



DATE: June 20, 2016  
TO: California Air Resources Board  
FROM: Ryan Schuchard, Policy Director  
RE: FY 2016-17 Funding Plan for Low Carbon Transportation and Fuels Investments and Air Quality Improvement Plan

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**Clean Transportation  
Technologies and Solutions**

[www.calstart.org](http://www.calstart.org)

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CALSTART appreciates the opportunity to provide comments on the Air Resources Board's (ARB) Draft FY 2016-17 Funding Plan for Low Carbon Transportation and Fuels Investments and Air Quality Improvement Program.<sup>1</sup>

### **Need for Additional Funding**

California's climate, air, and petroleum goals call for an enormous degree of new technology commercialization and adoption over the next 5-10 years. Achieving the rapid changes needed will only happen with a significant amount of sustained investment by the state and private sector together.

In this light, we view the \$500 million proposed budget as inadequate. An overall budget of \$675 million per year, with a commitment to three years of continuous funding, is necessary to achieve the state's goals. Such a comparatively larger, multi-year funding commitment is required to commercialize the full breadth of car, bus, truck, and fuel technologies, and to hasten investments from the private sector that will secure progress towards the state's climate ambitious goals.

We also note that delays by the legislature to fund the program in FY 2015-16 and now 2016-17 have been detrimental to the program's objectives. As delays go on, opportunities to immediately reduce greenhouse gas emissions and stimulate matching investments from the private sector are being lost.

### **Overall A Solid Framework**

Notwithstanding the inadequate budget and delays to funding noted above, CALSTART broadly supports the \$500 million funding plan as written and outlined by staff who have performed excellent work assembling this portfolio. We agree with the overall balance of programs that are included. What follows are some important points of emphasis within that portfolio.

### **Zero Emissions Bus and Truck Pilots**

The Zero Emissions (ZE) Bus and Truck Pilot program is critically important, as it has the potential to deploy commercially-ready buses in disadvantaged communities throughout the state in support of requirements of SB 375, while creating large GHG reductions (an average of 1690 tons of lifetime GHG reduction per bus) that begin immediately. The project also provides critical support for the Advanced Clean Transit (ACT) regulation.

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The response to this solicitation of \$24 million (from FY2014-15) was very robust. Over \$250 million in proposals was submitted. Even with the increased funding in this plan, approximately \$100 million of qualified proposals will still not be support or approved. Furthermore, this plan does not provide funding for any new zero emission bus solicitation or funding in 2016-17.

To meet the goals and objectives of the draft Advanced Clean Transit regulation, and to sustain momentum, the ARB should allow for new investment in ZEB procurement in the new budget year. The Federal Transit Administration has an annual budget of \$55 million for Low and No Emission buses. If the funding mechanism is properly structured, ARB funds could put California transit agencies in a better position to compete for those limited federal funds.

The staff rightly calls for investments in Advanced Technology Demonstration Projects and to start a new pilot program focused on Rural School Buses. Given the need to invest at least another \$20-30 million in ZEB procurement in 2016-17, the Board may want to consider whether the amounts allocated to those two categories could be adjusted.

#### **Hybrid and ZE Truck & Bus Voucher Incentive Project (HVIP)**

The Hybrid and ZE Truck & Bus Voucher Incentive Project (HVIP) is vital for hastening deployment of the zero and near zero heavy duty vehicles that are ready for the mass market, but which still come at a price premium. We see continued growth in purchases of electric and hybrid trucks via HVIP. This will continue to be an expanding market if we can avoid gaps in funding that stifle momentum.

#### **Low NOx Engine Incentives**

We strongly support the funding plan allocation for Low NOx Engine incentives. This funding will help roll out breakthrough engine technology that reduces NOx emissions by greater than 90%. We appreciate how this program supports multiple sectors at once, such as natural gas vehicles and fuel, while helping to fulfill the state's Sustainable Freight and Short-Lived Climate Pollutants goals. We encourage collaboration with the California Energy Commission (CEC) to better streamline and simplify fleet access to natural gas vehicle funding.

#### **Advanced Technology Demonstration Projects – Engine and Powertrains**

Investing in Advanced Technology Demonstration Projects is important, and can help to meet the needs of segments where zero emission technology will still take several years to become commercially-ready. Accordingly, we strongly support the staff recommendation of the Advanced Engine and Powertrain funding element. There is a clear need for significantly more efficient and clean combustion and powertrain systems in the goods movement sector, particularly in over the road line haul equipment.

This program element sends a clear signal that California is commitment to making breakthroughs against climate change, and it can be of direct benefit to California tech innovators. We encourage ARB to preserve it in the face of possible cuts, and to



coordinate an effective cross-agency strategy that could tap funds from the CEC, the federal Department of Energy, air districts and others.

### **Conclusion**

We commend ARB for a portfolio that supports commercialization across a range of vehicle and fuel systems in different stages of evolution. We also applaud ARB for its continued emphasis on putting performance objectives first, and letting business compete on the tactics. Thank you for your leadership.

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<sup>1</sup> From [http://www.arb.ca.gov/msprog/aqip/fundplan/proposed\\_fy16-17\\_fundingplan\\_noapps.pdf](http://www.arb.ca.gov/msprog/aqip/fundplan/proposed_fy16-17_fundingplan_noapps.pdf)