

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
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LICENSE NUMBER 12277

APPEARANCES

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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, Sacramento 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 SWICCS

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

Ms. Katherine Yehl, Volvo

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1 PROCEEDINGS

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oO--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --00--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --000--

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 --00--

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 --oo--

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 --oo--

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 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 --oo--

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 --oo--

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 --00--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 Burlington 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 --000--

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 SHERIFFS: 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 Tesla 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 Tesla 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 relieve
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 it'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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 its 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 want 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 SHERIFFS: 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 SHERIFFS: 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 attended 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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --00--

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.

--○○○--

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.

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

24 This requirement complements 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 --oo--

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

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

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

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

1 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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.

6 --oo--

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

--oo--

2

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

7

(Whereupon a video presentation was made.)

8

--oo--

9

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

13

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

18

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

24

Staff is also proposing some new regulatory
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 --oo--

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 --oo--

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 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 --o0o--

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 Tuolumne 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 to 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 NO_x 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 word. 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 to 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 taking.

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 SHERIFFS: No respect for the
11 skeptics.

12 CHAIRPERSON NICHOLS: Did you wish to speak?
13 Please, go ahead.

14 BOARD MEMBER SHERIFFS: 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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 cap 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 --oo--

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 --o0o--

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 --oo--

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 --oo--

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 --00--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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 --oo--

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, which 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)

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1 CERTIFICATE OF REPORTER

2 I, TIFFANY C. KRAFT, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing hearing was reported in shorthand by me,
7 Tiffany C. Kraft, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said hearing nor in any
12 way interested in the outcome of said hearing.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 3rd day of November, 2013.

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