



Air Resources Board



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Edmund G. Brown Jr.
Governor

October 17, 2014

Mail-Out #MSC 14-16

TO: All Interested Parties

SUBJECT: PUBLIC WORKSHOP ON DEVELOPMENT OF THE FISCAL YEAR
2015-16 FUNDING PLAN FOR THE AIR QUALITY IMPROVEMENT
PROGRAM AND LOW CARBON TRANSPORTATION GREENHOUSE
GAS REDUCTION FUND INVESTMENTS

The Air Resources Board (ARB or Board) invites you to participate in a public kickoff workshop to begin developing the Fiscal Year (FY) 2015-16 Funding Plan for the Air Quality Improvement Program (AQIP) and Low Carbon Transportation Greenhouse Gas Reduction Fund (GGRF) Investments.

The meeting will be held at the following time and place:

Date: Friday, November 7, 2014
Time: 10:00 a.m. to 12:00 p.m.
Place: Cal/EPA Headquarters Building
Sierra Hearing Room, 2nd Floor
1001 I Street
Sacramento, California 95814

Webcast Information

This meeting will be webcast for those unable to attend in person. The broadcast can be accessed on the day of the workshop at <http://www.calepa.ca.gov/broadcast/>. Information on submitting questions or comments will be provided during the webcast for remote participants. Staff's presentation and associated documents will be posted prior to the workshop on ARB's website at <http://www.arb.ca.gov/msprog/aqip/aqip.htm>.

Background

AQIP was established by the Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Assembly Bill (AB) 118; Chapter 750, Statutes of 2007) and reauthorized by AB 8 (Chapter 401, Statutes of 2013). This voluntary, mobile source incentive program focuses on reducing criteria pollutant and diesel particulate emissions with concurrent reductions in greenhouse gas emissions. AQIP has an annual budget of about \$25 million (depending on revenues). ARB

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

focuses AQIP investments on technology advancing projects that support California's long-term air quality and climate change goals in addition to providing immediate emission benefits. In recent years, funding has included:

- Rebates for near-zero and zero-emission passenger vehicles through the Clean Vehicle Rebate Project (CVRP).
- Vouchers for hybrid and zero-emission trucks and buses through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP).
- Financing assistance for small business truck owners in need of replacement or retrofits through the Truck Loan Assistance Program.
- Pre-commercial advanced technology demonstration projects aimed at bringing the next generation of emission control technology to market.

Cap-and-Trade auction proceeds provide an additional funding source for ARB's advanced technology, clean transportation incentive programs, expanding the types of projects ARB has funded through AQIP. The FY 2014-15 State budget appropriated \$200 million from GGRF to ARB for Low Carbon Transportation projects to reduce greenhouse gas emissions with an emphasis on investments that benefit disadvantaged communities consistent with the *Cap-and-Trade Auction Proceeds Investment Plan: Fiscal Years 2013-14 through 2015-16* (Investment Plan) prepared in 2013.¹ These investments are being implemented through the administrative framework established by AQIP. Accordingly, ARB developed a single Funding Plan for the FY 2014-15 funding cycle that covered both AQIP and GGRF funding sources.

The Board-approved *Fiscal Year 2014-15 Funding Plan for the Air Quality Improvement Program and Low Carbon Transportation Greenhouse Gas Reduction Fund Investments* (Funding Plan)²:

- Continued funding for CVRP, HVIP, and the Truck Loan Assistance Program at levels intended to meet anticipated demand.
- Added new Light-Duty Pilot Projects in Disadvantaged Communities, which complement CVRP with the goal of increasing use of the cleanest light-duty vehicles in disadvantaged communities and lower-income households.
- Added new Zero-Emission Truck and Bus Pilots, which complement HVIP by supporting pilot deployment of larger numbers of zero-emission truck, transit bus, or school bus projects operating in areas that benefit disadvantaged communities.

¹ http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/final_investment_plan.pdf

² <http://www.arb.ca.gov/msprog/aqip/fundplan/fundplan.htm>

- Expanded ARB's Advanced Technology Demonstration Projects with a focus on accelerating the introduction of advanced emission reduction technologies for the freight sector with projects located in areas that benefit disadvantaged communities.

ARB expects to receive another appropriation for Low Carbon Transportation investments from GGRF in the FY 2015-16 State Budget, so ARB staff intends to again develop a joint Funding Plan for the AQIP and GGRF funding sources for the FY 2015-16 funding cycle.

Meeting Information

At this kick off workshop, staff will:

- Provide implementation updates on projects in the FY 2014-15 Funding Plan.
- Discuss the latest trends and projections on CVRP rebates as they relate to the project budget for the current funding cycle.
- Provide an overview of two bills – Senate Bill (SB) 1275 (De León, Chapter 530, Statutes of 2014) and SB 1204 (Lara, Chapter 524, Statutes of 2014) – signed into law in September 2014, which create new requirements for ARB related to implementation of AQIP projects and Low Carbon Transportation investments funded from GGRF and discuss how these new requirements will be incorporated into the FY 2015-16 Funding Plan.

SB 1275 establishes the Charge Ahead California Initiative with the goals of placing one million zero-emission and near-zero emission vehicles in California by 2023 to establish a self-sustaining market and increasing access to these vehicles for low-income consumers and consumers in disadvantaged communities. SB 1275 requires ARB to limit consumer eligibility for CVRP based on income, ensure that rebate levels can be phased down, and conduct various planning and technology assessment activities, among other provisions. SB 1204 creates the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program to fund the development, demonstration, pre-commercial pilot, and early commercial deployment of zero- and near-zero emission technologies with priority given to projects that benefit disadvantaged communities. SB 1204 establishes specific requirements related to how ARB prioritizes project categories and selects projects.

Because this kickoff workshop is being held prior to the release of the Governor's proposed FY 2015-16 State Budget, staff will not propose FY 2015-16 project allocations at this workshop. That topic will be covered at future workshops.

All Interested Parties
October 17, 2014
Page 4

This is the first in a series of three workshops ARB staff intends to hold on developing the FY 2015-16 Funding Plan. A second workshop will be held after the Governor's proposed FY 2015-16 State budget is released in January 2015 to receive public input on FY 2015-16 projects and program changes to address the provisions of SB 1275 and SB 1204. A third workshop will be held in spring 2015 with more detailed staff proposals for the FY 2015-16 AQIP and GGRF Low Carbon Transportation appropriations. ARB staff anticipates releasing the proposed FY 2015-16 Funding Plan in May 2015 with Board consideration in June 2015.

Special Accommodations

If you require a special accommodation or need this document in an alternate format (i.e. Braille, large print) or another language, please Ms. Stella Ling-Taylor, Air Pollution Specialist, at (916) 322-6369 or stella.lingtaylor@arb.ca.gov as soon as possible, but no later than 10 business days before the scheduled meeting. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

If you have questions regarding the workshop, please contact Mr. Andrew Panson, Staff Air Pollution Specialist, at (916) 323-2809 or andrew.panson@arb.ca.gov.

Sincerely,

/s/

Erik White, Chief
Mobile Source Control Division

cc: Mr. Andrew Panson
Staff Air Pollution Specialist
Mobile Source Control Division

Ms. Stella Ling-Taylor
Air Pollution Specialist
Mobile Source Control Division