

# APPENDIX D

## Incentive Programs Advisory Group Meeting

October 9, 2014

Workgroup Materials Provided



# Air Resources Board



**Matthew Rodriguez**  
Secretary for  
Environmental Protection

**Mary D. Nichols, Chairman**  
1001 I Street • P.O. Box 2815  
Sacramento, California 95812 • [www.arb.ca.gov](http://www.arb.ca.gov)

**Edmund G. Brown Jr.**  
Governor

September 24, 2014

Mail-Out #MSC 14-15

TO: All Interested Parties

SUBJECT: INCENTIVE PROGRAMS ADVISORY GROUP PUBLIC MEETING

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The staff of the Air Resources Board (ARB or Board) invites you to participate in a public meeting of the Incentive Programs Advisory Group (IPAG) at the time and place noted below to discuss the implementation of California's air quality incentive programs.

DATE: October 9, 2014

TIME: 11:00am – 2:30pm

PLACE: South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, California 91765

This meeting is intended to be a continuation of the evaluation of the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) started at the recent June 2014 IPAG discussion. This October meeting will focus on discussing Carl Moyer Program enhancement concepts in these four areas: Greenhouse Gas Pollutants, Leveraging Funds, Project Cost Effectiveness, and Additional Project Categories. These themes were identified after compiling and reviewing the June IPAG discussion results and additional feedback received from the Air Resources Board at the July Board meeting. The agenda for the meeting will be made available at the following website prior to the meeting date:

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

**Background:** The IPAG is led by Board Member Sandra Berg and provides a forum for discussing policy level considerations relating to the implementation of California's air quality incentive programs, including the Carl Moyer Program, Proposition 1B: Goods Movement Emission Reduction Program, Enhanced Fleet Modernization Program, Lower-Emission School Bus Program, AB 118 programs, and other locally run air district programs. The June 2014 meeting focused on the evaluation of the Carl Moyer Program. A summary from this meeting can be found at

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

*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

All Interested Parties  
September 24, 2014  
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Although the meeting is open to the public, we would appreciate interested participants registering before the meeting date. To preserve the roundtable discussion format at the meeting, the meeting will not be webcast. If you are interested in a listen-only teleconference option, wish to register, or have any questions regarding the meeting please contact Katherine Garrison at [kgarriso@arb.ca.gov](mailto:kgarriso@arb.ca.gov) or (916) 322-1522. If you have meeting location questions or need direction to the meeting location please visit the host website <http://www.aqmd.gov/contact> or call Penny Shaw Cedillo at (909) 396-3179.

Special Accommodations: If you require a special accommodation or need this document in an alternate format (e.g., Braille, large print) or another language, please contact Katherine Garrison at [kgarriso@arb.ca.gov](mailto:kgarriso@arb.ca.gov) or (916) 322-1522 as soon as possible before the meeting. TTY/TDD/Speech to Speech users may dial 711 for California Relay Service.

Si necesita acomodación especial, o si necesita este documento en un formato alternativo (por ejemplo, sistema Braille, o en impresión grande) u otro idioma, por favor llame a SRA. Adriana Smith (916) 323-5450 o [asmith@arb.ca.gov](mailto:asmith@arb.ca.gov) tan pronto como sea posible antes de la reunión prevista. Para el Servicio Telefónico de California para Personas con Problemas Auditivos, o de teléfonos TDD pueden marcar al 711.

Sincerely,

/s/

Erik White, Chief  
Mobile Source Control Division

cc: Katherine Garrison  
Air Resources Engineer  
Mobile Source Control Division

Adriana Smith  
Air Pollution Specialist  
Mobile Source Control Division

Penny Shaw Cedillo  
Executive Secretary  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, California 91765

# Incentive Programs Advisory Group Meeting

October 9, 2014

Time: 11AM – 2:30PM

**Location: South Coast Air Quality Management District**

**21865 Copley Drive**

**Diamond Bar, California**

**Auditorium**

## Agenda

- |  |               |
|--|---------------|
| <b>1. Introductions</b>  | <b>15 min</b> |
| <b>2. Summary of June IPAG Meeting</b>                           | <b>25 min</b> |
| – Carl Moyer & AB 923 Programs                                   |               |
| – Building on Moyer’s Success                                    |               |
| <b>3. Carl Moyer Program Focus Group Discussions</b>             | <b>60 min</b> |
| – Leverage Funds   |               |
| – Expand Project Categories                                      |               |
| <b>4. Break</b>  | <b>30 min</b> |
| <b>5. Carl Moyer Program Focus Group Discussions (continued)</b> | <b>60 min</b> |
| – <i>Address GHG</i>   |               |
| – <i>Adjust Cost-Effectiveness</i>                               |               |
| <b>6. Timeline</b>   | <b>10 min</b> |
| <b>7. Wrap Up &amp; Next Steps</b>                               | <b>10 min</b> |

