



Low Carbon Transportation Investments and Air Quality Improvement Program



Public Workshop on the Fiscal Year 2019-20 Funding Plan
March 13, 2019

Today's Agenda

- Background and policy drivers
- Governor's 2019-20 budget proposal
- Priorities for the year
- 2018-19 Funding Plan implementation status
- Three-Year Strategies
- Summary and next steps
- Open discussion

Auction Proceeds Investments for Low Carbon Transportation

- Annual budget appropriation consistent with goals in the 3-year Investment Plan
- Investment Plan:
 - Reduce greenhouse gases
 - Benefit priority populations by meeting or exceeding the AB 1550 (2016) requirements
 - Maximize health, environmental, economic co-benefits
 - Continue investments in existing programs



Policy Drivers and Guiding Documents

The collage features several key documents:

- Mobile Source Strategy** (May 2014)
- CALIFORNIA SUSTAINABLE FREIGHT ACTION PLAN**
- Low-Income Barriers Study, Part B: Overcoming Barriers to Clean Transportation Access for Low-Income Residents**
- California's 2017 Climate Change Scoping Plan**
- Cap-and-Trade Auction Proceeds Third Investment Plan: Fiscal Years 2019-20 through 2021-22** (January 2019)
- 2018 PROGRESS REPORT: California's Sustainable Communities and Climate Protection Act** (NOVEMBER 2018)
- 2016 ZEV Action Plan: An updated roadmap toward 1.5 million zero-emission vehicles on California roadways by 2025**



Complementary Funding Sources

- Volkswagen NOx Mitigation, AB 617, Moyer, and FARMER programs
 - Public processes ongoing; proposals went to Board last year
 - Primarily facilitate heavy-duty/off-road fleet turnover to cleanest commercialized technologies
 - Investment decisions coordinated across programs
- Other Federal, State, and local agency funding



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Governor's 2019-20 Low Carbon Transportation Proposal

- \$382 million to accelerate transition to low carbon passenger and freight transportation in three main categories:
 - CVRP
 - Clean Transportation Equity
 - Heavy-Duty Vehicles and Equipment
- Key investments to meet our long-term air quality and climate goals



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Low Carbon Transportation Funding



AB 1550 Disadvantaged Community Investment Requirements

- Established priority population investment requirements
 - Low Carbon Transportation targets exceed minimum
- Projects must provide direct, meaningful, and assured benefit that addresses a community or household need
- 2019-20 Funding Plan will continue to incorporate guiding provisions

AQIP

- Created by AB 118 (2007); updated and reauthorized by AB 8 (2013)
- Provides the foundation and framework for Low Carbon Transportation investments
- Annual funding plan guides investments
- Focuses on criteria pollutant and toxics projects
- Typical annual allocation about \$30 million

Governor's 2019-20 AQIP Budget Proposal

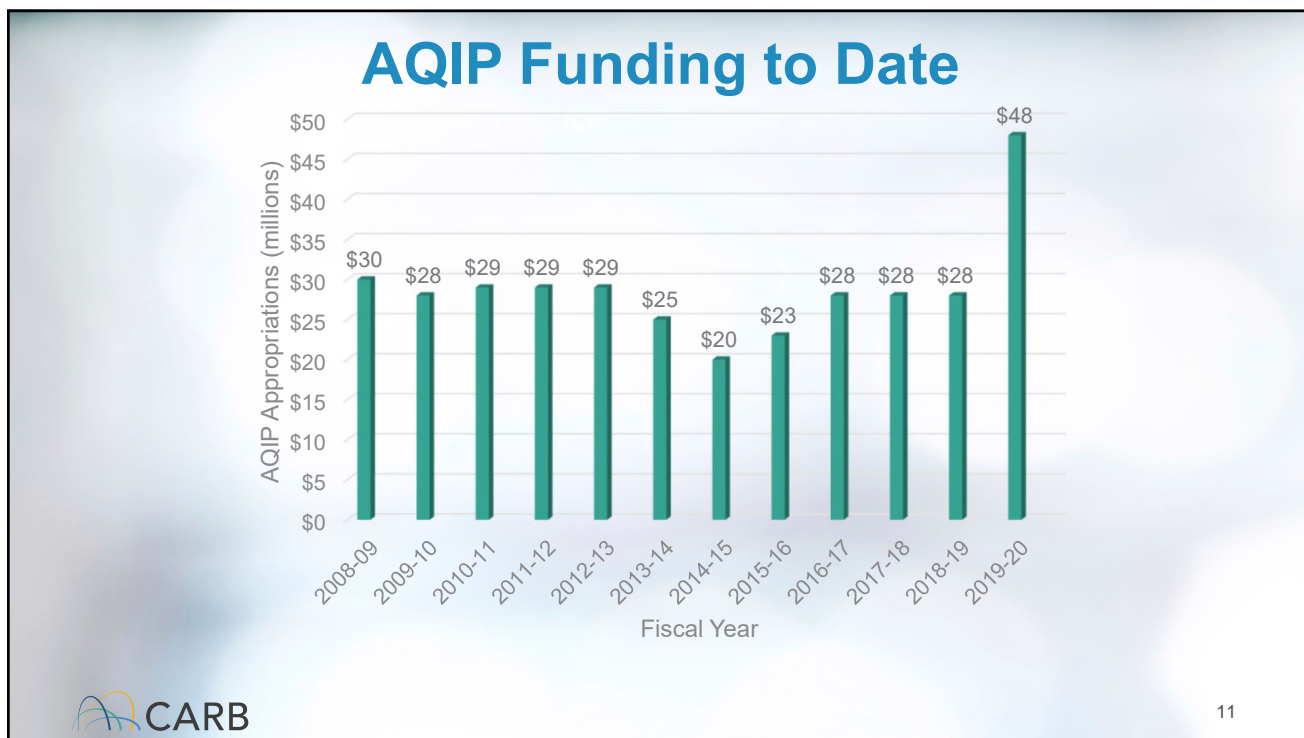
- \$48 million proposed for AQIP
 - Based on revenue projections
 - One-time infusion of additional funding
 - Higher funding level than in previous years



