that has complete responsibility for the energy  
23 sector. As such, the State needs an overarching energy  
24 plan to ensure long-term climate goals can be met.

25 The plan should include the development and

1 deployment of near zero emission energy sources while  
2 minimizing costs and maintaining reliability.

3 --o0o--

4 AIR POLLUTION SPECIALIST SUROVIK: Changing  
5 California's transportation sector to one dominated by  
6 zero and near zero emission vehicles is essential to  
7 meeting federal air quality standards and California's  
8 long-term climate goals. This will require fundamental  
9 changes to how we develop and expand our communities, how  
10 people travel, and how we move freight in the state.

11 Coordinated planning among State and regional  
12 organizations will be essential. Vehicles and freight  
13 must transition to electricity, hydrogen, and low carbon  
14 renewable fuels. This will require expanding the market  
15 for clean cars and trucks and low carbon fuels and  
16 developing the associated infrastructure.

17 --o0o--

18 AIR POLLUTION SPECIALIST SUROVIK: The  
19 agriculture sector is a key economic driver for  
20 California. The State provides food to support local,  
21 national, and global populations. Potential emission  
22 reduction strategies in the sector must be implemented in  
23 a way that maintains the State's valuable agricultural  
24 resources. A comprehensive plan should be developed that  
25 identifies potential reduction goals, emission reduction

1 and sequestration opportunities, and needs for additional  
2 research and incentives for this sector, while also  
3 addressing the growing needs for adapting to our changing  
4 climate.

5 --o0o--

6 AIR POLLUTION SPECIALIST SUROVIK:

7 Recommendations in the water sector focus on reducing the  
8 energy associated with water extraction, treatment,  
9 conveyance, and usage, to reduce GHG emissions. A key to  
10 this is to improve water conservation and efficiency.

11 The State must maximize efficient utilization of  
12 all available water supplies, including surface water,  
13 groundwater and wastewater.

14 Revenue and rate structures need to be developed  
15 that support these goals, while at the same time ensuring  
16 access to needed water supplies for low income households.  
17 The full societal value of water needs to be considered  
18 when developing water policies. This includes not just  
19 the immediate cost to obtain the water, but also the  
20 impact of the policy on our ecosystems and society.

21 --o0o--

22 AIR POLLUTION SPECIALIST SUROVIK: California's  
23 goal of reaching 75 percent recycling and composting by  
24 2020 provides an opportunity to achieve substantial GHG  
25 reductions across the waste sector, while providing other

1 significant economic and environmental co-benefits.  
2 California must take advantage of waste materials to  
3 generate energy to power our homes and cars and to improve  
4 our working lands.

5           Achieving the 75 percent goal while committing to  
6 manage our waste at home will require substantial growth  
7 in the collection, recycling, and manufacturing industries  
8 within California. Developing these industries here helps  
9 ensure that GHG emission reductions, environmental  
10 co-benefits, and job growth all benefit California.

11           --o0o--

12           AIR POLLUTION SPECIALIST SUROVIK: California's  
13 natural and working lands such as forests, range lands,  
14 and wetlands provide a multitude of economic and  
15 environmental benefits and are one of the few sectors that  
16 can sequester carbon. They will also play an increasingly  
17 important role in California's efforts to prepare for and  
18 adapt to the impacts of climate change.

19           California needs a comprehensive strategy such as  
20 a forest carbon plan, to protect, manage, and conserve  
21 these lands in ways that maximize opportunities to achieve  
22 GHG reductions and carbon sequestration.

23           --o0o--

24           AIR POLLUTION SPECIALIST SUROVIK: On to our next  
25 steps. Staff will be taking the comments from last week's

1 workshop, written comments received, and direction from  
2 the Board to revise this discussion draft.

3 The revised update will be released in late  
4 November for public comment. ARB will also release the  
5 environmental assessment of the proposed update at the  
6 same time. The environmental assessment will be developed  
7 according to the requirements of ARB's certified program  
8 under CEQA and will be available for a 45-day public  
9 comment period.

10 The Board will consider the proposed update and  
11 the environmental assessment at its December meeting.

12 Comments on the environmental assessment are due  
13 to ARB in mid-January next year, 45 days after its  
14 release. And the final proposed update and written  
15 responses on the environmental assessment comments will be  
16 presented to the Board for final approval in spring of  
17 next year.

18 --o0o--

19 AIR POLLUTION SPECIALIST SUROVIK: In conclusion,  
20 climate change represents a serious threat to the health  
21 of Californians, our natural resources, and the economy.  
22 However, our actions are driving down GHG emissions,  
23 spurring innovation, and improving air quality. Now is  
24 the time to develop long-term strategies that builds on AB  
25 32's success.

1           Climate change has presented us with  
2           unprecedented challenges and will require California to  
3           continue to lead the world in pioneering bold and creative  
4           strategies. Meeting our long-term climate goals will  
5           require the engagement of all California citizens in  
6           creating and supporting low carbon, high quality  
7           lifestyles.

8           This concludes my presentation. Thank you.

9           CHAIRPERSON NICHOLS: Thank you.

10          So I want to get a little better sense of what's  
11          going to be happening between now and November and now and  
12          December. I think we understand that the Board is not  
13          going to be taking final action on this thing until we've  
14          been through a good deal more analysis of the  
15          environmental impacts and have had lots of opportunity for  
16          public input. But I'm sort of interested in the evolution  
17          of the plan itself. We're hearing and I'm seeing myself  
18          that there's an interest in getting a lot more specificity  
19          about some of the items. So I just like to hear from  
20          whoever Edie or --

21          DEPUTY EXECUTIVE OFFICER CHANG: Yeah, so this  
22          discussion draft that we released on October 1st is just  
23          that, a discussion draft. What we wanted to do is start  
24          to tee up these issues and tee up the problems and come up  
25          with sort of recommendations.

1           What we want to do now and what we've been doing  
2 is we had a workshop to take public comment, as Marcelle  
3 mentioned. We're taking written comments and we're  
4 interested to hear from the Board and have some direction  
5 from the Board as well as hear the testimony today.

6           The intention is to take that information,  
7 continue to work with our State agency partners, and to  
8 try to flush out the discussion drafts so that we have  
9 more specifics in the next round of the plan, similar to  
10 what we did in 2008.

11           CHAIRPERSON NICHOLS: Okay. What are you hearing  
12 so far? This has been out on the street for days.

13           DEPUTY EXECUTIVE OFFICER CHANG: Absolute days.  
14 We actually -- we're hearing similar things to what you  
15 mentioned that folks do want more specificity. And we're  
16 eager to hear their specific suggestions.

17           We actually have -- we haven't received very many  
18 comments on written comments yet. I suspect that part of  
19 it they want to hear -- they want to have a Board meeting.  
20 They wanted to hear what the Board had to say. They  
21 wanted to hear what other folks had to say. So we're  
22 actually looking forward to getting more direction and  
23 input.

24           CHAIRPERSON NICHOLS: Before we turn to Board  
25 member discussion, I do want to now introduce a couple of

1 guests that we invited to join us. And I guess is there  
2 space for them at the table here. They're just going to  
3 get up.

4           Barbara Lee, who is the Air Pollution Control  
5 Officer for the Northern Sonoma County Air Pollution  
6 Control District and Chair of the Climate Protection  
7 Committee for the Air Pollution Control Officers  
8 Association will be the first speaker.

9           Barbara has been instrumental in recasting the  
10 CAPCOA/Air Resources Board relationship to one that is  
11 much stronger and more positive than it was when we did  
12 our first Scoping Plan, which is great success, great  
13 action in and of itself. But in particular, we've  
14 actually asked CAPCOA to take a role in this developing  
15 this plan. So I'd like to hear more about that, please.

16           MS. LEE: Good afternoon, Madam Chairman and  
17 members of the Board.

18           Madam Chairman, you've saved me quite a few  
19 minutes in my talking points by going over not only who I  
20 am, but also some of the things we've been working on,  
21 CAPCOA and ARB together.

22           I want to start off by saying that the air  
23 districts collectively and CAPCOA and individually have  
24 strong support for climate protection and for the good  
25 work that ARB is doing to achieve AB 32's goals. Working



1 together as a group, we have implemented quite a number of  
2 strategies and programs that have reduced greenhouse gases  
3 at the local level. And we also do a lot of work  
4 supporting local governments and community groups in their  
5 efforts to achieve greenhouse gas reductions and  
6 sustainable programs and infrastructure in their areas.  
7 And there is an awful lot of benefit to come from that. I  
8 think by your Scoping Plan update is going to highlight a  
9 lot of that.

10 We do this because we believe as you believe that  
11 the strategies that reduce greenhouse gas emissions pay  
12 tremendous dividends for clean air and for public health  
13 protection. And that's really what we're all about.

14 I want to say a little bit more strongly perhaps  
15 than the Chairman brought out that your staff has done a  
16 tremendous job implementing the original Scoping Plan that  
17 you approved in 2008, and they have earned high praise for  
18 the work that they've done.

