

## Air Quality Improvement Program (AQIP) & Low Carbon Transportation Investments

Public Workshop on  
Fiscal Year 2015-16 Funding Plan

Sacramento, California  
November 7, 2014

California Environmental Protection Agency  
 **Air Resources Board**

## Workshop Overview

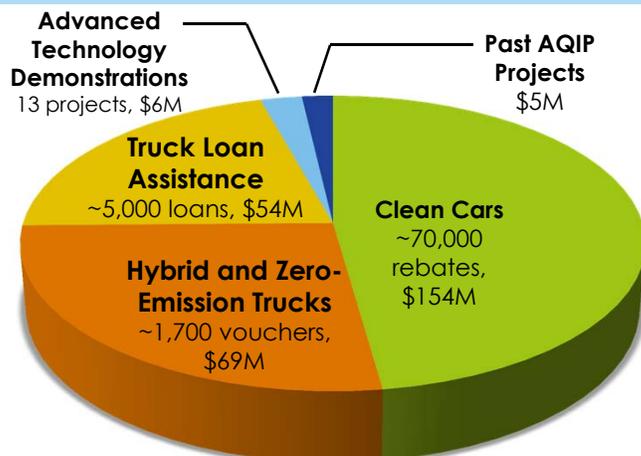
- Background on AQIP
- Background on Low Carbon Transportation Auction Proceeds Investments
- Implementation of Fiscal Year (FY) 2014-15 Funding Plan
- Summary of 2014 legislation
  - Senate Bill (SB) 1275 (De León, Chapter 530)
  - SB1204 (Lara, Chapter 524)
- FY 2015-16 Funding Plan development schedule

## AQIP Background

- Created by Assembly Bill (AB) 118 (2007); updated and reauthorized by AB 8 (2018)
- Mobile source technology advancement
- Annual funding plan guides investments
- Annual budget ~\$25 million

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## \$290M Invested through AQIP FY 2008-09 → FY 2013-14



Includes ~\$50 million in funding from California Energy Commission

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## Cap-and-Trade Auction Proceeds Background

- AB 1532, SB 535, and SB1018 (2012) set framework
  - Achieve greenhouse gas reductions
  - Disadvantaged communities (DAC) investment requirements
  - Three-year Administration investment plan guides spending
  - Budget appropriations from Greenhouse Gas Reduction Fund (GGRF) to State agencies consistent with investment plan
- \$200 million to ARB for Low Carbon Transportation in FY 2014-15 State budget
  - ARB implementing through AQIP framework
  - Board approved joint FY 2014-15 AQIP/Low Carbon Transportation Funding Plan in June 2014

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## FY 2014-15 Funding Plan AQIP & Low Carbon Transportation Allocations

Project Category	AQIP Funding	GGRF Investments	
		Total	Percent to Benefit DAC
<b>Light-Duty Vehicle Projects - \$125M</b>			
• CVRP*	\$5M	\$111M	≥10% (\$11M)
• Pilot Projects for DACs	-	\$9M	100% (\$9M)
<b>Heavy-Duty Vehicle and Equipment Projects - \$95M</b>			
• HVIP	\$5M	\$5-\$10M	100% (\$10M)
• Zero Emission Truck and Bus Pilot		\$20-\$25M	100% (\$20M)
• Truck Loan Assistance Program	\$10M	-	-
• Advanced Freight Technology Demonstrations	-	\$50M	100% (\$50M)
<b>Reserve for Revenue Uncertainty</b>	\$2M		
<b>Total</b>	<b>\$22M</b>	<b>\$200M</b>	<b>≥50% (\$100M)</b>

\*California Energy Commission providing an additional \$5 million for CVRP.