Governor's Budget Summary
2019-20

Gov'n Newsom, Governor
State of California

To the California Legislature
Regular Session 2019-20



Key Priorities for 2019-20 Funding Plan

- Support the State's climate change, air quality, ZEV deployment, and petroleum reduction goals
- Accelerate the transition to advanced technology low carbon freight and passenger transportation
- Increase access to and awareness of clean transportation for priority populations

SB 1275

Clean Vehicle Rebate Project



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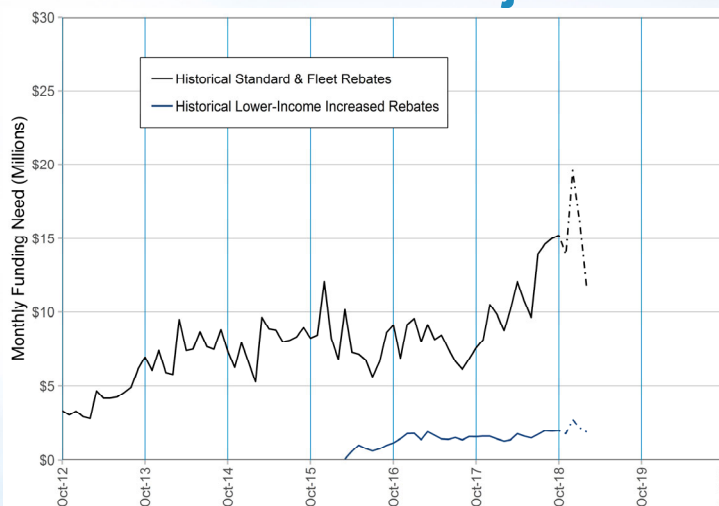
CVRP Status Update

- 278,000 rebates issued since 2010
 - 268,000 Standard Rebates
 - 10,000 Increased Rebates for low-income consumers
- 2018-19 CVRP budget
 - \$175 million for all rebate types; should last to June 2019
 - \$25 million for low-income rebates; last through Fall 2019
- Monthly application totals have doubled since July 2018
 - Now average 8,000-10,000 applications a month



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CVRP Demand Projections



Initial CVRP Options to Consider for 2019-20

- \$200 million allocation
 - \$25 Million for Increased Rebates
 - \$175 Million for Standard Rebates (will not meet forecasted demand for fiscal year)
- Considerations for 2019-20
 - Evaluate income cap, rebate levels, electric range requirement for PHEVs, and other mechanisms to align budget with demand
 - Review income eligibility process and align where possible with other clean transportation equity programs
 - Align fuel cell incentives with battery electric vehicle incentives