19 And I want to especially recognize your Executive  
20 Officer, Richard Corey, for the fine job that he has done  
21 bringing the expertise and the resources of the local  
22 districts to support your staff in their work achieving  
23 your goals. He, along with Edie Chang and Cynthia Marvin  
24 and others on your staff work regularly, work  
25 productively, work in a truly collaborative way with

1 CAPCOA, achieving these program goals and program goals  
2 across many areas that we have interest in, both ARB and  
3 the local districts. It's a very positive relationship,  
4 and I think you will see it produces real results for you  
5 and for us going forward. I think we all have a lot of  
6 expertise and we all do good work individually. But  
7 working together, the sum of the parts is much greater.

8 CHAIRPERSON NICHOLS: Thanks.

9 I want to mention one other thing that we didn't  
10 highlight. I think I might have alluded to it in passing  
11 in the opening remarks. But reminding ourselves that  
12 global warming is a global issue. We're in a situation  
13 now because of AB 32 and really the worldwide interest  
14 that there is now in particularly the linking between air  
15 quality and climate and the co-benefits, as we call them,  
16 of controlling air pollution that you get for climate  
17 greenhouse gases and vice versa, that we're increasingly  
18 receiving requests for assistance. And we actually now  
19 have formal agreements with several provinces in China as  
20 well as countries in Europe and Latin America that are  
21 well beyond what Air Resources Board staff on its own can  
22 handle.

23 And of course, several of the larger districts,  
24 especially South Coast and the Bay Area have a long  
25 history of international engagement, Sacramento also I

1 know. And there are probably others I'm not so familiar  
2 with.

3           But one of the things that we will be talking to  
4 CAPCOA about is how collectively we can respond as  
5 efficiently and effectively as possible to the real  
6 opportunities that are out there to help ourselves  
7 accomplish our goals and help our businesses in many  
8 instances that have made investments or that would be  
9 interested in making investments in other parts of the  
10 world that can be supportive of this kind of clean energy  
11 development that we're talking about. So there is a whole  
12 world out there of opportunity. And I think a lot of this  
13 is going to be really getting much more attention in the  
14 coming year. So thank you for your leadership on these  
15 issues.

16           Are there any specific questions for Barbara?  
17 Maybe you could hang out and we'll see how this goes.  
18 Okay.

19           We also wanted to invite representatives from the  
20 Environmental Justice Advisory Committee. As people will  
21 remember, we reconstituted/appointed a number of new  
22 members and set them to work on a pretty fast time  
23 schedule to give us input. The EJAC, as they are called,  
24 has already met three times this year, including earlier  
25 this week to develop recommendations on the Scoping Plan

1 update. We really appreciate the time and the energy and  
2 expertise that the twelve members of the EJAC are bringing  
3 to this effort.

4 I'd like to introduce two of the members who will  
5 share the Committee's perspective on their progress so far  
6 and to touch on the Scoping Plan's policies that are the  
7 most important to deliver on the promise of AB 32 benefits  
8 to disadvantaged communities.

9 The two we have with us today are Mary Rose Taruc  
10 of the Asian Pacific Environmental Network and Ryan Brisco  
11 Young of the Greenlining Institute. I reversed the order  
12 you're on my notes because it looks like Mary Rose you're  
13 ready to start. So please share some of your thoughts  
14 with us.

15 MS. TARUC: Thank you, Chair Nichols and the  
16 Board. I'm Mary Rose Taruc. And you are?

17 MR. BRISCO YOUNG: Ryan Brisco Young.

18 MS. TARUC: Not to be mistaken.

19 We were tasked by the EJ Advisory Committee to  
20 highlight key deliberations on the AB 32 discussion draft  
21 of the Scoping Plan by the EJ Advisory Committee. I'm  
22 proud to be part of the EJ Advisory Committee. It's an  
23 assembly of on-the-ground experts in areas across the  
24 state where the largest impacts of carbon pollution are  
25 making millions of Californians sick, in particularly and

1 disproportionately Latinos, Asians, and Blacks in those  
2 populations.

3 AB 32 acknowledged that our environmental justice  
4 expertise in this area so that the State doesn't leave our  
5 communities behind in terms of harm or benefits when  
6 implementing our State's climate programs. Environmental  
7 justice leaders see AB 32 as a great tool in achieving  
8 environmental health and economic improvements for our  
9 opportunities. And we help defend AB 32 against the  
10 attacks in 2010 when Prop. 23 was on the ballot.

11 The ARB and the EJAC still have a lot of work to  
12 do to accomplish that goal around environmental justice  
13 and AB 32, since many environmental justice communities  
14 still don't see or haven't seen the benefits of AB 32  
15 right in our neighborhoods. But what we have are  
16 developed recommendations to close that gap.

17 Overall, the EJAC has had a good experience  
18 working with the ARB and other agency's staff so far to  
19 support our advisory capacity. And we want to thank the  
20 staff for the effort, Trish, Shelby, Cynthia, Steve, Mike,  
21 and others. We've had a very good working relationship so  
22 far.

23 We also see that even with these good intentions,  
24 EJAC sees that environmental justice is not very well  
25 understood by the staff or the ARB as it relates to AB 32.

1           So one of the big ideas that we actually have is  
2 developing an AB 32 tracking tool to measure environmental  
3 justice impacts, both the harms and benefits as we're  
4 seeing them.

5           So we recommend that the plan should commit to  
6 developing a more robust and consistent accounting of  
7 greenhouse gas emissions, co-pollutant, public health, and  
8 jobs co-benefits. This includes community level tracking  
9 of impacts and benefits to disadvantaged communities and  
10 should apply to all sectors, including implementation of  
11 the investment plan from the cap and trade proceeds. This  
12 effort to track impacts and benefits will better inform  
13 policy makers when considering regulatory measures and  
14 investment strategies.

15           We think more importantly it will provide the  
16 public with greater understanding of the transformations  
17 that are occurring in our communities as a result of our  
18 collective efforts to combat the climate crisis. There  
19 are many tools available now, like the Cal EnviroScreen,  
20 for this tracking effort. So we're halfway there and we  
21 look to you to support that.

22           MR. BRISCO YOUNG: Good evening, Madam Chairman,  
23 Board members.

24           In addition to the metrics issue that was  
25 discussed, I'm going to touch on some of the highlights

1 from the Committee's deliberation. Similar to what you  
2 have heard from the broader public at workshops, the  
3 Committee strongly supports the updates commitment to an  
4 interim 2030 target that gets California on the right  
5 track towards its 2050 goals. We are hoping the  
6 subsequent versions of the update includes some specific  
7 criteria for setting this target.

8 We also greatly support and appreciate the focus  
9 on short-lived climate pollutants and developing a  
10 strategy to reduce them as part of the overall GHG  
11 reduction strategy. This was a priority I think we all  
12 heard loud and clear from members of the public, and we're  
13 glad to see more focused attention on pollutants like  
14 black carbon and methane.

15 Members of the EJAC are looking forward to  
16 collaborating with ARB as it develops regulations to  
17 address fugitive emissions from the oil and gas sector,  
18 among others.

19 Across the board, regardless of sector, the  
20 Committee eagerly anticipates the next draft will contain  
21 specific enforceable control measures and specific  
22 regulatory time lines for adoption.

23 One area to highlight is urban forestry. A  
24 number of the members were glad to see the emphasis placed  
25 on increasing canopy cover and green space in

1 disadvantaged communities. Investment infrastructure  
2 offers many benefits, benefits that are magnified when  
3 integrated with other strategies.

4 Likewise, the members were pleased to see  
5 recommendations for further regulatory action to reduce  
6 emissions at landfills and divert organic waste.

7 The plan also rightly identifies the need to  
8 invest resources that build the capacity of  
9 community-based organizations and other trusted  
10 messengers, allowing them to engage communities directly  
11 in language and in culturally relevant ways. This is  
12 really critical to providing communities with the tools  
13 and information that enable them to meaningfully  
14 participate in our collective efforts.

15 There are a number of additional areas of ongoing  
16 concern, examples of other directions where we think that  
17 the update can evolve in a positive direction.  
18 Specifically, we'd like to highlight the need to promote  
19 affordability and access to public transit. The current  
20 draft makes high level references to transit, but neglects  
21 to differentiate between capital funding and then the  
22 operations and maintenance resources that actually result  
23 in the services that core riders like students need to get  
24 to school and work.

25 We're finding the guidance -- we'd like to see



1 the update refined to provide additional guidance on  
2 anti-displacement measures and the implementation of SCS  
3 strategies and transit oriented development. We're  
4 looking forward to offering examples of specific measures  
5 jurisdictions can take to avoid displacement of low income  
6 and communities of color that are benefiting from these  
7 mass transit investments.

8 We like to highlight policies such as the  
9 California Public Utilities Commission historic climate  
10 dividend, which, will among other things, help protect the  
11 income of low income families. These families tend to  
12 spend more of their income on basic goods and services, by  
13 necessity are more conservation than their main stream  
14 public, and needed resources make them more resilient.