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## **Disadvantaged Communities Benefits**

- California Environmental Protection Agency has identified disadvantaged community census tracts
- ARB approved interim guidance for investments to benefit disadvantaged communities in September
  - Establish criteria for evaluating projects
- All FY 2014-15 pilot and demonstration projects will be designed to benefit disadvantaged communities
- Disadvantaged community benefits for CVRP and HVIP determined after rebates/vouchers awarded

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## **FY 2014-15 Funding Plan Implementation Update**

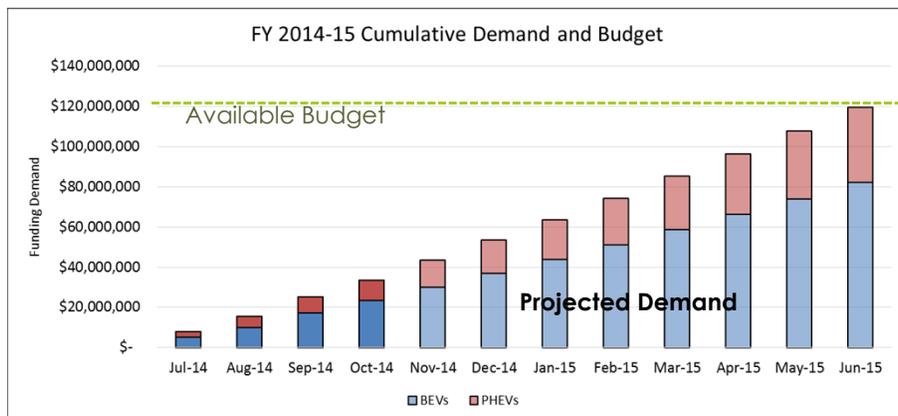
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## CVRP Status Implementing FY 2014-15 Funding Plan

- Waiting list bridged FY 2013-14 and FY 2014-15 funding cycles
- ~\$120 million available (AQIP + GGRF + Energy Commission)
- CVRP project administrator selected in September
  - Public fleet pilot to benefit disadvantaged communities will be implemented through CVRP
- Rebate demand – July through October
  - About 4,000 rebates per month ≈ \$8 million per month
  - 55 percent zero-emission vehicles / 45 percent plug-in hybrid

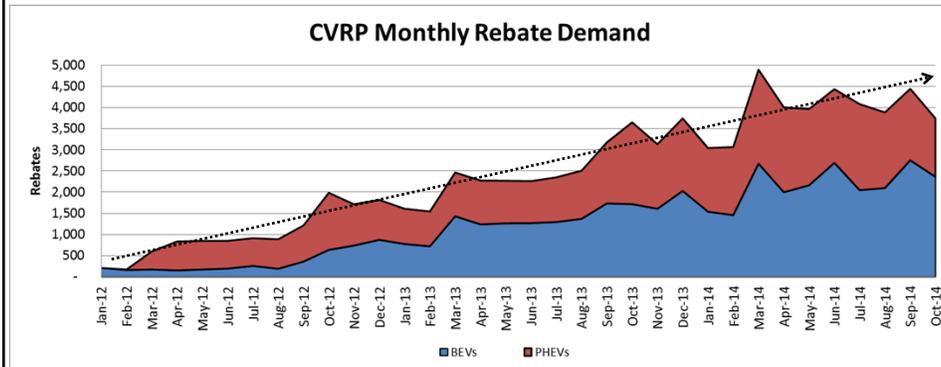
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## CVRP Budget vs Demand Implementing FY 2014-15 Funding Plan



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## CVRP Monthly Demand Growth Implementing FY 2014-15 Funding Plan



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## HVIP and Truck Loan Status Implementing FY 2014-15 Funding Plan

- HVIP
  - Currently expending FY 2013-14 funds, ~\$6 million remains
  - Strong demand for diesel electric trucks
  - Board-approved higher voucher amounts for electric trucks and buses being applied to FY 2013-14 funds
  - FY 2014-15 funds should meet demand through mid-2015
- Truck Loans
  - Currently expending FY 2013-14 funds, ~\$6 million remains
  - FY 2014-15 funds should meet demand through mid-2015

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## Light-Duty Pilots Implementing FY 2014-15 Funding Plan

- Projects for disadvantaged communities
  - Car sharing
  - Financing assistance
  - Vehicle retirement and replacement plus-up
  - Increased incentives for public fleets (through CVRP)
- Workgroup meetings to refine project details started in October
- Solicitations/funding agreements expected in 1<sup>st</sup> and 2<sup>nd</sup> quarter of 2015

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## Truck/Bus Pilot and Freight Demos Implementing FY 2014-15 Funding Plan

