

## CALIFORNIA AIR RESOURCES BOARD

### NOTICE OF PUBLIC MEETING TO CONSIDER REVISIONS TO THE CARL MOYER INCENTIVE PROGRAM GUIDELINES AND TO ESTABLISH THE AGRICULTURAL ASSISTANCE PROGRAM

The California Air Resources Board (Board or ARB) will conduct a public meeting at the time and place noted below to consider revisions to existing guidelines for the Carl Moyer Incentive Program and to establish the Agricultural Assistance Program, in response to new legislation.

DATE: November 17, 2005

TIME: 9:00 a.m.

PLACE: California Air Resources Board  
1001 I Street  
Sacramento, California 95814

This item will be considered at a two-day meeting of the Board, which will commence at 9:00 a.m., Thursday, November 17, 2005, and may continue at 8:30 a.m., November 18, 2005. This item may not be considered until November 18, 2005. Please consult the agenda for the meeting, which will be available at least 10 days before November 17, 2005, to determine when this item will be considered.

If you have a disability-related accommodation need, please go to <http://www.arb.ca.gov/html/ada/ada.htm> for assistance or contact the ADA Coordinator at (916) 323-4916. If you are a person who needs assistance in a language other than English, please contact the Bilingual Coordinator at (916) 324-5049. TTY/TDD/Speech-to-Speech users may dial 7-1-1 for the California Relay Service.

#### **Background:**

The Carl Moyer Incentive Program funds voluntary projects to reduce emissions. It is a vital part of California's attainment strategy and assists California in meeting its legal obligations under the federally required State Implementation Plan. Under this program, local air districts disburse funds to grant applicants to cover the incremental cost of lower-emission vehicles, engines, and equipment. The Carl Moyer Program was established in 1999 by sections 44275 through 44299.1 of the California Health and Safety Code (HSC).

The Carl Moyer Program is implemented through guidelines adopted by the ARB. The Board last revised the Carl Moyer Program guidelines in April 2003. New legislation and practical experience in implementing the Carl Moyer Program has made it necessary to revise the existing guidelines. The proposed revisions will affect projects funded in the 2005/06 and later fiscal years.

### **New Legislation**

Assembly Bill 923 (Firebaugh), signed into law last year, substantially amends the Carl Moyer Program. It broadens the categories of emission sources eligible to receive funding and expressly directs ARB to incorporate agricultural sources and vehicle scrappage. It also modifies the program to include reactive organic gases (ROG) and particulate matter (PM) in addition to nitrogen oxides (NOx). Finally, it requires the ARB to update its existing guidelines in response to these changes. Assembly Bill 1394 (Levine) directs the ARB to include heavy-duty fleet modernization projects in Carl Moyer that reduce NOx and/or PM through the replacement of old trucks.

### **New Funding:**

During its first six years, the Carl Moyer Program provided \$154 million to reduce emissions from approximately 7,000 diesel engines. A total of 18 tons per day of NOx were achieved during this period at a highly favorable cost-effectiveness of \$3,000 per ton. In addition, emissions of toxic PM were reduced by one ton per day.

Legislative and budget actions last year increased Carl Moyer funding up to a maximum of \$140 million per year for the next ten years. AB 923 provides \$25 million in funding from tire fees to mitigate the air pollution caused by tire wear. AB 923 also authorizes air districts to increase their existing motor vehicle registration fee surcharges up to two dollars per vehicle, providing up to \$55 million for four specified purposes: Carl Moyer grants, new school buses, accelerated vehicle retirement or repair, and incentives for previously unregulated agricultural sources. Finally, the state budget adjusted Smog Check fees to provide another \$61 million for Carl Moyer and other incentive programs.

### **Proposed Revisions:**

ARB staff is proposing several programmatic and administrative changes to the existing Carl Moyer guidelines. These changes address new and forthcoming regulations; update emission factors; and reflect new legislative direction per AB 923 and AB 1394. The following sections describe the major revisions. ARB staff held several public workshops between November 2004 and August 2005 on the proposed changes. Staff also worked closely with the air districts. The proposed Carl Moyer guidelines are exempt from the Administrative Procedure Act and instead are subject to specific adoption procedures specified in statute. Section 44287(a) of the HSC directs ARB staff to allow the public 45 days to comment on any proposed revisions to the Carl Moyer Program. The staff's proposed revisions were made available to the public on September 30, 2005, opening the required 45-day public comment period.

**Cost Effectiveness.** AB 923 requires the ARB to establish cost-effectiveness limits for funded projects and to develop appropriate adjustment factors for ROG and PM. Previously, cost-effectiveness was based on NOx only. Accordingly, ARB staff is proposing a new cost-effectiveness calculation to account for NOx, ROG, and PM. Staff also proposes that PM-only and ROG-only projects be allowed. Staff is proposing weighting factors for NOx, ROG and PM based on the relative cost of reducing each pollutant. The weighting factors will enable ARB and districts to compare the relative effectiveness of individual projects across different air pollutants. Finally, to adjust for inflation, staff proposes that the cost-effectiveness limit be adjusted from \$13,600 per ton of NOx reduced to \$14,300 per ton of NOx plus ROG plus the appropriately weighted amount of combustion PM reduced.