15 Similarly, more action is needed to make energy  
16 efficiency and distributed generation technologies  
17 accessible and affordable to disadvantaged communities.

18 An ongoing area of concern for EJAC members,  
19 particularly those constituencies in the Central Valley,  
20 is the unintended air quality consequences of certain  
21 types of biomass incineration that are eligible resources  
22 under the RPS.

23 The Committee is very alarmed by the role of  
24 natural gas, particularly from unconventional sources in  
25 our climate future. It's very hard for the Committee to

1 imagine meeting our 2050 goals using natural gas as a  
2 central part of that strategy.

3 As you can see, our deliberations have been very  
4 robust and range of topics reflects the diversities of the  
5 constituencies our Committee represents, as well as the  
6 concerns of those communities.

7 The updates we are providing you today merely  
8 touch on some of these topics. EJ communities want to see  
9 our state achieve the carbon pollution reduction goals of  
10 AB 32, and we will support and, yes, we will push you to  
11 make AB 32 successful, knowing that there are polluting  
12 forces out there seeking to undermine them. Thank you.

13 CHAIRPERSON NICHOLS: Thank you very much. I  
14 really appreciate the fact that we are able to get your  
15 input in a way where we can have discussions. We may not  
16 agree on the substance of every item. But at least we  
17 have the opportunity in a not just polite civilized but in  
18 a substantive way to really engage on these discussions.  
19 So --

20 MS. TARUC: We did just on -- we covered the  
21 major sectors in the plan, and we wanted to just give one  
22 more comment on cap and trade.

23 CHAIRPERSON NICHOLS: Go right ahead. I didn't  
24 mean to cut you off.

25 MS. TARUC: So cap and trade was a big

1 contentious piece of AB 32 implementation that the EJAC --  
2 the last EJAC brought up. We still oppose the cap and  
3 trade system under AB 32 for these industrial emissions  
4 because of the other problems that it creates that's  
5 carbon trading around toxic hot spots.

6 In the mean time, however, the EJAC has been  
7 studying the adaptive management plan that you have put in  
8 place to protect communities from the harms of carbon  
9 trading. And we want to affirm the adaptive management  
10 plan and also recommend improvements for it. In  
11 particular, to build in proactive measures that are ready  
12 to go once you see that there are harms to specific  
13 communities across the state. So that improvement to the  
14 adaptive management plan.

15 Overall, we also want to see that AB 32 get to  
16 direct emissions reductions from polluters and oppose the  
17 ways these industries could avoid these responsibilities  
18 through offsets and free allowances. So we know the  
19 deliberations around the Cap and Trade Program is for  
20 tomorrow, but wanted to communicate to you that we oppose  
21 extended transition assistance to the industry. These  
22 industries are some of the richest companies in our state  
23 and are making profits off the backs and lungs of our  
24 communities. And we think they can afford to pay for  
25 their pollution.

1           And then lastly, we applaud the investment plan  
2 that you have created with other agencies in the  
3 Department of Finance and the Governor's office for the  
4 cap and trade proceeds. We like that it includes  
5 reduction programs that we already see starting to work in  
6 our communities. So we encourage more of these types of  
7 programs like low income energy efficiency programs, solar  
8 for low-income homes, transit operations, affordable  
9 transit-oriented development, and urban forestry, things  
10 that can actually satisfy the SB 535 De Leon law and  
11 requirement. And that we need these GHG reduction  
12 programs in the state where the most GHG emissions are  
13 generated. So wanted to make sure that was included in  
14 our comments.

15           CHAIRPERSON NICHOLS: Thank you. We heard your  
16 comments, and we'll continue to engage. Appreciate we're  
17 able to have the discussion. And I think the proof will  
18 be whether we get to a point where there's something there  
19 that you all can feel like you've achieved as a result of  
20 this.

21           MS. TARUC: Thank you we look forward to that.

22           BOARD MEMBER GIOIA: So have you prepared a sort  
23 of a list of recommendations of your review so far? I  
24 know you are having an input into the process. I think I  
25 saw that there was something you produced. Can you just

1 mention that? And maybe can we get a copy of that.

2 MS. TARUC: Yes, we have an eight-page set of  
3 initial recommendations from the EJAC. It's on the  
4 website. And also we're refining those based on the  
5 meeting that we had this week and seeing what's already in  
6 the discussion draft and what we'd like to see moving  
7 forward. We've also started to develop some metrics for  
8 this AB 32 EJ tracking we would like to see you all do.

9 BOARD MEMBER GIOIA: Great. Thanks for your  
10 work.

11 CHAIRPERSON NICHOLS: Okay. I think we should  
12 hear from the people who have asked to speak to us,  
13 understanding, of course, we're at the beginning of the  
14 process. But there are folks here that are anxious to let  
15 us know their views about the Scoping Plan and how it  
16 should evolve. We'll just start calling you off of the  
17 list here.

18 BOARD MEMBER GIOIA: Just so I understand the  
19 process, we're going to hear from public members today,  
20 but we're really not providing input until the December  
21 meeting. We're going to hear what folks are saying and  
22 get -- I know there's a draft out. We're going to  
23 actually see sort of an amended draft in December. That's  
24 where our input will come; right?

25 CHAIRPERSON NICHOLS: Well, in a formal sense,

1 yes. But individual Board members to the extent that you  
2 have questions or comments at any time, you don't have to  
3 wait for the Board meeting. You can pick up the phone and  
4 add your thoughts. Please do.

5 Henry Hogo and then Dave Johnston.

6 MR. HOGO: Good evening Chairman Nichols and  
7 members of the Board.

8 Henry Hogo with South Coast Air Quality  
9 Management District. I first want to thank staff for the  
10 collaboration that we had with them during the public  
11 process. In particular, one of the regional workshop that  
12 was mentioned during the presentation over the summer was  
13 actually a joint workshop between our agency and your  
14 agency. It really shows the linkage that you mentioned  
15 relative to climate change and air quality -- local air  
16 quality needs. So it was an important collaboration. We  
17 appreciate that.

18 We do want to make a couple of preliminary  
19 comments tonight. And in particular, we do support the  
20 midterm target in the 2030 time frame. We also support  
21 inclusion of the short-lived climate pollutants. They're  
22 very important components to the climate change analysis  
23 here.

24 We do have a couple comments relative to the  
25 process for development of measures. I think that the

1 plan should have a bit more clarity on how that process  
2 will proceed and particularly in setting up the measures  
3 and strategies and development of the post-2020  
4 reductions.

5 And lastly, we want to identify opportunities for  
6 further collaboration with the air districts. So some of  
7 those are some of our preliminary comments, and we'll be  
8 providing more detailed comments over the next week.

9 Thank you.

10 CHAIRPERSON NICHOLS: I would also add that this  
11 just tees off of the last discussion that we had. But  
12 many of the issues that the Environmental Justice Advisory  
13 Committee is concerned about have to do with direct  
14 regulation of stationary sources that the Air Resources  
15 Board actually regulates hardly at all. I mean, all the  
16 direct regulations are essentially local district  
17 regulations and rules, with a few exceptions. So it's  
18 really important that we make sure that you all are  
19 hearing and are participating in that dialogue as well  
20 because there is not something that even if the ARB wanted  
21 to, we could through AB 32 all by ourselves change permit  
22 requirements, for example, you know, for large stationary  
23 sources. So hopefully we can add that to the list of  
24 things that we're going to be talking about.

25 MR. HOGO: We've been working with staff on the

1 2007 plan. We identify co-benefits of our regulations  
2 with the greenhouse gases. Thank you.

3 CHAIRPERSON NICHOLS: Okay. So I think that time  
4 is becoming a factor here. I know we've lost a few  
5 witnesses just due to attrition.

6 But again, recognizing that there will be other  
7 opportunities for people in the audience to talk to the  
8 Board, for the Board to talk to the staff, for members of  
9 the audience to talk to the staff, I'm going to ask people  
10 to limit their testimony at this point to two minutes.  
11 Let's go from three to two. So let's let -- we'll try to  
12 hear from everybody.

13 Dave Johnston, Frank Caponi, Chris Shimoda. I  
14 don't expect you're giving us written testimony. You can  
15 tell us you love it, you hate it. You don't want us --  
16 whatever.

17 MR. CAPONI: I'll be brief. I'm Frank Caponi.

18 I don't see Dave, so if Dave's here, I'm sorry.

19 L.A. County Sanitation Districts. I'm here very  
20 briefly. And just overview I know we're going to be  
21 talking a lot more in the future on these issues.

22 Talk about the waste issues, essentially the  
23 waste sector plan. Enormous amount of effort went into  
24 developing that plan. And I want to commend staff's, ARB  
25 staff, and the partners CalRecycle. They really put a lot



1 of effort into that. We don't agree with every word on  
2 those pages, but I want to commend staff because they  
3 really went out of their way to meet with us, hear our  
4 concerns, but also ways that we can work with them to make  
5 a lot of this happen. And we really are committed to be  
6 partners and try not to pester them too much. Steve  
7 threatened to beat me off with his crutches last week. I  
8 think I disserved that.