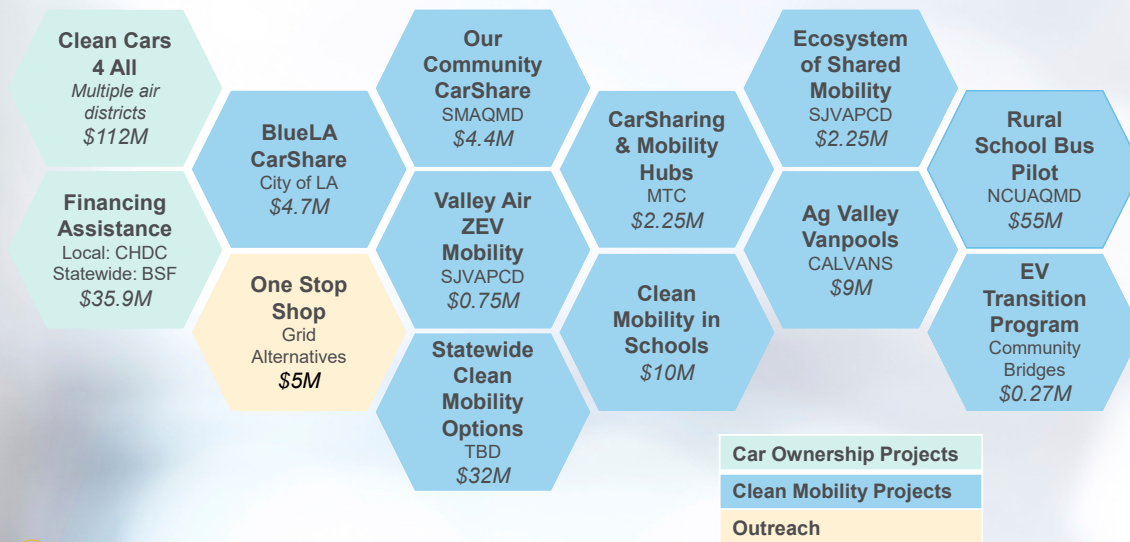
Three-Year Strategy for CVRP

- First workshop on December 4, 2018; Work group on February 19, 2019
 - CVRP demand forecast & ZEV market growth rate
 - Market and tech assessment
 - Market sustainability
 - Latest research and data analysis
- Continue providing updates on market growth indicators

SB 1275

Clean Transportation Equity Projects

Clean Transportation Equity Projects



Implementation Challenges

- Projects take time to create, develop and test prior to launch
 - Grant administration - solicitation to grant execution
 - Establishing partners, leveraging funding, developing agreements
 - Community engagement & participant outreach
 - Infrastructure siting, vehicle availability, liability and insurance
 - Must continually respond to new and changing situations

Outreach and Awareness of Clean Transportation and Mobility Options

- One-Stop-Shop
 - \$5 million awarded to GRID Alternatives
 - Statewide launch anticipated late 2019
- SB 350 Outreach Roadmap
 - Continue expanding coordination with grant administrators, local and state agencies, and priority populations

Clean Transportation Equity Project Priorities

- Increase access to clean transportation and mobility options for priority populations
- Reduce GHG emissions and improve public health through cleaner air and reduced exposure to pollution
- Support SB 350, SB 375 and AB 617 goals

Equity Project Funding for 2019-20

Project Category	Funding (millions)			
	Allocations to Date	Balance Remaining	FY 19-20 Budget Allocation	Total Funding Available
Clean Cars 4 All	\$112	\$25	\$50	\$116
Financing Assistance	\$36	\$10		
Clean Mobility Options	\$47	\$15		
Agricultural Vanpools	\$9			
Clean Mobility in Schools	\$10	\$10		
One Stop Shop	\$5			
Rural School Bus Pilot	\$55			
Funding Reserve	\$6	\$6		
Zero-Emission Assurance Program (ZAP)*				
TOTAL	\$280	\$66		



*AB 193 (Cervantes, Chapter 363, Statutes of 2018)

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Developing Three-Year Strategy for Clean Transportation Equity Investments

- Discussed at December 5 Workshop
- In better position to understand funding needs for each project – still need input from stakeholders
- Developing metrics to measure successes
- Do goals currently meet needs of low-income and disadvantaged communities?
- What changes to policies guiding investments need to occur?



