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Air Resources Board

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Arnold Schwarzenegger
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TO: All Interested Parties Mail-Out # MSC 09-16

DATE: March 26, 2009

SUBJECT: REVISED DATE - WORKSHOP TO DISCUSS LEGISLATIVE DRIVEN MODIFICATIONS TO THE REGULATION FOR IN-USE OFF-ROAD DIESEL-FUELED FLEETS (replaces Mail-Out 09-11)

The staff of the Air Resources Board (ARB or Board) invites all interested parties to participate in a set of public workshops to discuss how to implement recent legislatively directed changes to the Regulation for In-Use Off-Road Diesel-Fueled Vehicle Fleets (the regulation) and ways to mitigate the potential loss in emission benefits resulting from these changes.

The workshops will be held in two locations, and staff will present the same materials at both workshops. The workshops will be held at the locations, dates, and times listed below.

Sacramento

Date: April 7, 2009
Time: 1:00 p.m. – 5:00 p.m.
Location: California Environmental Protection Agency,
Byron Sher Auditorium
1001 I Street
Sacramento, California 95814

www.arb.ca.gov/maps/sactomap.htm

Diamond Bar

Date: April 29, 2009
Time: 1:00 p.m. – 5:00 p.m.
Location: South Coast Air Quality Management District,
Conference Room
21865 Copley Drive
Diamond Bar, California 91765

www.aqmd.gov/map/dir2.html

For those unable to attend in person, a live internet broadcast (webcast) will be available at our Sacramento workshop and an email address will also be available in order to submit questions or comments during the webcast. The webcast can be accessed on the day of the workshop at: <http://www.calepa.ca.gov/broadcast/?BDO=1>.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

Based on the comments and input received at this workshop, ARB staff will draft and propose regulatory amendments, consistent with the legislative direction, to the Board later this year.

Background

The regulation was approved by the Board on July 26, 2007, and became effective on June 15, 2008. The regulation will reduce diesel particulate matter (PM) and oxides of nitrogen (NOx) from existing off-road diesel-fueled vehicles. A copy of the regulation may be obtained from the Air Resources Board (ARB) website at <http://www.arb.ca.gov/regact/2007/ordiesl07/frooal.pdf>.

Any person, business, or government agency that owns or operates diesel-powered off-road vehicles in California (except for agricultural or personal use, or for use at ports or intermodal railyards) with engines with maximum power of 25 horsepower (hp) or greater is subject to the regulation. The regulation applies to vehicles commonly used in construction, mining, rental, airport ground support and other industries.

The regulation requires fleets to apply exhaust retrofits that capture pollutants before they are emitted to the air, and to accelerate turnover of fleets to newer, cleaner engines. The regulation requires annual reporting of fleet data to ARB beginning April 1, 2009. The regulation also requires vehicle owners to limit unnecessary idling and to disclose applicability of the regulation when they sell affected vehicles.

As part of the recently signed California budget (Senate Bill 8), the California Legislature directed ARB to make several changes to the regulation. The changes ARB has been directed to make do not repeal or delay the overall regulation. However, they may lessen the requirements for many large fleets in the early years of the regulation, and include the following:

1. Fleets who are now using their off-road vehicles less than they did as of July 1, 2007 may take credit for this reduced fleet activity to satisfy the turnover and retrofitting requirements of the regulation in 2010 and 2011.
2. Fleets will be given credit (for both PM and NOx) for any vehicle retirements made between March 1, 2006, and March 1, 2010, provided that total fleet horsepower decreased from the previous year.
3. For the total cumulative turnover and retrofit requirements for the years 2011 through 2013, fleets may complete 20 percent of those requirements by

March 1, 2011, an additional 20 percent by March 1, 2012, and the balance by March 1, 2013.

Because the legislative directed changes could lessen the requirements for many large fleets in the early years of the regulation, without mitigation, the changes could result in:

- A loss in emission reduction achieved in 2014 (a key milestone year for the State Implementation Plan).
- A reduction in forecasted health benefits, including the prevention of several hundred premature deaths.
- A severe economic impact on retrofit manufacturers and installers that have geared up for off-road implementation, which could result in reduced ability of that industry to have product available for compliance in future years, as well as a potentially significant loss of “green” jobs.

ARB staff is soliciting input from interested stakeholders in order to mitigate these potential impacts. Some potential concepts being evaluated by ARB staff include:

- Modifying the early retrofit credit provisions of the regulation to give more credit for retrofits that are done earlier;
- Finding other ways to incentivize the early use of retrofits;
- Requiring minimum annual retrofitting, even for fleets that utilize the new additional credit for reduced activity and retirement;
- Requiring minimum annual turnover, even for fleets that utilize the new additional credit for reduced activity and retirement; and
- Providing additional incentive funding to fleets.

ARB staff looks forward to soliciting other ideas from the public regarding how to mitigate the potential negative impact of the legislatively directed changes, as well as receiving comments on the potential concepts currently under evaluation.

The workshop agenda, presentation, and any other additional material for the workshop will be posted to our email listserve and available prior to the workshop at: <http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm> . The instructions on how to add your email address to the listserve are available on this web page.

If you have a disability-related accommodation need, please go to <http://www.arb.ca.gov/html/ada/ada.htm> for assistance, or contact the Reasonable Accommodation Coordinator at (916) 323-4916. If you are a person who needs assistance in a language other than English, please go to <http://www.arb.ca.gov/personnel/eeo/languageaccess.htm> or contact the Bilingual Services Manager at (916) 323-7053.

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We welcome and encourage your participation in this effort. If you have questions regarding either the workshop or the In-Use Off-Road Diesel Vehicle Regulation, please contact Ms. Beth White, Air Pollution Specialist, at (916) 324-1704, or by email at eiwhite@arb.ca.gov or Ms. Kim Heroy-Rogalski, Manager, at (916) 327-2200, or by email at kheroyro@arb.ca.gov.

Sincerely,

/s/

Robert H. Cross, Chief
Mobile Source Control Division

cc: Kim Heroy-Rogalski, Manager
Off-Road Implementation Section

Beth White
Air Pollution Specialist
Mobile Source Control Division