9           There is a lot of challenges and I think you've  
10 heard some of them. The crown jewel of the plan is the 75  
11 percent diversion. To get to that, we have to remove 22  
12 million tons of waste from our landfills. A lot of that  
13 is organic waste. There is a huge, huge effort. Just  
14 don't forget that in 1989, we passed 939, which was a  
15 50 percent goal. It took us about 25 years to get where  
16 we're at, including all the infrastructure. Now we want  
17 to go to 75 percent in a very short period of time. So  
18 it's going to take a lot of work, a lot of coordination.  
19 Some estimate some two billion dollars in infrastructure  
20 have to be invested. So we have a lot of challenges in  
21 getting there. Industry really is committed to working to  
22 try to make that happen the best we can.

23           There is a lot of opportunities, too. Time is  
24 short, so others are going to talk about opportunities.  
25 But we have a real opportunity to develop a lot of

1 bioenergy from all those organics coming out of the  
2 landfills and, say, going to aerobic digester. So as I  
3 said, others will talk to that.

4 2014 will be a very exciting year, and we look  
5 forward to working with you. Thank you.

6 CHAIRPERSON NICHOLS: Thank you. That was good.  
7 Okay. Chris.

8 MR. SHIMODA: Chris Shimoda, California Trucking  
9 Association.

10 In the interest of time, I'll just say we  
11 strongly support comments made in a coalition letter  
12 submitted. Hopefully you guys have received it. Signed  
13 by the California Trucking Association, the California  
14 Natural Gas Vehicle Coalition, SoCal Gas and Clean Energy  
15 with respect to remaining technology neutral with respect  
16 to natural gas trucking. There is some language in the  
17 discussion draft that does say that needs to be phased out  
18 by 2050. We'd like to see that removed and that the Board  
19 stay with establishing technology-neutral performance  
20 standards.

21 I'd like to draw the Board's attention to another  
22 portion of the discussion draft, page 24, where staff says  
23 you will be considering measures in the future up to and  
24 including new regulations intended to deploy short-haul  
25 zero emission port trucks in L.A. by 2020. I think you

1 guys got quite an earfull in the last Board Item with  
2 regards to the financial and fiscal impacts of the current  
3 measures. You know, I'd just like to say on the other  
4 hand, the discussion draft is talking about imposing new  
5 rules on sectors of the industry that have actually  
6 already complied with very stringent regulations. So port  
7 trucking is not a sector that generates huge profits.  
8 There's really not that much of a gap between the folks  
9 you just heard testimony from on the previous items and  
10 the folks that have already complied with 2007  
11 requirements. I'm sure the dialog will continue under the  
12 sustainable freight plan. Those are my comments.

13 CHAIRPERSON NICHOLS: Thank you.

14 Edward Moreno and then Sam Applebaum.

15 MR. MORENO: Good evening. I'm Ed Moreno with  
16 Sierra Club California. Thank you for taking -- for this  
17 opportunity to comment. We will be submitting written  
18 comments but we'd like to emphasize the following.

19 The current climate impacts make obsolete the 80  
20 percent below 1990s levels by 2050. This crisis requires  
21 CARB to set more aggressive post-2020 targets, including  
22 intermediate term targets.

23 The technology is available in the electricity  
24 sector to get greenhouse gas emissions 80 percent below  
25 1990 levels by 2030. And you see there's no new major

1 natural gas plants are needed in light of the State's  
2 overprocurement.

3           Integration of renewables, ramping, system  
4 reliability and efficiency can now be achieved by  
5 affordable cleaner alternatives, such as storage.

6           For the water section of the report we feel that  
7 in order to develop an effective plan, a verifiable  
8 database needs to be created to capture where energy for  
9 water is consumed and to attract progress in reducing  
10 consumption -- energy consumption.

11           This strategy should include urban water  
12 infrastructure repair. This includes system water audits,  
13 leaks detections, and repair. We'd like to see an  
14 increased metering and pricing to encourage conservation  
15 and clean drinking water.

16           For the green building section of the plan, we  
17 submitted the following comments on net zero energy  
18 buildings. We need to accelerate the date that is  
19 required in the Title 24 programs for commercial buildings  
20 from 2030 to 2025.

21           And on financing and streamlining, we need to  
22 accelerate the renewable energy and energy efficiency  
23 financing through the following: Residential and  
24 commercial property assessed, clean energy, and on-bill  
25 repayment.

1 Thank you again for the opportunity.

2 CHAIRPERSON NICHOLS: Thank you. We'll look  
3 forward to hearing more.

4 Sam Applebaum.

5 MR. BARRETT: I'm sorry to report Dr. Applebaum  
6 was called away. I'll make a few comments. My name is  
7 Will Barrett. I do work for the Lung Association.

8 We appreciate all of staff's work to develop the  
9 draft to date and for taking the public comments so far.  
10 We look forward to working with you ongoing as the report  
11 moves forward.

12 We do support the inclusion of the short-term  
13 pollutants section, along with the 2030 midterm target.  
14 We think these are important steps to attaining both local  
15 and immediate health and climate benefits, but also to  
16 meeting our long-term goals.

17 We do understand on the health evaluation piece  
18 the challenges of evaluation of these plan's health  
19 benefits and impacts. We do encourage making every  
20 attempt to get that done. We do support some of the  
21 comments made by the EJ Advisory Committee folks on that  
22 topic.

23 We were encouraged to see in the plan the  
24 discussion of the development of land use modeling tools  
25 that can evaluate health benefits of various scenarios.

1 We think that will really help to better inform local land  
2 use and regional land use planning on sustainable growth  
3 health benefits.

4 We urge ARB to support the development of these  
5 and other tools to evaluate the health benefits of climate  
6 action.

7 We do recommend greater specificity in the plan  
8 regarding the post-2020 strategies. Listings of control  
9 measures, time lines, trends of emission benefits would  
10 all provide greater guidance as we go forward with the  
11 plan.

12 Creating the post-2020 project list and  
13 identifying cap and trade and other funding opportunities  
14 to support these plans is key. We think specifically we  
15 should be investing in clean vehicle and clean fuel  
16 deployment, sustainable freight strategies, smart growth  
17 planning, and renewable energy programs.

18 I'll end there because I have 15 seconds. And  
19 I'll just say we'll submit Dr. Applebaum's comments to the  
20 record. We'll submit our more formal comments and really  
21 do look forward to working with staff as this plan goes  
22 forward and commend all the staff for the great work and  
23 stamina shown throughout the day as well as all the Board  
24 members.

25 CHAIRPERSON NICHOLS: Mr. Quigley.

1 MR. QUIGLEY: I guess it's evening. Good  
2 evening, Madam Chair and members of the Board.

3 My name is Michael Quigley, Director of  
4 Government Affairs with the California Alliance for Jobs.

5 I'm here today speaking as Co-Chair of the  
6 Transportation Coalition for Livable Communities.

7 Speakers eight, nine, and ten had to go, but they will be  
8 submitting written comments. They're also members of our  
9 coalition.

10 Steering Committee is made up of the League of  
11 Cities, California Transit Association, State Association  
12 of Counties, the Alliance for Jobs, and NRDC. And we've  
13 put together a detailed proposal over the last year really  
14 looking at reinvesting cap and trade revenues back into  
15 the transportation sector. AB 32 states that 38 percent  
16 of our State's emissions are coming from the  
17 transportation. We believe that creates a great  
18 opportunity for us in bringing those emissions down  
19 through programs such as implementation of SB 375. That's  
20 one of the areas where our coalition is really focused in  
21 by applying cap and trade revenues towards developing  
22 infrastructure and transportation options that will reduce  
23 VMTs through a performance-based approach. I think that's  
24 one of the other areas that really sets our coalition's  
25 proposal apart from others is that we are looking at

1 performance-based and cost effectiveness. And using the  
2 greenhouse gas reduction as the metrics for that to really  
3 maximize the impact of the dollar and to utilize the  
4 partnership that we've already built with municipalities  
5 and regions who are in charge of implementing their SCSs.  
6 We believe our proposal also will have the best impact in  
7 achieving the goals of AB 32 by supporting SB 375.

8 And in closing, I would just like to urge you  
9 that we will continue to support AB 32 and continue to  
10 work with you guys. And I'd like to urge you to continue  
11 to focus on land use and transportation as the primary  
12 means of achieving AB 32 because those are the areas which  
13 we have the most emissions coming out of. Thank you.

14 CHAIRPERSON NICHOLS: Thank you very much.

15 We are going to start to lose people. We'll just  
16 keep going since we don't have to -- this is not a  
17 hearing, but we are interested in hearing what people's  
18 view is.

