



**California Natural
Gas Vehicle Coalition**

October 12, 2016

The Honorable Mary Nichols
Chairman, California Air Resources Board
Post Office Box 2815
Sacramento, CA 95812

Re: Concerns with the Proposed Revised Low Carbon Transportation Project Allocations

Dear Chair Nichols:

On behalf of the California Natural Gas Vehicle Coalition, I write to express our concerns with the *Proposed Revised Low Carbon Transportation Project Allocations* in the updated *Funding Plan* that will be voted on at the October 20 Board hearing. With the shortened 4-year window to allocate and disperse these funds combined with the legislature's desire to see projects prioritized by emission reductions, more money needs to be allocated for "shovel-ready" technology projects. Communities that continue to endure the worst air quality in our state cannot wait any longer for technologies that will not be available for a decade or more.

We believe that the money allocated for this category should be redistributed from pilot and demonstration projects to deployment of near-zero heavy duty vehicles. This should be defined as vehicle classes 7 and 8 (weighing at least 26,001 lbs.) and meet a 0.02g NOx standard running on renewable fuels.

Our additional concerns are:

- With the passage of SB 32 and AB 197 this past legislative session, the legislature made its voice unequivocally clear that they expect ARB to prioritize and allocate resources based on getting the most harmful emissions out of our communities. ARB needs to apply the two provisions below to the *Funding Plan* in order to enact the statutory requirements to be fuel and technology neutral:
 1. Requires the ARB to consider adopting measures to meet GHG emissions limits based on a prioritization to address both GHG and local air pollution;
 2. Requires the ARB to seek and account for cost-effective actions to reduce GHG emissions across all sectors.

- ARB will not meet the minimum requirement mandated in SB 1204 that “no less than 20 percent of funding made available...shall support early commercial deployment of existing zero- and near-zero emission heavy-duty truck technology.”

The letter from the Assembly dated September 19, 2016 states, in part, “We now request that ARB allocate funds to a broad range of eligible engine and vehicle technologies...including commercial deployment of heavy duty trucks using advanced combustion engines (i.e. meeting ARB’s optional low oxides of nitrogen emissions standard) using renewable fuels.”

We believe this references only to the 2016-17 AB1613 appropriated funds for the ARB-certified .02 NOx engine, which is used predominantly in classes 7 and 8 vehicles weighing a minimum 26,001 lbs. Therefore, we believe legislative intent is that a significant percentage of such funding should go only to vehicles at or above this weight class;

- Three funding categories totaling \$59 million supposedly include incentives for “heavy duty” vehicles: Zero-Emission Truck Pilot Commercial Deployment Project (\$18 million), Low NOx Engine Incentives with Renewable Fuel (\$23 million), and HVIP (\$18 million). However, from the *Funding Plan*, ARB at this time plans to include funding for classes 4-6 vehicles (weighing 14,001 lbs. and more), therefore not only allocating much needed funding to vehicles that emit less GHG and NOx, but greatly diluting the amount of funding for class 7-8 vehicles.
- Further complicating the *Funding Plan* is the legislature’s uncertainty in appropriating GGRF funding for 2017-18 and beyond. Therefore, it is imperative that there be available funding for at least a second year so ARB can insure continued momentum to meet the 900,000 *Mobile Source Strategy* goal by 2031, and to declare to the business community they can feel confident to plan and invest for at least the near-term;
- Another significant concern we have is that *Funding Plan* splits into two separate allocations as “Zero-Emission Truck Pilot Commercial Deployment Project” (\$18 million) AND “Zero-Emission Bus Pilot Commercial Deployment Project (\$42 million), **totaling \$60 million**. However, according to the October 1, 2015 ARB public solicitation notice¹, this is funded as one combined category, not two. Therefore, \$60 million is being proposed for pilot and demonstration projects, not for fleet or single owners to purchase vehicles with a .02 NOx engine. It is an inordinate amount of money on technology that is not immediately ready for deployment.

Our coalition wants to make it clear: we are appreciative the legislature and Governor Brown included money in the GGRF bill for heavy duty low NOx trucks. Our request is not about piling on for more, to the contrary, it is strictly about immediacy: ARB’s *Mobile Source Strategy* states that California needs 900,000 low NOx trucks by 2031 and needs to reduce GHG and NOx emissions now. Investing now in pilot and demonstration projects is not the most effective way to protect public health or meet the 2031 deployment goals.

¹ Page 1, <https://www.arb.ca.gov/msprog/mailouts/msc1524/msc1524.pdf>

We are happy to answer any questions or provide any additional clarification if needed. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Lawson', with a long horizontal flourish extending to the right.

Thomas Lawson
President, California Natural Gas Vehicle Coalition

Cc: Board members, CA Air Resources Board
Martha Guzman-Aceves, Office of Governor Jerry Brown
Richard Corey, Executive Officer-CA Air Resources Board

