

## Summary of the Incentive Programs Advisory Group Meeting

**June 11, 2014**  
**Time: 11AM – 2:30PM**

**Location: Air Resources Board, 1927 13<sup>th</sup> Street, Sacramento (MLD Building)**

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The Incentive Programs Advisory Group (IPAG) met on June 11, 2014, in Sacramento, California. The meeting was facilitated by Erik White, Chief of the Mobile Source Control Division at the Air Resources Board (ARB). Over 80 people attended and another 30 listened by phone. This document includes a summary of the meeting, the group discussion results, and a list of those that attended.

Presentations noted below are located on ARB's website:  
<http://www.arb.ca.gov/msprog/moyer/advisory.htm>

### Summary

#### 1. Introductions

*Jack Broadbent, President of the California Air Pollution Control Officers Association (CAPCOA) and Richard Corey, Executive Officer of ARB, welcomed all participants and provided opening remarks.*

#### 2. Incentive Programs

- a. Overview of Incentives Portfolio (Mike Watt, San Diego Air Pollution Control District)

*The presentation included a discussion of incentive funding programs available throughout the State and a description of how funds are divided among projects types/equipment types.*

- b. Carl Moyer/Assembly Bill (AB) 923 (Mark Loutzenhiser, Sacramento Metropolitan Air Quality Management District (AQMD))

*The presentation described the Carl Moyer and AB 923 programs. The Carl Moyer Program funds emissions benefits that are creditable to the State Implementation Plan through extra/early reductions. AB 923 funds are collected at the local level by some districts and fund Moyer-eligible projects and school buses among other types. The percentage of funds spent on each project type were presented for both incentive programs.*

c. Proposition 1B (Ajay Mangat, ARB)

*A description of funding recently spent and program status was provided. The program has approximately \$240 million remaining, a majority of which has been dedicated to truck projects within the State's trade corridors. (No presentation slides.)*

d. Lower-Emission School Bus (Lisa Jennings, ARB)

*A description of recent funding spent and program status was provided. Most funding sources are exhausted; more funding is still needed. (No presentation slides.)*

e. Enhanced Fleet Modernization (EFMP) (Aaron Hilliard, ARB)

*EFMP funds vehicle scrap and scrap/replacement programs. A presentation of funds available was provided, as well as a timeline of proposed program modifications intended to target lower income applicants. (Further details about the proposed changes that were subsequently approved by ARB at the June 26, 2014 hearing are available at: <http://www.arb.ca.gov/regact/2014/carscrap14/carscrap14.htm>)*

f. Air Quality Improvement Program (AQIP) and Low Carbon Transportation Greenhouse Gas Reduction Fund (GGRF) Investments (Lisa Macumber, ARB)

*Information was provided about the Fiscal Year 2014-15 Funding Plan for the AQIP and Low Carbon Transportation GGRF Investments, which was subsequently approved by ARB at the June 26, 2014 hearing. The plan includes allocations for \$222 million in light-duty vehicle projects, heavy-duty vehicle and equipment projects, and truck loan assistance. (More information on the Funding Plan is available at: <http://www.arb.ca.gov/msprog/aqip/fundplan/fundplan.htm>) (No presentation slides.)*

3. Overview of AB 8 for the Carl Moyer Program

a. Implementing AB 8 (Damian Breen, Bay Area AQMD)

*AB 8 authorized a key portion of program funding to continue through 2023. AB 8 also directed ARB to collaborate with Air Agencies to assess future changes to Carl Moyer and AB 923 Incentives. The presentation outlined the framework the Air Agencies intend to follow to address AB 8 and evaluate the program for any necessary enhancement.*

b. Carl Moyer Program: Recent Proposed Updates (Katherine Garrison, ARB)

*The presentation discussed two separate Carl Moyer Program Guideline updates currently in progress. The first is aimed at streamlining program administration. The second is aimed at increasing eligibility for some on-road project types. More information is available at:*

*<http://www.arb.ca.gov/msprog/moyer/moyer.htm>*

c. Air Agencies Joint Principles (Fred Minassian, South Coast AQMD)

*The presentation discussed guiding principles for evaluating the Moyer and AB 923 programs, agreed on by the Air Agencies, and include: any changes should create a program which complements other state and local incentive programs, has a clearly defined role within the portfolio and provide a coordinated and streamlined progress towards improving regional air quality, achieving climate goals and reducing localized exposure.*

4. Morning Wrap Up

5. Break

6. Focus Group Discussions (Facilitator: Erik White, ARB)

*Attendees broke in to small teams to discuss open-ended questions regarding the future of the Carl Moyer and AB 923 programs. Those questions are as follows:*

- How should climate change pollutants be considered in the program?*
- How can the program better leverage funding from other sources?*
- What additional project categories or project types should be included?*
- What are important factors that define a successful and effective program?*

*Refer to the attached discussion summary document for more details.\**

7. Timeline

*A timeline was presented that showcased:*

**July:** Board Hearing -- Update on AB 8: Moyer evaluation process, proposed On-Road Guideline changes.

**Summer:** Stakeholder outreach.

**Fall:** Develop legislative concepts and hold next IPAG meeting.

**December:** 2015-16 Legislature session starts.

8. Wrap Up & Next Steps

*Next steps included the preparation and release of this meeting summary as well scheduling a subsequent Incentive Programs Advisory Group for Fall 2014.*

\* The Air Agencies will review and evaluate the concepts discussed during the Focus Group portion of the meeting and report back at the next IPAG meeting. Any additional ideas related to the Focus Group Discussion topics should be sent to Katherine Garrison, Air Resources Engineer, at [kgarriso@arb.ca.gov](mailto:kgarriso@arb.ca.gov).