19 Ms. Peacock.

20 MS. PEACOCK: Yes. Tonya Peacock from the  
21 Southern California Gas Company.

22 SoCal Gas is concerned in the post-2020 period  
23 the Scoping Plan update puts forward a narrow vision by  
24 focusing on one source of energy electricity rather than  
25 acknowledging that a multi-technology approach leads to



1 more emissions reductions sooner and that this approach is  
2 actually necessary to meet both the goals of the  
3 greenhouse gas reduction goal and NOx reduction goals.

4 We think such an energy use mandate undermines  
5 the very technology investments needed to meet the short  
6 and midterm goals, which is acknowledged in the update.  
7 So we encourage ARB to set technology neutral performance  
8 standards in order to encourage innovation. And we  
9 request that you direct staff to remove the technology  
10 bias language from the Scoping Plan update and update it  
11 with performance-based outcome oriented policies.

12 Thank you. These are just preliminary comments,  
13 and we will be submitting detailed comments by the end of  
14 next week. Thank you very much.

15 CHAIRPERSON NICHOLS: Thank you.

16 Erica.

17 MS. MOREHOUSE: Good evening. Erica Morehouse  
18 with Environmental Defense Fund.

19 I think there's a lot to be excited about in this  
20 Scoping Plan in terms of what we've already achieved and  
21 the opportunities we have for showing that we can  
22 decarbonize our economy even as we grow it.

23 And as we heard this morning, California's  
24 leadership is already baring fruit across the country  
25 around the world and in D.C. And we've submitted detailed

1 comments after the workshops that focus on almost all of  
2 the areas that ARB has outlined and the areas where we see  
3 continuing opportunity.

4 I just want to highlight a couple areas of  
5 particular support in the Scoping Plan right now. We're  
6 very supportive of the focus on short-lived climate  
7 pollutants and the objective of coming up with a  
8 comprehensive plan for how to reduce them.

9 We're also a member of the Transportation  
10 Coalition for Livable Communities that's focused on cost  
11 saving GHG reductions that can also benefit our health  
12 from transportation and land use planning.

13 And finally, we strongly, strongly support the  
14 recommendation to set a 2030 GHG reduction target. Because  
15 of California's cap and trade market, a 2030 target will  
16 mean immediate emission reductions as well as cost savings  
17 and market stability going forward because of the strong  
18 price signal. And we look forward to working with the  
19 Board and sister agencies and local air districts to  
20 achieve this vision. Thank you.

21 CHAIRPERSON NICHOLS: Thank you.

22 MS. HALBROOK: Claire Halbrook with PG&E.

23 First, I'd like to thank staff for all of their  
24 work with PG&E to date on the current draft plan. The  
25 draft update currently provides a broad compendium of

1 current and recommended future climate-related activities  
2 in California. However, PG&E and it sounds like several  
3 other stakeholders, believe the role of the Scoping Plan  
4 update could be further strengthened by greater detail and  
5 analyses. And we believe that such an approach should be  
6 incorporated and could be incorporated between now and the  
7 spring of 2014.

8 One example is that the update restates emission  
9 reduction targets for program measures from the original  
10 plan and the Governor's clean energy jobs plan. However,  
11 it does not endeavor to evaluate these existing program's  
12 process towards emission reductions or the cost  
13 effectiveness of any of the proposed future activities.

14 We just request that the final update uphold AB  
15 32's core principle of cost effectiveness and  
16 technological feasibility and apply a solid analytical  
17 framework to evaluate the cost effectiveness of both  
18 current and newly proposed measures.

19 While we understand that many of these measures  
20 are in various stages of implementation, the application  
21 of a cost effectiveness metric would still provide some  
22 valuable information.

23 At the October 15th Scoping Plan workshop, staff  
24 acknowledged that future targets should "align with  
25 targets under consideration elsewhere in the developed

1 world." We also appreciate the Chair's acknowledgement of  
2 this issue earlier this evening.

3 PG&E strongly supports this approach as  
4 California represents only one to two percent of all  
5 fossil-fired GHG emissions, underscoring the importance of  
6 promoting action in all jurisdictions outside of  
7 California.

8 The recommended activities in the 2013 update  
9 should include efforts to actively seek partnerships and  
10 consider how to align action with other jurisdictions to  
11 achieve greater global emission reductions at lower costs.  
12 And we'll also be providing written comments. Thank you.

13 CHAIRPERSON NICHOLS: I've decided not to call on  
14 people because I think it takes extra time.

15 MR. CARMICHAEL: Tim Carmichael with the  
16 California Natural Gas Vehicle Coalition. I'll keep it  
17 brief because Chris Shimoda and Tonya Peacock referenced  
18 our letter that we submitted together.

19 Just want to make a couple of additional points.  
20 One is we are as an industry very supportive of the  
21 Scoping Plan and of AB 32. I personally am really glad  
22 this document exists. I think it's wonderful that  
23 California is leading the world in many ways in this area.  
24 And that's the back drop to us having a problem with one  
25 paragraph in your update. And if that paragraph wasn't

1 there, it would be a love fest.

2 So the only point they didn't make that I want to  
3 make is 2050 is 37 years from now. And if you'll indulge  
4 me, try to remember what you were doing 37 years ago.  
5 1976. It was a long time ago. And as far as this agency  
6 is concerned, that was the year two-way catalysts were  
7 introduced and put into play. Three-way catalysts hadn't  
8 even come into play.

9 The point I'm making is a lot can happen in that  
10 period of time when it comes to technology development,  
11 especially in this transportation sector that we're  
12 talking about. So don't rule out the potential for  
13 natural gas in 2050 and certainly see us as a valuable  
14 ally in getting to other fuels, renewable natural gas,  
15 hydrogen over the next decade or two.

16 Thank you very much.

17 CHAIRPERSON NICHOLS: Thank you. I was here.  
18 Not in this building, but at the Air Resources Board.

19 MR. CARMICHAEL: I thought it polite not to go  
20 there.

21 (Laughter)

22 MR. BARBOSE: Tim, thank you for waking them up.

23 Jason Barbose with the Union of Concerned  
24 Scientists. We'll be submitting comments in writing  
25 likely hours before the deadline on November 1st, so I'll

1 just flag a few things to keep in your mind.

2 One is that we believe now is definitely the time  
3 to begin planning for reductions post 2020. And that the  
4 latest science says that we should be aiming for at least  
5 80 percent below 1990 levels by 2050. And we believe that  
6 the interim targets that are being discussed, that those  
7 should be set to be at least consistent with a straight  
8 line path.

9 And keep in mind that at straight line path would  
10 be 27 percent reduction below 1990 levels each decade from  
11 2020 to 2050. So much steeper than we are on right now.

12 In the energy sector, a couple things to flag.  
13 One is just long-term planning for orderly and  
14 cost-effective transition to emission free electricity is  
15 necessary. And as such, we think it's really important  
16 for the Scoping Plan to identify the opportunity and  
17 responsibilities among the State's energy agencies to  
18 conduct the analysis and the planning that's necessary to  
19 get us on that path.

20 And the second thing about energy is about the  
21 RPS, renewable portfolio standard. The utilities, I  
22 should say, are on their way to achieving and surpassing  
23 the 33 percent RPS by 2020. We believe the Scoping Plan  
24 should consider at least a 50 percent RPS by 2030.

25 In transportation, a few things to flag on

1 light-duty vehicles. Definitely, we support continuing  
2 the greenhouse gas standards in the ZEV program beyond  
3 2025. We think it's important to identify sustainable  
4 funding for new vehicle incentives. That's a key part.

5 On heavy duty, the sustainable freight initiative  
6 has begun to be undertaken by CARB and coming before the  
7 Board in the next couple months. It's really important  
8 this process move quickly and it identifies specific  
9 strategies, time lines, and investments.

10 And the last note on water is just that the plan  
11 mentions nothing about agricultural water efficiency.  
12 Eighty percent of our human water use is in agriculture.  
13 Thank you.

14 CHAIRPERSON NICHOLS: Got it. Okay. Thanks,  
15 Jason.

16 MS. RAU: Thank you. I'm Tiffany Rau with the  
17 Hydrogen Energy California Project, otherwise known as  
18 HECA. This is a proposed power plant and fertilizer  
19 manufacturing plant with 90 percent carbon capture and  
20 storage.

21 I'm here today to express our support for the  
22 draft updated Scoping Plan, and in particular, staff's  
23 recommendation for the post 2020 policies.

24 I'd like to draw your attention to the very real  
25 near-term opportunity for California by enabling and

1 embracing CCS technology and the HECA project. Of note,  
2 when the U.S. EPA recently proposed landmark limits on  
3 carbon emissions from future power plants, they designated  
4 CCS as the technology of choice for fossil units. And  
5 they highlighted the HECA project among a list of power  
6 large scale CCS projects as evidence of its commercial  
7 viability.

8 ARB's draft first update to the scoping plan  
9 acknowledges that CCS may represent one way to green up  
10 fossil fuels and further mitigate climate change. But it  
11 also states that significant work must still be done to  
12 ensure that sequestered emissions are not eventually  
13 released into the atmosphere and to demonstrate the  
14 technology on a large scale.

