



Air Resources Board



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Secretary for
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Edmund G. Brown Jr.
Governor

DATE: December 17, 2015 Mail-Out #MSC 15-29

TO: All Interested Parties

SUBJECT: PUBLIC WORKSHOP ON DEVELOPMENT OF THE FISCAL YEAR
2016-17 FUNDING PLAN FOR LOW CARBON TRANSPORTATION
INVESTMENTS AND THE AIR QUALITY IMPROVEMENT PROGRAM

The Air Resources Board (ARB or Board) invites you to participate in a public workshop on the Fiscal Year (FY) 2016-17 Funding Plan for Low Carbon Transportation Investments and the Air Quality Improvement Program (AQIP).

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

Date: Wednesday, January 27, 2016
Time: 9:30 a.m. to 1:00 p.m.
Place: Cal/EPA Headquarters Building
Coastal Hearing Room, 2nd Floor
1001 I Street
Sacramento, California 95814

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/aqip/>.

Background

Cap-and-Trade Auction Proceeds Low Carbon Transportation Funding: Cap-and-Trade auction proceeds provide funding for ARB's advanced technology, clean transportation incentive programs, expanding the types of projects ARB has funded through AQIP. Low Carbon Transportation is identified as a priority investment area in the first two Cap-and-Trade Auction Proceeds Investment Plans. These investments accelerate the transition to low carbon freight and passenger transportation, supporting the Governor's climate change strategy pillar of a 50 percent reduction in petroleum use in vehicles by 2030 and the Administration's goal to deploy 1.5 million zero emission vehicles in California by 2025.

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

The FY 2014-15 State budget appropriated \$200 million to ARB for Low Carbon Transportation projects to reduce greenhouse gas emissions with a target that at least half the investments benefit disadvantaged communities. The FY 2015-16 State budget appropriated \$95 million to ARB with additional funding still pending before the Legislature. These appropriations are being used to fund the following projects:

- The Clean Vehicle Rebate Project (CVRP) which provides consumer rebates for the purchase of zero-emission and plug-in hybrid passenger vehicles.
- Light-duty vehicle pilot projects to benefit disadvantaged communities which are designed to increase access to the cleanest vehicles in disadvantaged communities and lower income households, including car sharing and vehicle scrap and replacement, among others.
- Deployment incentives for clean trucks and buses through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) as well as incentives for larger commercial deployments of zero-emission trucks and buses to complement HVIP.
- Advanced technology demonstration projects for freight equipment and other heavy-duty engines and equipment.

ARB is preparing to receive another appropriation for Low Carbon Transportation investments from the Greenhouse Gas Reduction Fund the FY 2016-17 State Budget. Hence, ARB staff intends to develop a joint Funding Plan for the Low Carbon Transportation and AQIP for the FY 2016-17 funding cycle as it has done in the past two budget cycles.

AQIP: AQIP is a voluntary, mobile source incentive program that 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. AQIP has provided funding for CVRP, HVIP, and demonstrations for advanced emission reduction vehicle technologies since 2009. In recent years, these projects have been primarily funded from the Low Carbon Transportation appropriations because demand has exceeded AQIP's budget, and the majority of AQIP funds have been directed to the Truck Loan Assistance Program which helps small business truckers to secure financing for newer trucks or diesel exhaust retrofits in advance of compliance deadlines for ARB's in-use truck and bus regulation.

Annual Funding Plan: The annual funding plan is each year's blueprint for expending Low Carbon Transportation and AQIP funds appropriated to ARB in the State budget. The plan describes ARB's policy drivers and vision for advanced technology mobile source investments, eligible project categories and criteria, project funding allocations, program implementation details and provides the justification for these investments.

Two bills signed into law in 2014 further refine ARB's implementation of these programs and specify requirements related to the annual funding plan. Senate Bill (SB) 1275 (De León, Chapter 530, Statutes of 2014) establishes the Charge Ahead California Initiative with the goals of placing one million zero-emission and near-zero emission vehicles in California by 2023 and increasing access to these vehicles for lower-income consumers and consumers in disadvantaged communities. Among other requirements, SB 1275 requires ARB to include a long-term plan for CVRP and related programs in the FY 2016-17 Funding Plan. The plan must include: a three year forecast of funding needs; a ZEV market and technology assessment; and an assessment of when a self-sustaining market is expected.

SB 1204 (Lara, Chapter 524, Statutes of 2014) 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. Among other requirements, SB 1204 directs ARB to develop an annual framework and plan to guide truck, bus, and off-road vehicle and equipment investments.

Meeting Information

At this workshop, staff will discuss and seek input on:

- Potential project categories that are consistent with the Governor's FY 2016-17 budget proposal and the Cap-and-Trade Auction Proceeds Investment Plan, including new project categories to consider for funding.
- An implementation update on projects included in recent Funding Plans and initial demand projections for the upcoming funding cycle for these ongoing projects. Implementation of a number of projects from the Board-approved FY 2015-16 Funding Plan is being delayed because the Legislature has only appropriated \$95 million of the \$350 million in FY 2015-16 Low Carbon Transportation funds proposed by the Governor. Staff's initial recommendation is that these delayed project categories be carried forward to the FY 2016-17 Funding Plan if they are not ultimately funded in the current budget cycle.

- Initial analyses relating to the SB 1275-required long-term plan for CVRP and related light-duty vehicle incentives.

This is the second in a series of three workshops ARB staff will hold on developing the FY 2016-17 Funding Plan. A third workshop will be held in spring 2016 to discuss more detailed staff proposals for the FY 2016-17 Low Carbon Transportation and AQIP appropriations. ARB staff anticipates releasing the proposed FY 2016-17 Funding Plan in May 2016 with Board consideration in June 2016.

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 contact 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