



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105-3901

Richard Corey
Executive Officer
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

RE: EPA Insufficiency Finding for South Coast Incentive Measure (approved 86 FR 3820, January 15, 2020).

Dear Executive Officer Corey:

On January 15, 2020, the EPA approved the California Air Resources Board's (CARB) Resolution #18-3, as amended by Executive Order S-20-030 (hereafter "South Coast Incentive Measure"), into the California State Implementation Plan (SIP) pursuant to section 110 of the Clean Air Act (CAA).¹ The South Coast Incentive Measure contains commitments by the State to monitor and report on the South Coast Air Quality Management District's (SCAQMD) implementation of 1,300 on-road heavy-duty truck repower and replacement projects during the 2019-2022 timeframe under the Carl Moyer Memorial Air Quality Standards Attainment Program. The South Coast Incentive Measure also contains commitments by the State to achieve 1 ton per day (tpd) of NO_x emission reductions in the South Coast Air Basin by December 31, 2022, through implementation of these incentive projects or appropriate substitute measures. The analysis underlying the South Coast Incentive Measure estimates that 1,300 heavy-duty on-road truck replacement and repower projects from the drayage and refuse sectors would be needed in the 2019-2022 timeframe to meet the 1 tpd commitment.² Additionally, the South Coast Incentive Measure obligates CARB to submit an annual demonstration report to the EPA, beginning in March 2020 until 2023 that contains specific information about projects funded through the previous year.

¹ 86 FR 3820.

² California Air Resources Board, "South Coast On-Road Heavy-Duty Vehicle Incentive Measure," Release Date: February 16, 2018, 22, and "Additional Information for the South Coast On-Road Heavy-Duty Vehicle Incentive Measure." These documents are available at www.regulations.gov under docket ID: EPA-R09-OAR-2019-0176 (titled: "A-1. South Coast On-Road Heavy-Duty Incentive Measure – Demonstration" and "A-3. Additional Information for the South Coast Incentive Measure").

The South Coast Incentive Measure also requires CARB to adopt and submit substitute measures if the EPA determines by July 1, 2021, that the identified incentive projects are insufficient to achieve the 1 tpd NO_x tonnage commitment. Specifically, paragraph 5 of the South Coast Incentive Measure states that:

If U.S. EPA determines by July 1, 2021, that information submitted by CARB is insufficient to demonstrate that emission reductions required under Paragraph 2 will occur on schedule, [CARB will] adopt and submit to U.S. EPA, no later than September 1, 2022, substitute measures and/or rules that will achieve emission reductions addressing the shortfall as expeditiously as practicable and no later than January 1, 2023.

We appreciate your timely submittal of the first two annual demonstration reports required under this measure, i.e., the 2019 Progress Report and 2020 Progress Report.³ We have reviewed both documents and note that the 2020 Progress Report, which details projects implemented through 2020, provides baseline and new equipment information for 64 drayage and refuse truck replacement projects. These 64 projects are estimated to collectively achieve 0.06 tpd of NO_x reductions by December 31, 2022 (6% of the tonnage commitment). Of these 64 completed projects, two were implemented in calendar year 2020 and the rest (including 19 projects also identified in the 2019 Progress Report) were implemented in calendar year 2019.⁴ Thus, the information provided in CARB's submitted reports shows that only 5% of roughly 1,300 projects had been fully implemented by the end of 2020, leaving over 1,200 projects still to be completed, and more than 90% of the tonnage commitment still to be achieved by the end of 2022 to meet the commitment.

We acknowledge the unique challenges raised in 2020 by the COVID-19 global pandemic, as discussed in your 2020 Progress Report, and how these challenges have affected the trucking industry throughout California. Nonetheless, the information provided to date is insufficient to demonstrate that the 1 tpd NO_x tonnage commitment will be achieved through Carl Moyer on-road heavy-duty replacement and repower projects by December 31, 2022. Consistent with paragraph 5 of the South Coast Incentive Measure (excerpt above), this insufficiency finding by the EPA requires CARB to adopt and submit to the EPA by September 1, 2022, substitute measures that achieve NO_x emission reductions addressing the shortfall (i.e., 0.94 tpd of NO_x reductions) by January 1, 2023. These substitute measures must be new or revised prohibitory control measures that are adopted following State rulemaking procedures.⁵

We appreciate your commitment to the South Coast Incentive Measure and your work to improve air quality in the South Coast Air Basin. If you have any questions regarding this letter

³ Letter dated March 30, 2020, from Michael Benjamin, CARB, to Amy Zimpfer, EPA Region IX (transmitting "South Coast On-Road Heavy-Duty Vehicle Incentive Measure (2019 Progress Report)") and letter dated March 26, 2021, from Michael Benjamin, CARB, to Deborah Jordan, EPA, Region IX (transmitting "South Coast On-Road Heavy-Duty Vehicle Incentive Measure (2020 Progress Report)").

⁴ Id. The 2020 Progress Report also states that 152 additional projects are under contract and awaiting delivery and would achieve an additional 0.09 tpd of NO_x reductions, if implemented. 2020 Progress Report, 3.

⁵ EPA, "Response to Comments Document for the EPA's Final Action on the South Coast Incentive Measure," December 2020, 31-32 (Response #7).

please feel free to contact me at (415) 972-3183, Meredith Kurpius at (415) 947-4534, or my staff lead, Rebecca Newhouse, at (415) 972-3004.

Sincerely,

Elizabeth J. Adams
Director, Air and Radiation Division

cc (via email): Michael Benjamin, CARB
Sylvia Vanderspek, CARB
Austin Hicks, CARB