15 We believe the HECA project provides the near-term  
16 solutions sought by California and will demonstrate full  
17 carbon capture. CO2 will be permanently sequestered  
18 monitored and measured and verified according to approved  
19 plans and permits and consistent with enforceable  
20 quantification methodology.

21 In short, the HECA project will provide the  
22 answers and the framework necessary to enable further  
23 deployment of CCS throughout various sectors and showed  
24 significant reductions in GHG emissions can be achieved.

25 We hope that ARB will work with us to enable this



1 near-term opportunity for California to put a higher  
2 priority on CCS and that this will be reflected in the  
3 revised first update and through staff engagement. Thank  
4 you.

5 CHAIRPERSON NICHOLS: Thanks.

6 MS. THRONSON: Good evening, Madam Chair, Board  
7 members. Thank you for this opportunity and thank you for  
8 staff for previously meeting with us.

9 My name is Tara Thronson with Valley Vision, a  
10 local regional nonprofit. And I'm manage the cleaner air  
11 partnership which brings together the public health, the  
12 business community, and the local air districts to improve  
13 air quality such that it benefits public health and  
14 economic growth.

15 I'm also the resident broadband evangelist, as we  
16 staff the local regional broadband consortium. We're one  
17 of 14 in the state of California funded by the CPUC and  
18 working to bring high speed internet to areas that are  
19 underserved.

20 The draft update to the AB 32 Scoping Plan is  
21 missing an important strategy to help meet the long-term  
22 climate goals. There is no specific reference in the plan  
23 to the importance of wide spread access to broadband  
24 infrastructure. Broadband, or high speed internet,  
25 enables the transfer of data such that it serves as a

1 critical platform for existing and emerging technologies  
2 that will help reduce greenhouse gas emissions.

3 Many of the rural and agriculture-based areas of  
4 the state of California do not have sufficient Internet  
5 access to implement new technologies, such as wireless  
6 soil moisture sensors that enable farmers to reduce water  
7 usage, which as noted in the Scoping Plan, reduces energy  
8 demand and the associated emissions.

9 Technologies enabled by broadband allow  
10 monitoring for fertilizer and pesticide usage, food safety  
11 monitoring in the field, water quality, and other social  
12 and environmental justice concerns. Of note, many of the  
13 communities without broadband access today are underserved  
14 community.

15 As the AB 32 Scoping Plan is the guiding document  
16 of State policies and programs to reduce greenhouse gas  
17 emissions, the final Scoping Plan update should include  
18 broadband enable technologies and incentives to promote  
19 deployment and use of broadband as a strategy to meet AB  
20 32's greenhouse gas emission reduction goals. We and my  
21 counterparts with the other consortia are happy to be a  
22 resource to ARB staff in pursuing this strategy. Thank  
23 you.

24 CHAIRPERSON NICHOLS: Thank you.

25 MS. KELLY: Good evening. I'm Trish Kelly with

1 Applied Development Economics. I'm here with Tara  
2 Thronson. Thank you, Madam Chair and Board members, for  
3 the opportunity to comment.

4 I'm a consultant for the Applied Development  
5 Consortium, the California partnership for the San Joaquin  
6 Valley on their economic strategy and SACOD on their  
7 rural-urban connection strategy.

8 So to go further on what Tara mentioned, through  
9 all of our work, we see every region needs this broadband  
10 technology to be able to implement these other  
11 technologies that will allow us to meet our greenhouse gas  
12 emissions goals, but also to promote sustainable economic  
13 prosperity.

14 Last week, Valley Vision convened a state-wide  
15 forum with more than 80 elected officials from around the  
16 state with their leadership organizations. And they all  
17 strongly stated that they cannot compete without  
18 broadband. They cannot access tele-medicine and other  
19 services or promote telecommuting, all central strategies  
20 which reduce vehicle miles traveled. And they do not want  
21 to be left behind in their regions.

22 Go Biz affirmed that broadband is a critical 21st  
23 century infrastructure. We're also working with the  
24 Governor's Office of Planning and Research on the  
25 environmental goals and policy report, which includes the

1 importance of broadband infrastructure in its visions for  
2 California's future.

3           So we're working on areas to integrate broadband  
4 planning on infrastructure and other transportation  
5 planning.

6           Our regional industry clusters, especially in the  
7 San Joaquin Valley with agriculture, water, and energy,  
8 manufacturing and health, they're all connected. They say  
9 they all need better broadband. They can't deploy those  
10 innovation technologies to reduce emissions and water and  
11 improve health, but also increase prosperity with  
12 broadband. As an example of this potential, federal labs  
13 and agencies are working with Fresno and Valley  
14 stakeholders to bring these new technologies to bear. We  
15 think this can increase the economic benefit happening  
16 across our regions. To note, the sustain community  
17 strategies will also benefit from broadband and help  
18 increase the viability of agriculture, which will keep our  
19 land in agricultural production. Thank you.

20           MS. HAGERTY: My name is Morgan Hagerty. I'm  
21 with CE2 Capital. We're a California-based company that  
22 invests in emission reduction projects.

23           CE2 supports the proposal and the Scoping Plan  
24 discussion draft to develop post 2020 emission caps for  
25 the Cap and Trade Program. And we ask that ARB initiate

1 this process as soon as possible. Investments in  
2 long-term emission reduction projects and activities are  
3 not economically justifiable without some certainty there  
4 will be a price on carbon in California beyond 2020.

5 In the absence of clear and definitive action  
6 from ARB, compliance entities, consumers, investors, and  
7 market participants will make financial decisions on  
8 short-term carbon outlook, leaving otherwise efficient and  
9 financially viable emission reduction opportunities  
10 untapped.

11 The magnitude of potentially foregone emission  
12 reductions will increase the nearer we approached 2020  
13 without addressing the uncertainty of post 2020 emission  
14 caps.

15 As such, we encourage staff to initiate a public  
16 process this year and begin public workshops to develop  
17 and help inform staff's recommendations for setting  
18 specific post 2020 annual allowance budgets for the Cap  
19 and Trade Program. Thank you.

20 MR. WHITE: Madam Chair, members of the Board.  
21 I'm John White with the Center for Energy Efficiency and  
22 Renewable Technologies.

23 I confess, thinking about 1976, I was here, too,  
24 in a different capacity working for the State Assembly for  
25 the Air Pollution Subcommittee. And we had just at that

1 point the first year of implementation of legislation that  
2 created the South Coast Air Quality Management District.

3 I do think I may not be here in 2050, but I do  
4 think thinking about these things with a long-term view in  
5 mind is important.

6 I want to thank the staff finally for getting us  
7 the beginnings of an effort on short-lived pollutants. I  
8 think there is much more work to be done. I'm also  
9 gratified to see the early engagement with the districts  
10 because we're going to need the districts to help the  
11 urgent task of moving on short-lived pollutants,  
12 especially methane.

13 I also think, Madam Chair, there is a special  
14 relevance to the international and national debate for  
15 California to be clear, not just in new policies and  
16 additional emission reductions, but what the science tells  
17 us and what the targets need to be.

18 So for example, we need to get EPA to eliminate  
19 the exemption for methane as a pollutant. That would  
20 solve a lot of things across the country. It's also  
21 something as we're talking to the Chinese and the Indians  
22 they should get to work on methane immediately, both for  
23 the global warming interest as well as for the health  
24 benefits we now know will result from ozone reductions  
25 associated with methane.

1           We also wanted to see hopefully more -- on this  
2 point, I do think we need 2015 to be the target rather  
3 than 2016 for the comprehensive plan. I know that's a lot  
4 of work in a short time. But at least for significant  
5 pieces of this, it needs to be sooner rather than later.

6           On the energy, we think there is much more work  
7 to be done in this plan. We know your sister agencies  
8 have been busy with the task before them. But we think  
9 the Scoping Plan needs to recognize the problem that we're  
10 going to have to face from the loss of San Onofre nuclear  
11 power plant.

12           Lastly, I think we need to give some thought to  
13 some additional incentive programs particularly targeted  
14 to clean energy. I've been thinking a little bit about  
15 something along the lines of a Moyer program to incent the  
16 technologies that we need but that are currently  
17 expensive, particularly in the area of methane reduction  
18 from the agriculture sector.

19           So I think there is some things to think about in  
20 this plan that we want to work with you and make further  
21 contributions in the discussion. Thank you.

22           CHAIRPERSON NICHOLS: Okay. Thanks.

23           MR. HARRIS: Chair Nichols, members of the Board,  
24 my name is Frank Harris with Southern California Edison.  
25 And I appreciate the opportunity to speak today.

1           As others have, I want to thank staff for the  
2 many times that we've been able to work with them. I have  
3 not yet been threatened with Steve's crutches, but I'm  
4 sure that's just a matter of time.