**Incentive Programs Advisory Group Meeting**  
**October 9, 2014**  
**Incentive Programs Updates**

**Carl Moyer Program**

(866) 6-diesel (634-3735) or [8666diesel@arb.ca.gov](mailto:8666diesel@arb.ca.gov)

*Background:* The Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) provides grant funding for cleaner-than-required engines and equipment. Grants are administered by local air districts to deploy projects throughout the state. About \$60 million per year are awarded on cleaner on-road, off-road, marine, locomotive, lawn & garden, light duty passenger vehicles being scrapped and agricultural equipment. These projects receive surplus emission reductions beyond any rule or regulation achieving critical smog-forming (NOx and ROG) and toxic pollutants (PM) emission reductions which help California to meet its clean air commitments. ARB works collaboratively with the districts and other stakeholders to set Guidelines and ensure the Carl Moyer Program reduces pollution and provides cleaner air for Californians.

*Update:* Contact [local air districts](#) for funding information.

**Proposition 1B: Goods Movement Emissions Reduction Program**

(916) 44-GOODS (444-6637) or [gmbond@arb.ca.gov](mailto:gmbond@arb.ca.gov)

*Background:* The \$1 billion Proposition 1B: Goods Movement Emission Reduction Program (Program) is a partnership between the State Air Resources Board (ARB) and local agencies (such as air districts and seaports) to quickly reduce air pollution emissions and health risk from freight movement along [California's trade corridors \(map\)](#). Local agencies apply to ARB for funding, then those agencies offer financial incentives to owners of equipment used in freight movement to upgrade to cleaner technologies. Projects funded under this Program must achieve early or extra emission reductions not otherwise required by law or regulation. To date, ARB has awarded \$718 million to 9 local agencies over multiple fiscal years.

*Update:* The Prop 1B Program held two solicitations during the second half of 2013 (Solicitation 1: August 26 – October 10, 2013; Solicitation 2: October 11 – December 12, 2013) for approximately \$150 million in funding. A majority of the truck projects selected for funding are expected to be on the road by the end of 2014. Approximately \$240 million in the Prop 1B Program still remains. Program staff anticipates holding new solicitations midway through 2015.

**Lower-Emission School Bus Program**

[Lisa Jennings](#) (916) 322-6913

*Background:* ARB's Lower-Emission School Bus Program primary goal is to reduce school children's exposure to both cancer-causing and smog-forming pollution. The program provides grant funding for new, safer school buses and funds air pollution control equipment (i.e., retrofit devices) on buses that are already on the road.

*Update:* Roughly \$1.9 million has been secured for fiscal year 2013/14 and an additional \$420,000 will be available for fiscal year 2014/15. San Joaquin Valley Air Pollution Control District has been working hard to expend these funds on school buses operating in small and medium air districts throughout the state. ARB is seeking additional LESBP funds and will continue to work with CAPCOA and the air districts to find new funding opportunities including pursuing Supplemental Environmental Program (SEP) funds from enforcement actions to clean-up school bus fleets. Local air districts may also use local funds to complete school bus projects.

### **Enhanced Fleet Modernization Program**

BAR's Program Hotline: (866) 272-9642

*Background:* The Enhanced Fleet Modernization Program (EFMP) is a voluntary accelerated vehicle retirement program which provides monetary incentives to vehicle owners to retire older, more polluting vehicles. The program reduces emissions by accelerating the turnover and subsequent replacement of the existing light duty fleet with newer, cleaner vehicles. A one-dollar surcharge on motor vehicle registration provides approximately \$30 million annually for EFMP.

*Update:* On June 26, 2014, the California Air Resources Board approved amendments to the program that will focus on low-income participants, improving program participation, and ensuring that retired vehicles are functional, the last of which will enhance the emissions benefits of the program.

### **Air Quality Improvement Program & Low Carbon Transportation Investments**

Stella Ling-Taylor (916) 322-6369

*Background:* The Air Quality Improvement Program (AQIP) is designed to support development and commercialization of advanced technologies that are necessary to meet California's air quality and climate goals. Established through the Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (AB 118) the program focuses on reducing criteria pollutant and diesel particulate pollution with concurrent reductions in greenhouse gas (GHG) emissions. AQIP allocates between \$20 and \$30 million a year to the demonstration and deployment of advanced technologies and to provide financing for small trucking businesses that must replace their older, dirtier fleet with newer, cleaner trucks. In fiscal year 2014-15, the State Budget approved \$200 million from the State's share of auction proceeds under ARB's Cap-and-Trade program for Low Carbon Transportation projects that reduce GHG emissions primarily in disadvantaged communities. This funding has been combined with AQIP to further support deployment, pilot, and demonstration incentives for advanced technologies.

*Update:* Workgroup meetings and workshops are currently being scheduled for the October-December 2014 timeframe.

