

Public Workshop

ZEV Incentives for Fleets

Staff Presentation

January 10, 20

CALIFORNIA AIR RESOURCES BOARD

Workshop Goals

Inform Public About New ZEV Incentive Program for Fleets

Solicit Input Prior to Development of Program Requirements by ARB Staff

Provide an Open Comment Period at End of Workshop on Expansion of Current ZEV Grant Program

Workshop Format

Background (ARB Staff Presentation)

Discussion Topics

- ARB Staff Introduction to Each Topic
- Open Discussion/Comment

Open Comment Period



Discussion Topics

Program Goals

Who Qualifies?

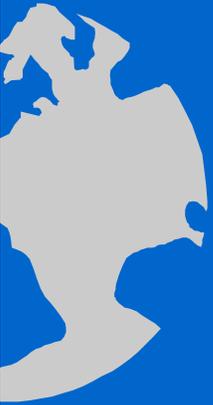
What type of ZEVs are eligible for projects?

What are the project ranking criteria?

How is the program administered?



Background



Why ZEVs?

ZEVs are a critical element of California's plan to achieve health based air quality standards

Zero tail-pipe emissions for the vehicle life

- no deterioration

No emissions from petroleum refining and retailing

Replace vehicles that contribute to community exposure to ozone, PM, and toxic pollutants

Assist with reductions of global warming gases

What type of ZEVs are on the Road Today?

Some examples of battery EVs on the road today



Why Do We Need Incentives?

Incentives help promote new technologies that will benefit society

ZEVs currently cost more than conventional vehicles

Incentives enhance marketability and support market development

Incentives assist with the purchase or lease of ZEVs that will provide important benefits to communities

ZEV Incentive Programs

- **Current:** \$9,000 grant available statewide for each qualified ZEV leased or purchased prior to December 31, 2002
- **Expansion:** Current statewide grant program will be expanded through June 2004 (grant maximum of \$5000 in 2003/4)
- **New: ZEV Fleet Program** targeted for areas impacted by poor air quality (up to \$11,000/ZEV in 2002 through June 2004)

ZEV Fleet Incentive Program

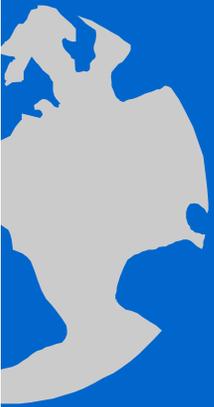
**\$10 million in funding provided in 2001/2
State Budget**

**ARB directed to develop and implement
program**

**ARB (Board) is scheduled to consider
staff's proposed Guidelines in
February/March 2002**

Program Goals

**Staff Introduction
Discussion**



Legislative Direction

- Implement ZEV grant program for fleets operating in nonattainment areas
- \$10 million appropriated/up to \$11,000/vehicle
- Award grants through a competitive bid process
- Give preference to communities impacted by poor air quality, including low income communities & communities of color

Environmental Justice Policy

State law defines **Environmental Justice** as
*“the fair treatment of people of all
races, cultures, and incomes with
respect to the development,
adoption, implementation, and
enforcement of environmental laws
regulations and policies”*

ARB Environmental Justice Policy

Broad ranging Environmental Justice policies adopted by ARB in Dec 2001

Commit to integrate Environmental Justice into all of ARB programs

Implementation coordinated with California's 35 air districts

ZEV and other incentive programs are an important part of our Environmental Justice program implementation

Proposed Program Goals

Implement an incentive program for ZEVs for fleets that operate in the geographical areas of the State with the worst air quality

Promote the deployment of ZEVs in communities with poor air quality, especially low income & communities of color

Encourage projects that showcase ZEV technology to communities, or include education on the benefits of ZEV technology

Promote full function ZEVs or ZEVs with full function characteristics

Who Qualifies for Funding?

- Staff Introduction
- Discussion

Legislative Requirements

Must be a fleet (fleet not yet defined)

Must operate in nonattainment area

Provide grants in areas of California with worst air quality

Priority to be given to those fleets that will use vehicles *“primarily in communities that are disproportionately impacted by poor air quality, including low income communities and communities of color”*

What is a Fleet?