5           And I wanted to reinforce a few messages that  
6 have come out, mindful of what time it is and how long  
7 you've been here. We will obviously be submitting  
8 comments. As a previous witness mentioned, it will  
9 probably be submitted about two hours before the deadline.

10           Just really quickly to endorse a couple of key  
11 messages that come out. Certainly the idea the call for  
12 specificity has been a common theme today, and  
13 specifically with regard to the evaluation of existing  
14 policy. Many of these policies were recommended under  
15 conditions that have changed since that point. And with  
16 the aggressive target that California wants to pursue, we  
17 just can't afford to continue with a policy that may be  
18 not operational based on the current conditions I think as  
19 much as it was originally. The staff in the discussion  
20 draft has certainly indicated it wants to do that. We're  
21 seeking a greater out specificity in that.

22           Also want to reiterate the call to integrate  
23 continued California action with action elsewhere. As  
24 Chair mentioned, GHG is a global problem, and California  
25 gets a great deal of international attention. But the



1 emissions accounting is what it is. And without  
2 integration with other parts of the world, California  
3 actions cannot have the desired impact.

4 As I said, we'll be submitting further comments  
5 before the November 1 due date and look forward to working  
6 with staff as we move forward. Thank you.

7 MR. MASON: Good evening, Madam Chair, members of  
8 the Board, staff. Paul Mason with Pacific Forest Trust.

9 I want to thank you and applaud your stamina for  
10 still being here, listening so patiently.

11 Given the hour, I will be brief and focus my  
12 comments on the forestry sections of the natural and  
13 working lands section of the Scoping Plan. I was really  
14 pleased to hear the comments both from Edie and Madam  
15 Chair. They do intend for the next version -- the next  
16 draft to have greater specificity because there really  
17 is -- it's a very high level document right now.

18 I think it would be easy to lose track of how  
19 much opportunity there is in forests given that you're not  
20 really permanently a forest-oriented Board. Forestry,  
21 it's our single largest opportunity to actually remove  
22 carbon from the atmosphere. And given that so many of our  
23 California forests are so long young right now, there's  
24 tremendous capacity, particularly if we take actions  
25 sooner rather than later to sequester an awful lot more

1 carbon on the forest landscape by 2050.

2           Compared with trying to achieve all those  
3 reductions, bringing them out of energy and transportation  
4 and planning, at a certain point, you're desperately going  
5 to be looking for other ways to achieve those reductions.  
6 The sooner we start taking actions in forestry to make  
7 forests older, storing more carbon in a more resilient  
8 manner, that will be helpful.

9           Just a couple of observations about what is  
10 there. The plan currently looks to CalFire and the Board  
11 of Forestry to develop a forest carbon plan. I'd suggest  
12 we really need to be thinking about a forest climate plan  
13 that recognizes that just stacking it all into really  
14 tight plantations leaves you with a really high carbon in  
15 the short-term very vulnerable to fire, like on the Rim  
16 Fire where you saw explosive standard placing events.  
17 Where plantations, once it burned up into the park into a  
18 more natural forest, it was a much more reasonable fire.  
19 So how the carbon is configured on the landscape matters a  
20 lot.

21           I would close by suggesting that rather than just  
22 saying CalFire, Board of Forestry, work something out  
23 here. I think you'll have a much better outcome if you  
24 set some goals and give some guidance that we really need  
25 to figure out how we're going to maximize the amount of

1 carbon stored in California's forests by 2050 in a stable,  
2 resilient, natural condition. Thank you.

3 MR. WHITE: Madam Chair, members of the Board,  
4 Chuck White with Waste Management, also represent SWICS,  
5 the Solid Waste Industry for Climate Solutions.

6 On October 8th, several members of our coalition  
7 met with CalRecycle and ARB staff to discuss our earlier  
8 comments and our concerns that many the issues we  
9 previously raised were not adequately addressed in the  
10 various waste sector white papers and the Scoping Plan  
11 itself. We now understand the waste sector white papers  
12 will not result in specific measures in the Scoping Plan  
13 update. However, the waste sector papers will be an  
14 ongoing work in progress.

15 The staff did indicate they will consider  
16 proposed modifications to the Waste Management Sector  
17 Implementation Plan, and our coalition plans to submit  
18 comments by November 1st to try to create a phased  
19 recommended approach to implementing those provisions.

20 We are going to highlight some additional  
21 comments that we have about the waste sector. For better  
22 or worse, number one, landfills are an essential public  
23 service with little ability to control the amount of waste  
24 they must accept and are designed to protect human health,  
25 public safety, and the environment, and include minimizing

1 methane and other greenhouse gas emissions.

2 Landfills only accept those materials that are  
3 not economically feasible to reuse, recover, or recycle,  
4 unless otherwise prohibited.

5 We urge the plan to really focus on the economic  
6 structure and incentives to encourage materials that are  
7 currently being landfilled to make sure they can be  
8 economically and incentivized for other types of  
9 beneficial use. We think the potential is there to really  
10 make significant economic use of many of these materials  
11 that are currently being landfilled.

12 Another concern we have is that we think the plan  
13 in the scoping documents overemphasize the greenhouse gas  
14 emissions from landfills. We think there is a tremendous  
15 amount of progress that's been made over the last five or  
16 ten years. We plan to submit information documenting  
17 that.

18 We don't think the time is now to talk about  
19 putting landfills into a Cap and Trade Program until the  
20 benefits of the landfill methane rule have been fully  
21 evaluated, and that's going to take a couple more years to  
22 get a sense of that.

23 Please work with us to evaluate how landfills are  
24 doing to respond to the landfill methane rule, which is an  
25 early action measure we think you're going pleased with

1 the progress we're making in controlling those emissions.

2 CHAIRPERSON NICHOLS: I have great hopes the  
3 waste sector is not just going to be about landfills, but  
4 is about really the full cycle of looking at waste as a  
5 fuel. I'm extending the time a little bit here, but the  
6 intent is to do something much more broad based.

7 MR. WHITE: You are getting into an interesting  
8 area where the previous plan focused on specific point  
9 source emissions and now the waste sector plan is getting  
10 into life cycle analysis, which is a different kind of  
11 beast and how you merge the two I think is a bit of a  
12 challenge. And I think more work needs to be done on  
13 making sure we're not combining apples with oranges on  
14 direct emissions with life cycle assessments. And we're  
15 more than happy to work with you to try to see if we can  
16 make sense of that whole structure. Thank you.

17 CHAIRPERSON NICHOLS: Great. Thank you.

18 Julia, welcome.

19 MS. LEVIN: Good evening, Madam Chair and members  
20 of the Board.

21 Julia Levin with the Bioenergy Association of  
22 California. We represent bioenergy, waste, and other  
23 companies, as well as many public agencies and local  
24 governments up and down the state. We represent such a  
25 diverse range of interests, because bio energy provides

1 such a diverse range of benefits and solves so many  
2 different problems. It's a great segue actually with the  
3 discussion about the waste sector plan.

4 California continues to landfill about 15 million  
5 tons of organic waste each year that bioenergy could take  
6 and convert into very low carbon sometimes carbon negative  
7 transportation fuels, as well as renewable base load  
8 electricity. In addition, in the forest sector, Paul  
9 Mason talked about the carbon significance of our forests.  
10 But unfortunately, as we're seeing with the Rim Fire, many  
11 of them are going up in smoke. The Rim Fire alone in the  
12 first month emitted more carbon dioxide than five million  
13 cars driven for a year. This is an enormous issue for  
14 greenhouse gas emissions. The methane emissions waste  
15 water treatment facilities, landfills, and dairies could  
16 be used to create the lowest carbon transportation fuels  
17 available according to your own staff. There are a lot of  
18 opportunities.

19 We appreciate the Scoping Plan recognizing the  
20 significance of bioenergy generally and particularly for  
21 low carbon fuels. We disagree with the plan though that  
22 there are sufficient incentives in place now. The low  
23 carbon fuel standard is not a sufficient incentive because  
24 it's relatively short term. The industry requires  
25 long-term investment and long-term pay back periods.

1 I have lots of compliments I'm going to skip in  
2 the interest of time and focus on the few areas we hope to  
3 see addressed in the next draft. There is no mention of  
4 bioenergy in the water or forestry or energy sector  
5 descriptions in the plan, which is surprising given all  
6 the benefits in these sectors.

7 We agree with all the comments about the need for  
8 more specifics and all the different ways and particularly  
9 about the need for funding. A lot of the opportunities  
10 are cross sector and require incentives, like to get to  
11 the low carbon fuels from uncapped sectors, like  
12 wastewater, and linking it to cap and trade investment.  
13 The revenue investment will be very important. Thank you.

14 CHAIRPERSON NICHOLS: Thank you.

15 MR. WANG: Good afternoon. Good evening.

16 Mike Wang with the Western States Petroleum  
17 Association. I will be brief because we all recognize the  
18 Board and staff's stamina and ability to absorb  
19 information is rapidly reaching their limit.

