

AB 118: Enhanced Fleet Modernization Program Kickoff Workshop

Sacramento, California
May 23, 2008



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Outline

- Overview of AB 118
- Background of existing scrap programs
- Regulatory Development
- Issues and Questions
- Comments and Discussion

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Overview of AB 118

- AB 118 creates three new incentive programs
 - Alternative and Renewable Fuel and Vehicle Technology Program
 - Air Quality Improvement Program (AQIP)
 - Enhanced Fleet Modernization Program (EMFP)
- The focus of this workshop is EFMP
 - Development of new car scrap program to be administered by BAR

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Background of Existing Scrap Programs

- Voluntary
- Registered or proof of operation in California for at least 2 years
- Vehicle eligibility requirements, to ensure remaining useful life



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Background of Existing Scrap Programs

- District VAVR Programs
 - Vehicles must pass last SMOG Check
 - Financial incentive provided
 - Publicly funded: benefits retired for clean air
 - Privately funded: generates marketable emission reduction credits

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Background of Existing Scrap Programs



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Bureau of Automotive Repair

CONSUMER ASSISTANCE PROGRAM (CAP)

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CAP Background

Created by statute in 1998

CAP offers consumers two options:

- **Repair Assistance:** up to \$500 towards emissions-related repairs
- **Vehicle Retirement:** \$1,000 to retire high polluting vehicle

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Repair Assistance Option

Over 235,000 vehicles repaired since program inception

Consumers may be eligible based on the following:

INCOME ELIGIBLE:

- ✓ 225% of the federal poverty guidelines
- ✓ \$20 consumer co-payment

DIRECTED VEHICLES:

- ✓ DMV Renewal Notice requires inspection at a Test-Only or Gold Shield station
- ✓ No income eligibility requirement
- ✓ \$100 consumer co-payment

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Vehicle Retirement Option

Over 88,000 vehicles retired since program inception

- ✓ Vehicles are retired through licensed dismantlers under contract with CAP
- ✓ 28 locations statewide

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Vehicle Retirement General Requirements

- ✓ Vehicle **failed** a biennial Smog Check inspection
- ✓ Applicant is the registered owner and all appropriate registration fees are paid for the vehicle with the DMV
- ✓ Must be a light duty vehicle (less than 8500 lbs)
- ✓ Vehicle is not registered to a business, fleet, or non-profit organization
- ✓ Continuously registered as operable in California for two years preceding the current registration expiration date
- ✓ Apply no later than 120 days after registration expiration date
- ✓ Must pass a visual and operational inspection

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Vehicle Retirement Statistics

	FY 2006/07	FY 2007/08*
Vehicles retired	16,900	17,500
Budget	\$21 million	\$30 million

*To date

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EFMP Legislation

- Develop voluntary scrap program for high polluting cars, light- and medium-duty trucks
 - ARB to adopt by July 1, 2009
 - BAR to administer program beginning January 1, 2010
- Approximately \$30 million in annual funding through 2015

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EFMP Legislation

- VAVR programs remain intact
- Flexibility in vehicle registration
- Focus on areas with greatest air quality problem
- Consider:
 - flexible compensation
 - cost-effectiveness
 - environmental justice

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Issues and Questions

- How do we define and identify where the greatest air quality impacts are?

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Issues and Questions

- What metrics should be used for compensation?
 - Vehicle age/remaining life
 - Emission reductions from retired vehicle
 - Emissions of replacement vehicle
 - Location of vehicles in areas with poorest air quality

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Issues and Questions

- How do we define and address cost-effectiveness?



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Issues and Questions

- How should impacts to disadvantaged and low-income populations be addressed?
 - Preferential compensation for disadvantaged and low-income clients included
 - Preferential treatment for high-emitting vehicles in areas with disadvantaged and low-income populations

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Issues and Questions

- What documentation should be required to prove that the vehicle has been driven primarily in California for the last two years and not been registered elsewhere?



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EFMP Timeline

- At least two additional workshops to be scheduled for later this year
- ARB to consider adoption of EFMP Guidelines in consultation with BAR at Spring 2009 hearing
- BAR to implement January 1, 2010



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Comments and Discussion

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