### **Group Discussion Results**

*Attendees broke in to small teams to discuss open-ended questions regarding the future of the Carl Moyer and AB 923 programs. The discussion results are provided below and are transcribed as closely as possible to notes taken in real time. Appearance in the list does not represent an endorsement of any particular concept. Air Resources Board and California Air Pollution Control Officers Association will evaluate proposals as they move through the re-envisioning process.*

#### **1) Greenhouse Gas (GHG): How should climate change pollutants be considered in the program?**

- Reward fuel efficiency
  - i. Smartways
  - ii. Low resistance tires
- Usage reductions
- Recognize differing goals/build flexibility of goals statewide
- Scoring criteria/Carbon Dioxide: decide weights at district level
- Keep Moyer original intent
- Establish GHG goals
- Quantify reductions
- Use a life-cycle analysis to determine goals
- Fund zero emission technologies
- Fund zero-emission infrastructure
- Fund low-carbon fuel use/infrastructure
- Keep State Implementation Plan (SIP) credibility, split funding sources
  - i. Moyer pays for criteria
  - ii. Local funds or other for GHG
- Prioritize based on scores
- Calculate/Track GHG benefits
- Different criteria for stationary vs on-road
- Fund Black Carbon in local programs
- Add more covered pollutants to Moyer

**2) Leveraging Funds: How can the program better leverage funding from other sources?**

- Modify cost-effectiveness (CE) calculations requirements such that co-funded projects are not disadvantaged
- Enhance flexibility to incentivize combining funds
- Align incentive timelines/processes to facilitate co-funding
- Remove/reduce tax-penalty on granted funds
- Use a points system to help divide benefits and funding separately to avoid double-counting of benefits
- Funding clearinghouse (establish a system that analyses a project for all eligible funding)
- Keep SIP creditability
- Encourage more public/private partnerships
- Allow California Environmental Quality Act (CEQA) offsets: Allow Moyer to leverage off-site CEQA mitigations
- Allow memoranda of understanding between districts to encourage leveraging
- Allow leveraging for advanced technologies/zero-emission projects

**3) Additional Categories/Types: What additional project categories or project types should be included?**

- Allow just-in-time funding
- Fund private school buses/charter buses
- Allow Global Positioning Systems to be funded; Route efficiency improvements
- AB 118 (development-type) projects
- Repower Diesel to natural gas/alternative fuel
- On Board Diagnostics/telematics to reflect/record fundable usage reductions
- Vehicle miles travelled (VMT) reduction
- Truck to rail (mode changes with measurable benefits)
- Infrastructure funding to help the spread of electric/alternative fuel vehicles and equipment
- More stationary sources (e.g., emergency, standby equipment)
- Pay for compliance projects
- Use funds captured through some (old/ becoming obsolete) infrastructure reduction. Diesel fuel stations for example.
- Wood stoves
- Biofuel/Liquefied Natural Gas infrastructure
- Portable category calculation methodology: modify to more effectively show full reductions

- Fund or *better* fund (e.g., remove CE cap) projects meeting optional low-oxides of nitrogen standards
- Fund infrastructure associated with VMT reductions (park and ride/carpool lanes/bike paths/vanpools)
- Special credit for projects that use renewable fuels
- Expand trade-down programs
- Low-mile emergency vehicles/other critical low-use projects should get a shot (trade down programs, additional credit for renewable fuel, weighting factors)
- Allow out-of-state vehicle participation based on in-state benefits/reductions

**4) Success Factors: What are important factors that define a successful and effective program?**

- Reductions in a variety of pollutants *and* exposure reduction
- Reductions in difficult categories and federal sources
- Programs that
  - i. Show sustainability
  - ii. Address industry needs
  - iii. Drive innovation
  - iv. Create sustainable business in our state
- Broader analysis of non-compliance (Who? Why? How many?)
- Grants that can deploy quickly (faster time delivering \$ to grantee)
- Projects that put money and growth factors back into the economy (job creation)
- Wider use of the Voucher Incentive Program model metrics
- Low administrative complexity/burden (e.g., simple rules for implementing the program)
- Improvement to public health and the environment
- Greater improvements to federally regulated sources (planes, trains, ships)
- Grantee satisfaction
- Harmonize with Diesel Emission Reduction Act (DERA) to prevent overlap
- Balance with regulated users/incentives \$\$ (Balance/optimize the program lifecycles and deployment timelines to address potential users coming under a regulation)
- Increased market penetration
- Greater credit for enhancing penetration of advance clean technologies
- Increased number of applications/ways to generate greater program interest
- Raise public perception of the program (success is accessibility)
- Guarantee some consistency between districts in the same program