## Carl Moyer & AB 923 Programs



## Overview

- Background
- AB 8
- CAPCOA & ARB collaboration
- Stakeholder engagement

## Carl Moyer Program

- Partnership between ARB and local air districts
- Specific emissions reductions requirements
  - Early or surplus to regulation
  - Cost-effectiveness limit of \$17,720 per ton
- Air districts retain project funding discretion
- Continually updated to meet air districts needs
- Current annual funding
  - \$69 million in State funding
  - \$12 million in local air district match

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## AB 923 Program

- Local funding program
  - Air districts retain project funding discretion
- Limited to specific project types
  - Carl Moyer
  - Lower Emission School Bus
  - Agricultural assistance
  - Light-duty vehicle retirement
- About \$50 million in annual funding

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## Moyer Program Benefits

- Approximately 150,000 tons of ozone precursors, and 6,300 tons of particulate matter reduced over the life of the program.



## AB 8

- Reauthorized Carl Moyer and AB 923 Programs through 2023
- Received broad stakeholder support
- Includes requirement for ARB and Air Districts to evaluate Carl Moyer Program policies and goals

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## Joint AB 8 Evaluation

- Joint partnership between ARB/CAPCOA/air districts
  - Developed incentive program portfolio
  - Established common guiding principles
  - Identified areas of program improvement
    - Guideline
    - Legislative
  - Engaged stakeholders
  - Completed Carl Moyer Program Guideline changes
  - Developed concepts for legislative program enhancements

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**Air  
Districts**

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## Program Evaluation Elements

- Retain ability to meet local priorities
- Improve ability to support near- and long-term goals
- Identify needed program changes
  - Near-term program changes
  - Long-term program enhancements

## Air Agencies Guiding Principles

- Initiated Memorandum of Agreement
- Each incentive program will...
  - Have a clearly defined role within the portfolio
  - Complement other state and local incentive programs
  - Provide coordinated and streamlined progress towards improving air quality
- Include metrics in each program, if not already specified, to gauge success
- Allow for new incentive models to be included

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## Stakeholder Engagement

- **Spring/Summer**
  - Carl Moyer Program Guidelines updates
  - June IPAG public meeting
  - July ARB Board Hearing: AB 8 Moyer Evaluation
- **Fall**
  - Today's IPAG public meeting
  - Develop program enhancement recommendations
- **Winter**
  - ARB Board Hearing: Update on Moyer Evaluation

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# Building on Moyer's Success

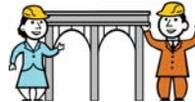
Incentive Programs Advisory Group  
October 9, 2014



## Laying the Foundation

Overarching themes from June IPAG discussions

- Moyer is successful criteria pollutant and toxic reduction program
- Moyer could expand to do more
- Provide foundation to anchor and support this effort



## Four Pillars

- Leverage Funds
- Expand Project Categories
- Address Green House Gases
- Adjust Cost-Effectiveness



## Leverage Funds

- Leveraging funding provides greater opportunity for emission reductions
- Statute language could allow leveraging, with any restrictions contained in the Program Guidelines
- Public process to craft Program Guidelines
- No double counting of emission benefits
- No penalizing public agencies for using public funds as match
- Keep equipment owner buy-in (~15% project cost)

## Expand Project Categories

- Opportunity for achieving additional emission reductions from new projects
- Statute could be broad to allow:
  - New project categories, as needed
  - Specifics to be developed in the Guidelines
- Include projects that have shorter surplus times
- Include projects that advance technology for greater long-term benefits

## Address Green House Gases (GHG)

- Projects that achieve GHG co-benefit reductions will be encouraged, not required
  - Local air districts will have option to pursue projects with GHG co-benefits
  - Specific methodology to be developed in the Guidelines
- Keep the Moyer program focused as a criteria and toxic reduction program
  - Keep GHG out of the Moyer cost-effectiveness calculation

## Cost-Effectiveness (C/E)

- Project emission reductions have become much smaller with our current regulatory landscape
- Retain C/E as a benchmark for project eligibility
- Raise the current dollars per ton C/E limit
- Consider different C/E limit for advanced technology/demonstration projects that achieve significant GHG reductions

## Building on the Pillars

- Statutory changes will be necessary to allow the Moyer Program to build upon these four pillars
- Guidelines changes will be needed to implement these four pillars



# Guideposts for Discussions

- Maximize statewide deployment of cleaner technology
- Leonardo da Vinci principle “Simplicity is the ultimate sophistication”
- Allow flexibility in Statute for methodology to be detailed in the Guidelines
- Encourage voluntary transition to advanced technologies

# Timeline

- **Past**

- June 11, 2014: IPAG public meeting
- July 24, 2014: ARB Board Hearing
  - Update on AB 8 Carl Moyer Program Evaluation

- **Current**

- Develop legislative concepts
- Stakeholder engagement
- October 9, 2014: IPAG public meeting

- **Future**

- December 1, 2014: 2015-16 Legislature session starts
- December 11, 2014: ARB Board Hearing
  - Report on the Carl Moyer Program Enhancements