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SB 1204 & AQIP

Heavy-Duty Trucks, Buses, and Off-Road Freight Equipment



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2018-19 Heavy-Duty Trucks, Buses, and Off-Road Freight Equipment Projects

2018-19 Project Category – Low Carbon Transportation/AQIP	Funding (millions)
Clean Truck and Bus Vouchers (HVIP including Low Nox Engine Incentives)	\$125
Zero- and Near Zero-Emission Freight Facilities	\$55
Truck Loan Assistance Program	\$25.6
Diesel Truck Filter Replacement Program	\$3
Total (\$180 million Low Carbon Transportation; \$28.6 million AQIP)	\$208.6



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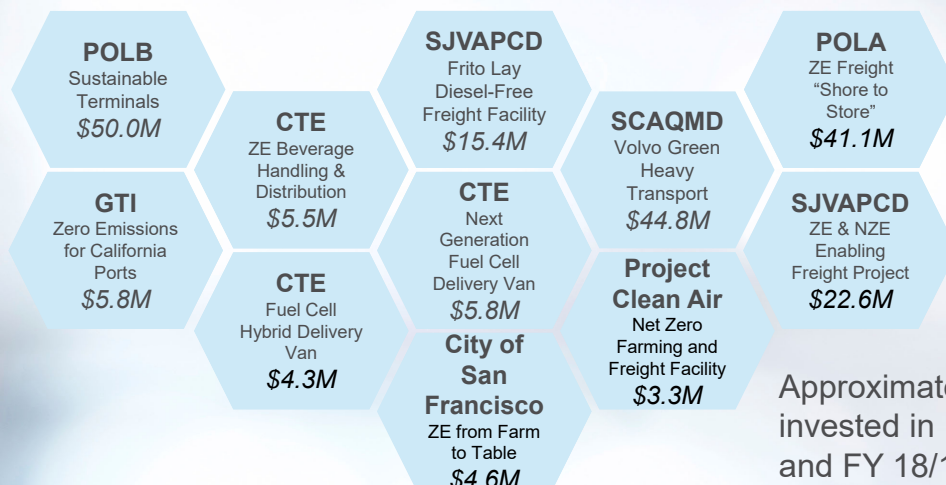
HVIP Status Update

- 5,100 vouchers issued since 2009, totaling \$285 million (as of Jan 1)
- \$90 million available (as of Feb 1)
- 1,500 Low-NOx vouchers requested totaling ~\$20 million
- About \$7.5 million still available from AQIP funding for small fleets using Low-NOx engines
- Continued growth in demand for battery-electric buses and delivery trucks and ePTOs
- 55% of GGRF-funded deployments were serving priority populations



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Zero- and Near Zero-Emission Freight Facilities Projects



Approximately \$200M invested in FY 17/18 and FY 18/19



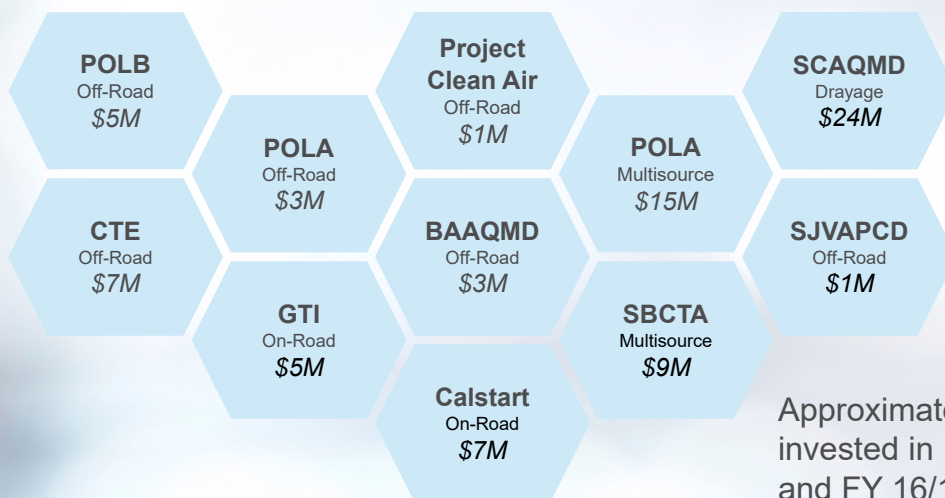
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Heavy-Duty Project Status Update