- No commonly accepted definition
- Fleet definition is important for identifying who can apply for funding
- Any Entity that owns or leases vehicles for the purposes of carrying out business?
- An Entity that operates or controls a specified number of vehicles (2, 10, 20, 100)?
- An Entity that will centrally manage a specified number of vehicles in a project

Examples of Fleets

- Utility companies (meter reading)
- Public agencies (Federal, State, Local)
- Security/Maintenance operations
- Transportation (shuttles)
- Delivery (Post Office, UPS, and other package/mail delivery companies)
- Rental car companies

Staff supports a broad definition of fleet to encourage small business/community organizations to participate in program

Environmental Justice Criteria

Environmental justice criteria is critical to ensuring that funding is allocated to a diverse cross section of communities

Challenging to develop criteria that works for all areas of State

South Coast is proposing to use a criteria that 10% or more residents must be below the federal poverty level (Carl Moyer)

Some air districts have done mapping that overlays toxic air contaminant, income, and ethnicity data



Environmental Justice Criteria

Air quality factors

- Severity of nonattainment status/nonattainment for multiple pollutants
- Diesel PM & other toxic air contaminants

Industrial sources (density of specific types of industrial sources within communities)

Economic factors (employment/income data, poverty level, other information)

Eligibility: Staff Proposal

Broad definition of fleet 2 or more ZEVs placed in a project by private, public, non-profit or community organization

Minimum requirement for fleet to be located in federal nonattainment area for ozone, PM, or carbon monoxide

Environmental Justice Criteria Rely on Air District criteria or allow applicants to use different criteria, with appropriate documentation

Who Qualifies for Funding?

Staff is soliciting comments on

- Proposed requirement for nonattainment area
- Definition of “fleet”
- Relying on Air Districts to identify target areas or develop environmental justice criteria
- Allowing applicants the flexibility to use different criteria for environmental justice, and provide documentation as part of the project proposal

What kind of ZEVs are eligible for grants?

- Staff Introduction
- Discussion

Vehicle Eligibility

- **Focus on vehicles best suited to fleet uses/applications**
- **All vehicles should be fully supported during project period by warranty and/or auto manufacturer participation**
- **Because focus is on fleets, vehicle eligibility can be different than ZEV Grant Program**

Full-Function ZEVS

Description

- Applicable Federal Motor Vehicle Safety Standards (FMVSS)
- Capable of operation on freeways
- Passenger cars, light-duty trucks and specialty/fleet versions

Staff proposes that these vehicles be given the highest ranking or weight

Maximum Grant amount of \$11,000



Urban Vehicles



- **Description**
 - **Applicable FMVSS**
 - **Automaker may have placed restrictions on operation on freeways**
- **Staff proposes that these vehicles be given second highest priority because they have more limited applications than full function EVs**
- **Maximum Grant amount of \$7,000**

neighborhood EVs



Description

- Applicable FMVSS and California Vehicle Code (C.V.C.) requirements for low speed vehicles
- Top speed limited to 25 mph

Limited fleet applications (low speed applications only)

To qualify for grants, vehicles cannot receive both incentives & regulatory credits

Maximum Grant of \$1,000-2,000. Must be licensed as on-road vehicle. Additional documentation if non-road uses are proposed

Zero Emission Motorcycles (ZEMs)



Description

- Three-wheeled and fully enclosed zero emission vehicles
- Single passenger vehicles. Used in some fleet applications, but primarily used as commuter vehicles

Need for incentives is more limited due to their lower production/purchase price

Maximum grant of \$4,000 if included in program. If included, document business use of vehicle (no commuting/residential use)

What ZEVs should be Eligible?

Staff is soliciting comments on type of ZEVs that are included in program

Staff is soliciting comments on maximum grant levels for each type of ZEV

Staff is soliciting comments on any specific vehicle requirements/limitations that should be included in program

What Are the Project Requirements?