- Ensure diversity of participation (small and big applicants, savvy and non-savvy)
- Address economic as well as environmental impact
- Create a program with reduced reporting and administrative burden (e.g. DERA)
- Greater harmony between programs (DERA)
- Help technology moving into new sectors/types, non-traditional markets
- Measureable goals and metrics are established
- Consistency between districts/programs

### List of Attendees

Last	First	Organization
Ward	Peter	Alternative Fuels Advocates
Holmes-Gen	Bonnie	American Lung Association
Breen	Damian	Bay Area AQMD
Broadbent	Jack	Bay Area AQMD
Prentice	Kent	Boatswain's Locker
Franssen	Todd	BusWest
Scheidt	Tom	BusWest
Wagoner	W.James	Butte County AQMD
Holtz	James	BYD Motors Inc
Carbonel	Hank	CA Concrete Pumpers
Plowman	Betty	California Cable & Telecommunications Association (CCTA)
Foster	Quentin	California Electric Transportation Coalition
Malarkey	Margot	California Environmental Associates
Gornick	Sue	California Environmental Dialogue
Schrap	Matt	California Fleet Solutions
Carmichael	Tim	California Natural Gas Vehicle Coalition
Gould	Kevin	California Strategies
Erskine	Cathy	California Trucking Association
Shimoda	Chris	California Trucking Association
Hall	Jamie	Clean Transportation Technologies and Solutions
Magavern	Bill	Coalition for Clean Air
Miller	Clayton	Construction Industry Air Quality Coalition
Wong	Monet	County Sanitation Districts of Los Angeles County
Brown	Christopher	Feather River AQMD
Barnett	Chuck	Graniterock
Cram	Rob	HOLT of California CAT
Voss	Roger	L.H. Voss Materials Inc
Coates	Michael	Mighty Comm
Romero	Alan	Monterey Bay Unified APCD
Stedman	Richard	Monterey Bay Unified APCD
Muegge	Ed	Mt.Diablo Landscape
Quaranto	Jason	NAVISTAR Inc.
Lee	Barbara	Northern Sonoma County Air Pollution Control District

Last	First	Organization
Stickney	Grant	Peterson CAT
Daniels	Jan	Pick-n-Pull
Eznst	Chuck	Sacramento City USD
Lemus	Jaime	Sacramento Metropolitan AQMD
Loutzenhiser	Mark	Sacramento Metropolitan AQMD
Greene	Larry	Sacramento Metropolitan AQMD
Watt	Michael	San Diego APCD
Barati	Mehri	San Joaquin Valley APCD
DeYoung	Todd	San Joaquin Valley APCD
Garzee	Bob	Silicon Valley Clean Cities Coalition
Minassian	Fred	South Coast AQMD
Wallerstein	Barry	South Coast AQMD
Mendoza	Jerilyn	Southern California Gas Company
Morron	Colby	Southern California Gas Company
Abbs	Alan	Tehama County APCD
Morrelli	Bob	Western Power
Wang	Michael	Western States Petroleum Association
Lovelace	Edward	XL Hybrids
Ehrhardt	Mat	Yolo-Solano AQMD

*In addition, a number of ARB staff attended the meeting.*

**IPAG Call-in Only Attendees** (List represents records obtained from the phone company)

Last	First	Organization
Cormier	Nick	San Diego Air Pollution Control
Maienknecht	Wendy	Air Resources Board
Rowland	Scott	Air Resources Board
Estebat	Abby	Air Resources Board
Sanchez	Yvonne	Air Resources Board
Smith	Adriana	Air Resources Board
Van Gee	Barbara	Air Resources Board
Lambert	Kimya	Air Resources Board
Fournier	Anthony	Bay Area AQMD
Roselli	John	Blue Bird Corporation
Koyama	Kenneth	California Air Pollution Control Officers Association
Rea	Michael	California Association of School Transportation Officials
Lu	Edward	General Electric
Waggoner	Tim	Global Auto Makers
Poiriez	Brad	Imperial County APCD
Song	Jamie	Manufacturers Control Association
Murano	Ryan	Northern Sierra Air Quality Air Management District
Erdman	George	Northern Sonoma APCD
Larson	James	Pacific Gas & Electric
Brents	Barry	Plut incentives
Walker	Richard	Robert Bosch Emission Systems
Mutziger	Andrew	San Luis Obispo APCD
Fredrickson	Jim	Santa Barbara County Air Pollution Control District

Last	First	Organization
Van Mullem	Dave	Santa Barbara County APCD
Sumner	Kimberly	Siskiyou County APCD
Liu-Klein	Jared M	Southern California Gas Company
Luo	Rongsheng	Southern California of Governments
Judd	Duane	Synergy
Aronin	Ruben	The Better World Group
Mikulin	John	United States Environmental Protection Agency
Perez	Idalia	United States Environmental Protection Agency