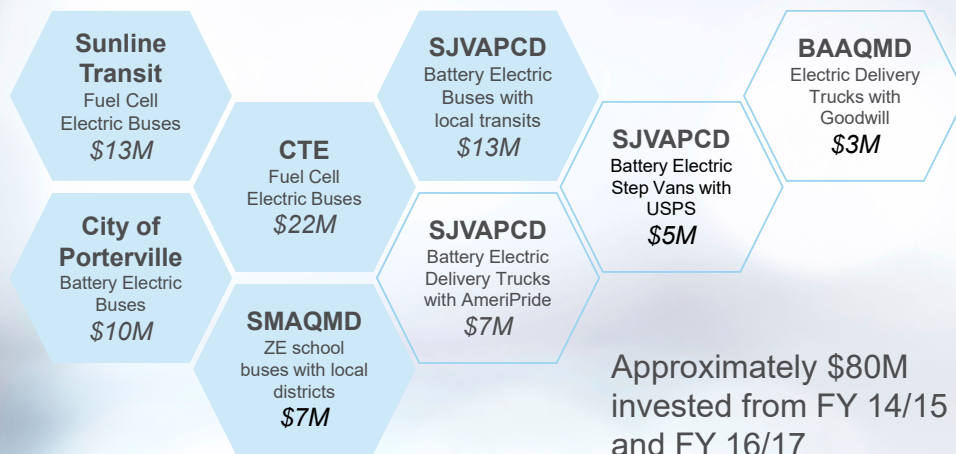
- Clean Off-Road Equipment Voucher Incentive Project (CORE)
 - Solicitation released; expect to commence fall of 2019
- Truck Loan Assistance Program
 - Additional demand generated by SB1 requirements may eventually surpass available funding
- Diesel Filter Replacement Project
 - Solicitation released; expect to commence summer 2019



Heavy-Duty Demonstration Projects



Truck and Bus Pilot Commercial Deployment Projects



Heavy-Duty Priorities for 2019-20

- Update Three-Year Investment Strategy for Heavy-Duty Vehicles and Off-Road Equipment
 - Build on successful beachheads
 - Seed promising next markets
 - Maintain the innovation pipeline
- Support SB 350, SB 375 and AB 617 goals
- Continue to update and build on 2018-19 projects

Initial Recommendations for 2019-20: Heavy-Duty Low Carbon Transportation

- \$132 million allocation

Heavy-Duty Vehicle and Equipment Project Category	Funding (millions)
Clean Trucks, Buses, and Off-Road Freight Equipment	\$132

Recommendations for 2019-20 from Three-Year Heavy-Duty Investment Strategy

- Initial proposed allocation will only partially fund recommended level of funding for HVIP
- No funding proposed for demos and pilot projects

Recommendations for Investment Priorities	
	FY 2019-20
Demos	<i>\$65-\$100 Million</i> Focus: ZE/PHEV M/HD Delivery, Advanced Powertrains, ZE/Hybrid Heavier Cargo Handling Equipment
Pilots	<i>\$170-\$310 Million</i> Focus: ZE/PHEV On-Road Drayage and M/HD Trucks, Fuel Cell Transit, ZE/Hybrid heavier Cargo Handling Equipment, ZE Facilities
Commercial	<i>\$215-\$325 Million</i> Focus: ZE Transit, ZE Delivery, Low NOx Regional Trucks, Yard Tractors, Ground Support Equipment, ZE/Hybrid Heavier Cargo Handling Equipment
Total Funding	<i>\$450-\$735 Million*</i>

Initial Recommendations for 2019-20: AQIP

- \$48 million available for AQIP

AQIP Project Category	Funding (millions)
Truck Loans	\$48

Three-Year Strategy for Heavy-Duty Vehicle and Off-Road Equipment Investments

- Roadmap based on beachhead concept
- Codified in SB 1403
- This year's updates include:
 - Technology status
 - Three-year funding priorities
 - Refining metrics of success
 - Expanded consideration of off-road
 - Infrastructure needs and actions assessment

Summary and Next Steps



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\$430M Clean Transportation Incentives: Proposed Project Category Allocations

	2018-19 Allocation (millions)	2019-20 Initial Recommendation (millions)
CVRP	\$200	\$200*
Transportation Equity Projects	\$75	\$50
Clean Trucks, Buses, and Off-Road Freight	\$180	\$132
Truck Loans (AQIP)	\$28	\$48
Total Clean Transportation Incentives Funding	\$483	\$430

**Includes \$25 million for increased rebates for low-income consumers*



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Funding Plan Development Schedule

Milestone	Date
Category specific work group meetings*	Mar – June 2019
Final Workshop <ul style="list-style-type: none"> • Discussion document with draft project allocations 	June 2019
Release proposed Funding Plan	September 2019
Board Consideration of Proposed Funding Plan	October 2019
Start implementing 2019-20 projects	November 2019

*Handout lists preliminary work group meeting schedule

Additional information available at:

<http://www.arb.ca.gov/aqip/>

<http://www.arb.ca.gov/msprog/aqip/meetings/meetings.htm>



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Comments and Discussion

To make a comment or ask a question –

- Type into the Q&A box



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