

February 16, 2018

Mail-Out #MSC 18-07

TO: All Interested Parties

SUBJECT: PUBLIC WORKSHOP ON DEVELOPMENT OF THE FISCAL YEAR
2018-19 FUNDING PLAN FOR CLEAN TRANSPORTATION
INCENTIVES

The California Air Resources Board (CARB or Board) invites you to participate in a public workshop on the Fiscal Year (FY) 2018-19 Funding Plan for Clean Transportation Incentives from Low Carbon Transportation Investments and the Air Quality Improvement Program (AQIP).

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

Date: Thursday, March 15, 2018
Time: 10:00 a.m. to 1:00 p.m. (PST)
Place: Cal/EPA Headquarters Building
Sierra Hearing Room, Second 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 <https://video.calepa.ca.gov/>. Information on submitting questions or comments will be provided during the webcast for remote participants. Staff's presentation will be posted prior to the workshop on CARB's website at <https://www.arb.ca.gov/aqip/>.

Meeting Information

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

- Status updates on projects in the FY 2017-18 Funding Plan and initial demand projections for the upcoming funding cycle for these ongoing projects.
- Potential project categories that are consistent with the Governor's FY 2018-19 budget proposal and the Cap-and-Trade Auction Proceeds Investment Plan and support CARB's 2016 *Mobile Source Strategy* and the 2016 *California Sustainable Freight Action Plan*.

This is the first in a series of public workshops and work group meetings CARB staff will hold on the FY 2018-19 Funding Plan. CARB staff anticipates releasing the proposed FY 2017-18 Funding Plan in June 2018 with Board consideration in July 2018.

Background

Cap-and-Trade Auction Proceeds Low Carbon Transportation Funding: Since FY 2013-14, Cap-and-Trade auction proceeds have supported CARB's advanced technology, clean transportation incentive programs to reduce greenhouse gas emissions, expanding the types of projects CARB has funded through AQIP. These investments accelerate the transition to low carbon freight and passenger transportation with a priority on providing health and economic benefits to California's most disadvantaged communities. To date, over 50 percent of CARB's Low Carbon Transportation funding has been allocated to benefit disadvantaged communities including low-income residents of these communities. These investments uphold the pillars of the Governor's climate change strategy of a 50 percent reduction in petroleum use in vehicles by 2030 and reducing short-lived climate pollutants and the Administration's goal to deploy 1.5 million zero-emission vehicles in California by 2025 and five million by 2030.

The Legislature has appropriated over \$1.2 billion to CARB for Low Carbon Transportation projects to reduce greenhouse gas emissions over the past five budget cycles. These appropriations are being used to fund:

- Consumer rebates for the purchase of zero-emission and plug-in hybrid passenger vehicles through the Clean Vehicle Rebate Project (CVRP).
- Light-duty vehicle equity projects to increase access to the cleanest vehicles in and near disadvantaged communities and for lower-income Californians. This includes vehicle scrap and replacement, car sharing, and financing assistance.
- Deployment incentives for clean trucks and buses utilizing zero-emission, hybrid, and low nitrogen oxides technologies.
- Advanced technology demonstration projects for freight and other heavy-duty vehicles and equipment.

The Governor's proposed State Budget for FY 2018-19 includes \$435 million for Low Carbon Transportation investments using Cap-and-Trade auction proceeds. The proposed Budget states that these investments include "programs to improve and expand transit systems, support transit-oriented development, improve vehicle efficiency, reduce diesel emissions from trucks and buses and reduce the carbon intensity of transportation fuels." Program-specific details are shown on the next page.

2018-19 Cap and Trade Expenditure Plan
Based on Governor's Proposed Budget
Low Carbon Transportation Investments

Program	Amount
Clean Vehicle Rebate Project	\$175M
Clean Trucks, Buses & Off-Road Freight Equipment	\$160M
Enhanced Fleet Modernization Program, School Buses & Transportation Equity Projects	\$100M
Total	\$435M

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. The Governor's proposed State Budget for FY 2018-19 includes \$28.6 million for AQIP investments. AQIP has provided funding for CVRP, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, and advanced technology demonstrations since 2009. In recent years, these projects have been primarily funded with Low Carbon Transportation appropriations, and the majority of AQIP funds have been directed to the Truck Loan Assistance Program which helps small business truckers secure financing for newer trucks or diesel exhaust retrofits to meet compliance deadlines for CARB'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 CARB in the State budget. The plan describes CARB'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. CARB staff intends to develop a joint funding plan for the Low Carbon Transportation and AQIP for FY 2018-19 as it has done in past budget cycles.

Two bills signed into law in 2014 refine CARB'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 and provides direction on light-duty zero-emission vehicle investments including the requirement to establish programs to increase access to these vehicles for lower-income consumers and disadvantaged communities. SB 1204 (Lara, Chapter 524, Statutes of 2014) creates the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program and provides direction on truck, bus, and off-road vehicle and equipment investments.

As part of last year's session, the Legislature appropriated CARB funding for two new incentive programs in the budget bills passed on September 15, 2017. The first program provides \$135 million to reduce emissions from agricultural equipment. The second program provides \$250 million for air districts to implement the community emission reduction programs developed pursuant to Assembly Bill (AB) 617 (Garcia, Chapter 136, Statutes of 2017). These new programs were not covered previously in the public process for the FY 2017-18 Funding Plan; therefore, they are being developed through a separate public process that is now getting underway. Additional funding is also available as a result of several partial consent decrees with Volkswagen to resolve claims against the company for equipping its diesel vehicles with illegal defeat devices. Staff is working to ensure that all of these investments are closely coordinated with our funding plan process for this year.

AB 1550 (Gomez, Chapter 369, Statutes of 2016) governs the requirements related to disadvantaged and low-income community investments using Cap-and-Trade auction proceeds. Continuing to incorporate these requirements into CARB's Low Carbon Transportation program will be a priority in developing the FY 2018-19 Funding Plan.

Contact

For questions regarding the workshop, please contact Mr. Jason Crow, Air Pollution Specialist, at (916) 323-7525 or by email at jason.crow@arb.ca.gov.

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 by email at 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.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia.
- Documentos disponibles en un formato alterno u otro idioma.
- Una acomodación razonable relacionados con una incapacidad.

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Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 324-0342 o envíe un fax a (916) 327-8524 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

Sincerely,

/s/

Jack Kitowski, Chief
Mobile Source Control Division

cc: Jason Crow
Air Pollution Specialist
Mobile Source Control Division

Stella Ling-Taylor
Air Pollution Specialist
Mobile Source Control Division