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Jack P. Broadbent
EXECUTIVE OFFICER/APCO

June 10, 2010

James Goldstene
Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Bay Area Air Quality Management District Comments on the Proposed Fiscal Year 2010-2011 AB118 AQIP Funding Plan

Dear Mr. Goldstene, James

Thank you for the opportunity to provide comments on the proposed fiscal year 2010-2011 AB118 Air Quality Improvement Program (AQIP) funding plan. The Bay Area Air Quality Management District (Air District) strongly supports the California Air Resources Board (ARB's) continued efforts to fund projects that accelerate air quality improvements throughout the state and agrees with the majority of the changes being proposed by staff for the current AQIP funding plan.

However, the Air District believes that ARB must place more of an emphasis on electric vehicles and advanced demonstration projects as part of this plan in order to more rapidly reduce criteria pollutants and greenhouse gas in urban and highly impacted communities. In order to accomplish these goals, we request you consider the following changes in the AQIP categories listed below:

Hybrid Vehicle Incentive Program (HVIP): The Air District believes that there is a large potential for the mass adoption of fully electric vehicles in the urban retail sector. Replacement of medium heavy duty diesel trucks, where those vehicles travel short routes (less than 40 miles daily) making multiple stops to deliver goods, will result in immediate benefits in urban areas impacted by toxic diesel particulate matter. This year's AQIP funding plan proposes to provide a flat incentive amount across both hybrid and electric vehicle categories. However, the Air District believes that more funding should be offered for electric vehicles in order to incentivize their adoption by goods distribution companies. By offering additional incentives for the purchase of these vehicles, ARB will help encourage applicants to select equipment that achieves the greatest air quality benefit, and that helps accelerate the mass commercialization of those vehicles.

Advanced Demonstration Projects: The Air District believes that this category should receive funding prioritization and be allocated all of the $5.5 million proposed in the AQIP up front. In particular, priority should be given to demonstration projects that were scheduled for funding during the previous AQIP cycle but not implemented due to delays and funding shortages. These projects represent the best opportunities for large-scale and quickly implementable emissions reductions solutions. Additionally, they offer an opportunity to fund projects involving near-market technologies that are

not eligible under other grant programs (like the Carl Moyer Program or Goods Movement Bond Programs). The successful demonstration of these technologies will help expand the range of verified equipment that are eligible for traditional incentive programs and will give industry more options on how best to reduce the emissions from their fleets and equipment.

We feel that the incorporation of these priorities into the AQIP increase the near-term air quality and public health benefits of the overall funding plan, and help accelerate the transition of the next generation of emission control technologies into market. If you have any questions regarding these comments, please feel free to contact me at (415) 749-5052 or Damian Breen, Director of the Strategic Incentives Division at (415) 749-5041.

Sincerely yours,

Jack P. Broadbent
Executive Officer/APCO