20 WSPA cease this discussion draft as critically  
21 important for several reasons.

22 First, it's an opportunity to incorporate new  
23 scientific, economic, and technical studies commissioned  
24 by stakeholders and ARB alike since the passage of AB 32.

25 Second, ARB can use this opportunity to modify

1 aspects of the Scoping Plan as a result of experience  
2 gained in the state and the U.S. and elsewhere.

3 Third, it allows ARB to reveal and identify the  
4 legislative and regulatory steps needed for plan  
5 implementation.

6 And finally, the update provides an opportunity  
7 for ARB, stakeholders, and the public at large to educate  
8 and understand the implications of AB 32 and its plan  
9 elements.

10 Now, in terms of the focus of the plan update, I  
11 think it's pretty clear that most see that the need is to  
12 look at the 2020 goals, focus on the 2020 goals of what's  
13 needed to achieve those elements.

14 We reiterate the recommendation that ARB limit  
15 the scope of the update to achieving the 2020 goals in a  
16 technically feasible and cost effective manner.

17 As we indicated before, there are numerable,  
18 technical studies that could be done to look at the cost  
19 of various implementation aspects.

20 Clearly, the idea of the term specifics has been  
21 raised. I think we need specific cost-effective analysis,  
22 including, for example, the comparison of the LCFS or the  
23 plan elements to the California economy and the  
24 difficulties that we have experienced in the past.

25 We will submit our comments. Thank you very



1 much.

2 MS. DERIVI: Good afternoon. My name is Tanya  
3 Derivi. I'm the brand-new Director of Regulatory Affairs  
4 for the Southern California Public Power Authority, which  
5 is comprised eleven municipal utilities and one irrigation  
6 district.

7 SCPPA participants are working diligently to  
8 implement a wide range of mandatory programs that are  
9 already called for in California's aggressive climate  
10 change goals and are on target to meet or exceed these  
11 requirements.

12 We do have concerns with the directions of some  
13 of the future measures identified. After all, the Scoping  
14 Plan does indicate that a new utility business model may  
15 be needed to ensure that utilities remain financially  
16 viable. As we move forward, it must be a priority for the  
17 active programs and regulations to be pragmatic, to be  
18 flexible to accommodate unforeseen changes, and to be cost  
19 effective for our rate payers.

20 We believe that reasonable options exist to  
21 ensure that the program retains its environmental  
22 integrity and supports continued complimentary measures  
23 that relieve pressure on the Cap and Trade Program. The  
24 effectiveness of new cost containment mechanism will  
25 likely be contingent on market certainty beyond 2020 and

1 that the electric industry retains its allowances under the  
2 current methodology.

3 SCCPA looks forward to working with ARB and other  
4 stakeholders, particularly as it relates to the electric  
5 generation sector, and given the expanding role of  
6 intermittent renewable resources and the electrification  
7 of the transportation sector, which likely require added  
8 system flexibility and transmission system upgrades.

9 We support ARB's work to comprehensively address  
10 short-lived climate pollutants and we look forward to  
11 working with ARB and other stakeholders as the specifics  
12 of the Scoping Plan are developed to ensure the programs  
13 ultimately adopted by the State yield the most value.  
14 Thank you again for your stamina.

15 MR. JONES: Thank you, Madam Chair, members. My  
16 name is Steve Jones. I had the honor of serving under two  
17 Governors at the California Integrated Waste management  
18 Board appointed by Pete Wilson then by Gray Davis. So I  
19 can appreciate sitting up there and waiting for this to  
20 end. So I apologize.

21 I do congratulate you. And I think that dealing  
22 with the waste issues as part of AB 32 is in the right  
23 place here at the Air Board. I think that this forum of  
24 us being able to talk to you and exchange ideas are  
25 important. I've gone to two workshops with your staff,

1 and I've been impressed with their ability and their  
2 willingness to take ideas.

3 I think that there is a lot more that can be  
4 done. We need the help of the ARB of influence with the  
5 Governor when it does come to cap and trade, because we  
6 need to be looking at instead of driving 80 to 100 miles  
7 to go to a composting facility, finding vacant industrial  
8 properties that we can do mass composting in-vessel,  
9 making anaerobic digestion, use technology that's been  
10 generated where we can keep emissions down, go through  
11 bioscrubbers so there is no impact on the neighborhood.  
12 And we can't do that with our own nickle.

13 I will tell you right now. I'm the managing  
14 partner of a fleet of 50 trucks in San Jose. I pick up  
15 166,000 homes every week. I'm in the process of pulling  
16 out 47 diesel engines and repowering my existing chassis  
17 with compressed natural gas engines and new transmissions.  
18 I didn't want to throw the chassis away. They were too  
19 good. It's a lot of money. It's \$150,000 a truck.  
20 They've already got the \$380,000 investment for the DPFs  
21 on them.

22 We're doing what we can, but we do need your  
23 help. And as long as there is a forum where we have a  
24 chance to exchange ideas, I think it's going to be  
25 important.

1           When I look at something that says -- sorry --  
2   recycle, reuse, and market, reuse material, it better get  
3   a lot more detailed than that or we're not going to make  
4   it work. Thank you.

5           MR. EDGAR: Chair Board, Board members. My name  
6   is Evan Edgar. I'm the engineer for the California Refuse  
7   and Recycling Council. And we are the recyclers, the  
8   composters, and the green energy developers within the  
9   waste sector. Chuck White is the landfill sector.

10           We are here to support all of your six technical  
11   papers. They are great papers that should make the  
12   appendices and roll up into the Scoping Plan. The waste  
13   sector is ubiquitous to every place. We are in the  
14   transportation sector. We make carbon negative fuel. We  
15   have 15,000 fleet on the road and we can make carbon  
16   negative fuel and CNG.

17           We are in the energy sector. We take biomass,  
18   like Julia Levin said, and bio methane, and we make carbon  
19   neutral energy for our recycling facilities and our  
20   compost facilities.

21           We're in the agricultural sector. We make  
22   compost to sequester carbon. We have higher food yields.  
23   We are farm, the fork to fuel to compost to farms again.  
24   We close the loop every day.

25           We're in the water sector. By using composting,

1 we save about 30 percent water within the agriculture  
2 sector.

3 And being back to the waste sector, we are not  
4 just the landfill sector anymore. We need your  
5 investment. We are in a sweet spot where we can make our  
6 own carbon negative fuel, carbon neutral fuel compost out  
7 of our waste byproducts using anaerobic digestion. We are  
8 the future.

9 We do support your 2035 plans to go net zero by  
10 2035. Because by 2035, there will be no waste sector  
11 because we'll be making compost in the agriculture sector.  
12 We'll be making carbon neutral fuel. We be making carbon  
13 negative fuels. We be making the materials for the  
14 natural resources. We are net zero today by CARB using  
15 the math that we support. And we net zero for all  
16 facilities by 2035.

17 The rest of the recycling, compost, and green  
18 energy sector supports all the waste sectors six plants  
19 that need to be rolled up into the AB 32 Scoping Plan.  
20 Thank you.

21 CHAIRPERSON NICHOLS: Thank you.

22 MR. MAGAVERN: Bill Magavern, Coalition for Clean  
23 Air.

24 First of all, we endorse virtually all of the  
25 points that were made by Mary Rose and Ryan on behalf of

1 the Environmental Justice Advisory Committee.

2 A couple of overall points. The 2030 target is  
3 really essential to making sure we're on track to where we  
4 need to be by 2050. Also, it's good to see that the Board  
5 is moving more I think towards integrating the air quality  
6 planning with the climate planning in this document.

7 We are definitely among those that would like to  
8 see more specificity in the Scoping Plan. Although it  
9 clearly is not a regulatory document itself, I think that  
10 it is the appropriate place to put forth a schedule of  
11 upcoming regulations.

12 And some of the areas where we would like to see  
13 specific action and are glad to see them included in the  
14 plan, the freight sector. And we'll be working with you  
15 on the sustainable freight strategy in land use. And  
16 we're glad to see a recognition of the potential problems  
17 caused by displacement and the need to have affordable  
18 housing near transit.

19 In the waste sector, which has gotten a lot of  
20 attention, we think CalRecycle has done a very good job in  
21 its document working with your staff. There needs to be a  
22 quick phase out of organics from landfills and much more  
23 use of extended producer responsibility.

24 And finally, it's very important that the  
25 Governor's proposed budget in January include a detailed

1 plan for the best expenditures of the revenues coming from  
2 the auction. Thank you very much.

3 CHAIRPERSON NICHOLS: That concludes the list of  
4 witnesses and it concludes this item. I don't know that  
5 there is anything more that we have to do.

6 Is there anybody who signed up for public comment  
7 in general? Good, because we've had a lot have public  
8 comment already. With that, then I think we will simply  
9 declare ourselves adjourned until tomorrow. Thank you  
10 all.

11 (Whereupon the Air Resources Board meeting  
12 recessed at 6:51 PM)

CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of November, 2013.

---

TIFFANY C. KRAFT, CSR, RPR  
Certified Shorthand Reporter  
License No. 12277