Preserve the Health Protection Provided by the CARB Off-Road Diesel Regulation

Requests from Health, Science and Environmental Groups
General Concern Over Rollbacks

- Many Health, Science and Environmental Groups opposed the changes and rollbacks to the Off-Road regulation through the budget process, as the critical health protections and air quality benefits of the rule were significantly eroded.
- The changes undermine some emission reductions from this rule, putting our state SIP at risk.
- The Off-Road rule was adopted after a 2 year public process with significant stakeholder outreach; large policy changes to such a complex rule do not belong as part of the mainly closed-door budget process.
- However, these changes are now the law. We want to work with stakeholders to make up the lost health protections and emission reductions.
California Needs Health Protections from Deadly Diesel Exhaust

- California has 5 of the 10 smoggiest cities in the U.S. - residents are paying the price with their health.

- Diesel pollution contains fine PM and smog-forming NOx; numerous studies have documented a range of adverse health impacts:
  - increased risk for respiratory and cardiovascular illnesses, including asthma and heart attacks;
  - stunted lung growth in children,
  - adverse birth outcomes,
  - more frequent emergency room visits,
  - increased cancer risk and
  - higher mortality rates.

- The Off-Road Rule, as adopted by CARB in July 2007 would prevent 4,000 premature deaths and thousands of illnesses, saving Californians $26 billion in health costs.
Who Says Diesel is Deadly?


And Dozens More.
Recent Legislative Changes to the Off-Road Rule

• Proposed Changes:
  – Credits for reduced fleet size
  – Credits for reduced fleet HP/ Early retirements

• Who Benefits? Large Fleets Appear to Benefit most from these changes

• Significant loss of health benefits & emission reductions
  – 260 Fewer Premature Deaths Prevented
  – 17% Loss of Reductions Needed to Comply with Federal Air Quality Standards (through the SIP) → Financial Penalties; risk losing federal transportation $ for construction.
Add 3 Safeguards to New Provisions

• Focus new provisions on companies disproportionately impacted
  – Avoid over-awarding activity credit if activity increases
  – Avoid over-awarding retirement credit for fleets if they increase in size
  – Set up minimum annual retrofit and turnover requirements, independent of new credits
Increased Activity: Revoking Credits

• If credit is awarded for reduced activity, and activity resumes, credits are adjusted to reflect actual vehicle use.

**Example**

– 10,000 HP fleet reduces activity by 20%, receives 2,000 HP credit to PM and NOx
– Activity goes back up 10% → fleet loses 1,000 HP credit

Would only apply to firms who have resumed activity.
Increased Fleet Size: Revoking Credits

- If credit is awarded for vehicle retirement, and the fleet size later increases, credits are adjusted to reflect vehicles added
  - 10,000 HP fleet retires 2,000 HP → receives 2,000 HP credit to PM and NOx
  - Fleet adds 1,000 HP
    - The fleet loses 1,000 HP credit, and/or
    - The fleet must add the cleanest engines possible

Would only apply to fleets which increase their total horsepower.
Equity & Accountability

- Not proposing any loss of credit to those fleets that continue to be affected by the recession
- Need to prevent emissions increase if federal stimulus or other funding causes a spike in construction activity and diesel emissions
- Recommendations maintain the spirit of the legislative amendments while preventing misuse of credits by fleets that are prospering.
Require Minimum Annual Retrofitting

• For fleets using reduced activity credit, new early retirement credit, or delayed compliance in 2011 & 2012
• Example: 10% minimum annual retrofit requirement
• Pros
  – Would provide health benefits in the near-term, when communities need them most, as well as health protections for equipment operators.
  – Allows fleets to learn how to install and maintain retrofits with a small number of retrofits before more are required
  – Only requires half as much as adopted regulation, but will broaden the retrofit market
Require Minimum Annual Turnover

• Even for fleets that utilize the new additional credit for reduced activity and retirement

• Example: 4% minimum annual turnover requirement; perhaps more if the economy rebounds quickly.

• Could make up some of SIP shortfall in 2014
Diesel Clean Up Creates Green Jobs

- Diesel Clean-up Measures stimulate CA economy by creating green tech jobs in manufacturing, sales, installation of control technologies, and maintenance of controls (in addition to reduced health costs).

- Example: Emission controls, a multi-billion dollar industry, employing 65,000.
  - This industry may face layoffs as un-sold controls pile up at warehouses.

- In CA, 100,000 retrofits could create 14,000 to 33,000 jobs.
Unprecedented Amount of Funding Available for Diesel Clean Up

• $300 million through Diesel Emissions Reduction Program under the American Recovery and Reinvestment Act of 2009.
  – Funds will flow quickly
  – Off-road equipment will be covered

• Nearly $500 million in other funds are available for diesel clean up each year in CA (Moyer, AB 118, SEPs, air district programs)
How Can We Make Up the Lost Health Protections?

• Some construction companies have been hit hard by the recession; the purpose of the legislative changes are to ease that burden, but not at the expense of necessary pollution reductions & health protections, some of which may now be lost from the original rule.

• We must preserve all of the health protections and emission reductions in the original rule and in the SIP.

• Can the Off-road sector make up the emission reductions lost through these legislative changes?
  – Clean Equipment requirements for stimulus and state bond funded projects
  – Clean Equipment requirements near sensitive sites

• Note: Failure to comply with federal Air Quality rules in 2014 could trigger sanctions that would block federal transportation $, which hurts the construction industry.