- Staff Introduction
- Discussion

Competitive Bid Process

Budget language specifies that ARB is to award grants through a “*competitive process*”

No current competitive bid process in place for ZEV grants--”first come/first serve”

Goals:

- Objectively evaluate and rank all projects that meet minimum requirements
- Develop criteria to identify projects that have the highest potential to meet program goals while keeping application process simple

Examples of Competitive Processes

Carl Moyer Projects ranked by Air Districts

- High Priority criteria varies by region
- Large Districts will now develop criteria so they can allocate 50% of grants to Environmental Justice areas

ARB Research Projects are funded through an RFP Process

- RFP issued by ARB to mailing list of interested parties as well as public notice of availability
- ARB staff evaluates and ranks projects against RFP criteria
- Rankings are reviewed by EO or Board

Proposed Project Criteria

<u>Criteria</u>	<u>Required</u>	<u>Prioritized</u>
Fleet (2 or More)	X	
Federal Non-Attainment	X	
New ZEV	X	
Environmental Justice Community	X	X
Vehicle Miles Traveled		X
Public Education		X
Program Partnerships		X
Vehicle Application (how and where used)		X



Project Proposals

Staff is considering offering two paths or contracts (Fleet or Community Projects)

Difficulty of ranking smaller projects against large fleet deployments

Application Process:

- Standard Application for all projects
- Fleet Projects must also submit additional information related to project administration

Project Proposals

Community Projects (less than 10 vehicles)

- Make it easy for community/business/local government agencies to participate
- State/Federal agencies not eligible--
- *Examples: Meals on Wheels, City government fleet car, Shuttle, delivery car for local business*

Fleet Projects

- Fleet deployments of 10 or more vehicles or
- Federal or State Agencies with projects of 2 or more vehicles
- *Examples: U.S. Post Office, ev Sacramento, car sharing programs, rental car fleets*

Additional Information: Fleet Project

- **Project Management**
 - Ability to manage project
 - Any contracts or agreements needed to implement project (sub-leases, MOAs, etc)?
 - Funding for entire project identified and committed?
 - Reporting Requirements

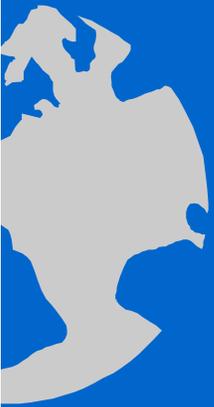
Project Requirements

Comments are requested on what should be included in project requirements

Comments are requested on concept of offering two paths or options (Community or Fleet projects) for project proposals



Program Administration



Project Solicitation Process

- Solicitation process critical to success of program
- Clearly communicate grant submittal process, requirements, and timeframes
- Work with Stakeholders to outreach to target communities
- Develop comprehensive outreach plan, including multiple pre-solicitation workshops
 - Ask Air Districts to jointly sponsor workshops

Grant Review & Allocation

Pre-Solicitation Period

- Workshops with Air Districts

Grant solicitation period begins

- 60-90 day application period

Applications evaluated & ranked by ARB

- Ask Air Districts to assist in evaluation

Grant allocation process

- Selected applicants notified and “funds locked in” for 90 days
- Payments to project upon submittal of documentation (lease commitments, other)



Staff Proposal

• First Solicitation: 2002

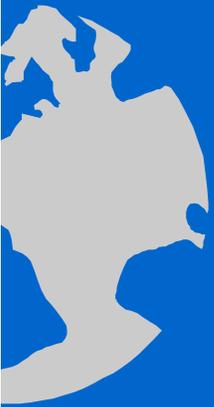
- Each project proposal with qualifying full function ZEV eligible for \$9,000 grant (current grant funds)
- Approved projects with full function ZEVs receive \$11,000 (augmentation up to \$20,000 for exceptional projects possible)
- Up to 50% of program funded allocated; remaining funding set aside for 2003/4
- Evaluate program implementation prior to beginning project solicitations in 2003

Program Administration

Comments solicited on

- Grant solicitation process, including pre-solicitation workshops
- Project review and grant allocation process
- Number of project solicitations (one or two)

Conclusion



Summary

Contact ARB staff to provide additional input or arrange meetings

Proposed Guidelines available by end of January 2002

Proposed Guidelines that cover both fleet and ZEV Grant Program to be considered by Board in February/March 2002

Proposed Schedule

Finalize Guidelines by April 1, 2002

Pre-Solicitation Workshops with Air Districts May 2002 - July 2002

First Solicitation July-September 2002

Award Grants October 2002

Second Solicitation in 2003

Open Discussion

Fleet Incentive Program
ZEV Grant Program

ARB Staff Contacts

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