**Fleet Modernization.** AB 1394 expanded the Carl Moyer Program to account for the benefits of replacing a heavy-duty vehicle with a newer, cleaner model (new HSC section 44297). This is intended to make more alternative fuel and electric technologies eligible for funding. ARB staff is proposing specific project criteria and procedures for the fleet modernization program.

**Agricultural Sources.** AB 923 extends coverage of the Carl Moyer Program to include previously unregulated stationary and area agricultural sources as defined in HSC section 39011.5. In response, ARB staff is proposing new protocols for agricultural internal combustion engines. Staff also is proposing that the Board direct the Executive Officer to develop and approve project criteria for non-engine agricultural sources when technology is available to ensure the emission reductions are surplus, real, quantifiable and enforceable.

**Agricultural Assistance Program.** As noted above, AB 923 authorizes local districts to increase their motor vehicle fee surcharges. One allowable use of these funds is the purchase, retrofit, repower, or add-on for previously unregulated agricultural sources of air pollution. ARB staff is proposing that this program be called the Agricultural Assistance Program and is proposing new guidance to address these funds. AB 923 requires that Agricultural Assistance Program projects follow the Carl Moyer Guidelines with one significant exception: emission reductions do not have to be surplus. Agricultural Assistance Program projects are eligible for funding for at least three years from adoption of an applicable rule or standard, or until the compliance date of that rule or standard, whichever is later (HSC section 41081 and section 44229).

**Light-Duty Vehicles.** AB 923 added light-duty vehicle scrappage or repair to the Carl Moyer Program (HSC section 44281(a) (5)). Accordingly, staff is proposing revisions to address voluntary accelerated vehicle retirement. ARB staff also proposes that the Board authorize the South Coast Air Quality Management District program to evaluate a remote sensing program to detect gross-polluting vehicles. Staff will continue to assess whether and how to incorporate voluntary vehicle repair and other light-duty vehicle projects before the next scheduled Guideline revision.

**Administration.** To ensure the best use of public funds and continued public confidence, the Carl Moyer Program must have clearly defined administrative responsibilities, oversight and transparency. The proposed administrative criteria formalize existing practices and policies and establish minimum requirements for ARB and all local air districts. The proposed requirements identify ARB's responsibilities pertaining to program oversight, audits and the recapture of funds. They also identify the minimum requirements that districts must include in their local programs. The districts may establish more stringent requirements in response to local circumstances.

### **AVAILABILITY OF DOCUMENTS AND AGENCY CONTACT PERSON**

The proposed revisions to the Carl Moyer Program Guidelines will be presented by ARB staff at the Board meeting. The Agricultural Assistance Program will also be discussed, along with specific Carl Moyer criteria that will apply to those projects. Copies of the proposed revisions may be obtained from the Board's Public Information Office, 1001 I Street, Sacramento, California 95814, (916) 322-2990, at least 45 days prior to the scheduled meeting. This report will also be available electronically on the ARB's website at [www.arb.ca.gov/msprog/moyer/moyer.htm](http://www.arb.ca.gov/msprog/moyer/moyer.htm). Further inquiries regarding this matter should be directed to Mr. Robert Nguyen, Air Resources Engineer, at (916) 327-2939 or by e-mail at [rnguyen@arb.ca.gov](mailto:rnguyen@arb.ca.gov).

### **SUBMITTAL OF COMMENTS**

The public may present comments relating to this matter orally or in writing at the hearing, and in writing or by e-mail before the hearing. To be considered by the Board, written submissions not physically submitted at the hearing must be received no later than 12:00 noon, November 16, 2005, and addressed to the following:

Postal mail is to be sent to:

Clerk of the Board  
Air Resources Board  
1001 I Street, 23rd Floor  
Sacramento, California 95814

Electronic mail is to be sent to: [moyer05@listserv.arb.ca.gov](mailto:moyer05@listserv.arb.ca.gov) and received at the ARB **no later than 12:00 noon, November 16, 2005.**

Facsimile transmissions are to be transmitted to the Clerk of the Board at (916) 322-3928 and received at the ARB **no later than 12:00 noon, November 16, 2005.**

The Board requests but does not require that 30 copies of any written statement be submitted and that all written statements be filed at least 10 days prior to the hearing so that ARB staff and Board Members have time to fully consider each comment. The Board encourages members of the public to bring to the attention of staff in advance of the hearing any suggestions for modification of the proposed regulatory action.

CALIFORNIA AIR RESOURCES BOARD

Catherine Witherspoon  
Executive Officer

Date: September 28, 2005