- Projects
  - Zero-emission drayage truck demonstration
  - Multi-source facility freight technology demonstration
  - Zero-emission truck and bus pilot projects
- All projects must provide benefits for disadvantaged communities
- Workgroup meetings to refine project details started in October
- Staggered solicitations starting by end of 2014
  - Timing to maximize leveraging opportunities

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## New Legislation

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## SB 1275: Charge Ahead California Initiative

- Goals
  - 1 million zero- and near-zero emission vehicles in California by 2023
  - Increase access to these vehicles for disadvantaged communities and lower-income consumers
- ARB must adopt CVRP revisions by June 30, 2015
  - Limit consumer eligibility by income
  - Ensure rebate levels can be phased down in increments based on cumulative sales
  - Consider conversion to prequalification or point-of-sale rebates

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## **SB 1275: Charge Ahead California Initiative continued**

- Include enhanced zero-emission vehicle funding need forecast and market/technology assessment
  - Starting with FY 2016-17 AQIP Funding Plan
- Establish programs to increase access to electric transportation for disadvantaged communities
  - Financing mechanisms
  - Car sharing
  - Charging infrastructure in multiunit dwellings
  - Additional incentives for Enhanced Fleet Modernization Program participants

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## **SB 1204: California Clean Truck, Bus, & Off-Road Vehicle & Equipment Technology Program**

- Establishes new California Clean Truck, Bus, and Off Road Vehicle and Equipment Technology Program
  - Funded with Cap-and-Trade auction proceeds as appropriated by Legislature
  - Administered by ARB in conjunction with Energy Commission
- Funds development, demonstration, pilots, and early commercial deployment of zero- and near-zero emission technologies
  - Priority for projects benefiting disadvantaged communities
  - 20 percent of truck funding must be for deployment projects until January 1, 2018

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## **SB 1204: Requirements for ARB**

- Develop guidance using AQIP funding plan process
  - Set performance criteria/metrics for deployment incentives
  - Coordinate with Energy Commission program
  - Increase clean vehicle use in disadvantaged communities
  - Allow remanufactured and retrofit vehicles to qualify for incentive if they meet warranty and emissions requirements
  - Establish competitive process for allocating funds, maximize leveraging
- Create annual framework and plan
  - Articulate vision for investments
  - Outline technology categories that may be considered for funding and performance criteria for those technologies

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## **FY 2015-16 Funding Plan Development Schedule**

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## Scope of FY 2015-16 Funding Plan

- Allocate AQIP funds for 2015-16
- Allocate GGRF Low Carbon Transportation funds for FY 2015-16
  - Consistent with State budget and Auction Proceeds Investment Plan
- Address requirements of SB 1275 and SB 1204

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## Funding Plan Challenges: Light-Duty

- CVRP
  - Forecasting demand during period of dynamic growth
  - Matching anticipated demand with available budget
  - Designing project to ensure long-term sustainability
  - Establishing income eligibility limits
  - Incorporating new requirements while retaining consumer friendly design
- Disadvantaged Community Pilot Projects
  - Need to make FY 2015-16 funding decisions before feedback on implementation of pilots available
  - Identifying best mechanisms to improve access

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## Funding Plan Challenges: Heavy-Duty and Off-Road

- Incorporating new SB1204 requirements into existing program
- Ensuring emission performance from hybrids
- Supporting more robust commercialization of zero-emission market
- Expanding benefits and scale of projects funded in FY 2014-15 Truck and Bus Pilots
- Prioritizing demonstration funding to achieve long-term goals

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## Funding Plan Development Schedule

Milestone	Date
Category specific workgroups	November 2014 – March 2015
2 <sup>nd</sup> Workshop Governor's proposed budget allocations Initial concepts on SB 1275 and SB 1204 requirements CVRP projections Input on possible project categories	January 2015
3 <sup>rd</sup> Workshop Discussion document with draft project allocations and draft SB 1275 and SB 1204 guidance/criteria	March/April 2015
Release Proposed FY 2015-16 AQIP/GGRF Funding Plan	May 2015
Board consideration of Funding Plan	June 2015

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## ARB Program Websites

AQIP and Low Carbon Transportation Funding Plan  
development

<http://www.arb.ca.gov/msprog/aaip/aaip.htm>

Cap-and-Trade auction proceeds

<http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceeds.htm>

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## Comments and Discussion

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