

Carl Moyer Program Guidelines

Proposed 2008 Revisions

March 27, 2008



CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY



Air Resources Board

Carl Moyer Program

Core Principles

- Incentive grants for SIP-creditable emission reductions
- Incremental cost of cleaner technology
 - Early or surplus emission reductions
 - Cost-effectiveness limit
- ARB-district partnership
 - ARB develops and adopts Guidelines
 - Districts implement with greater flexibility

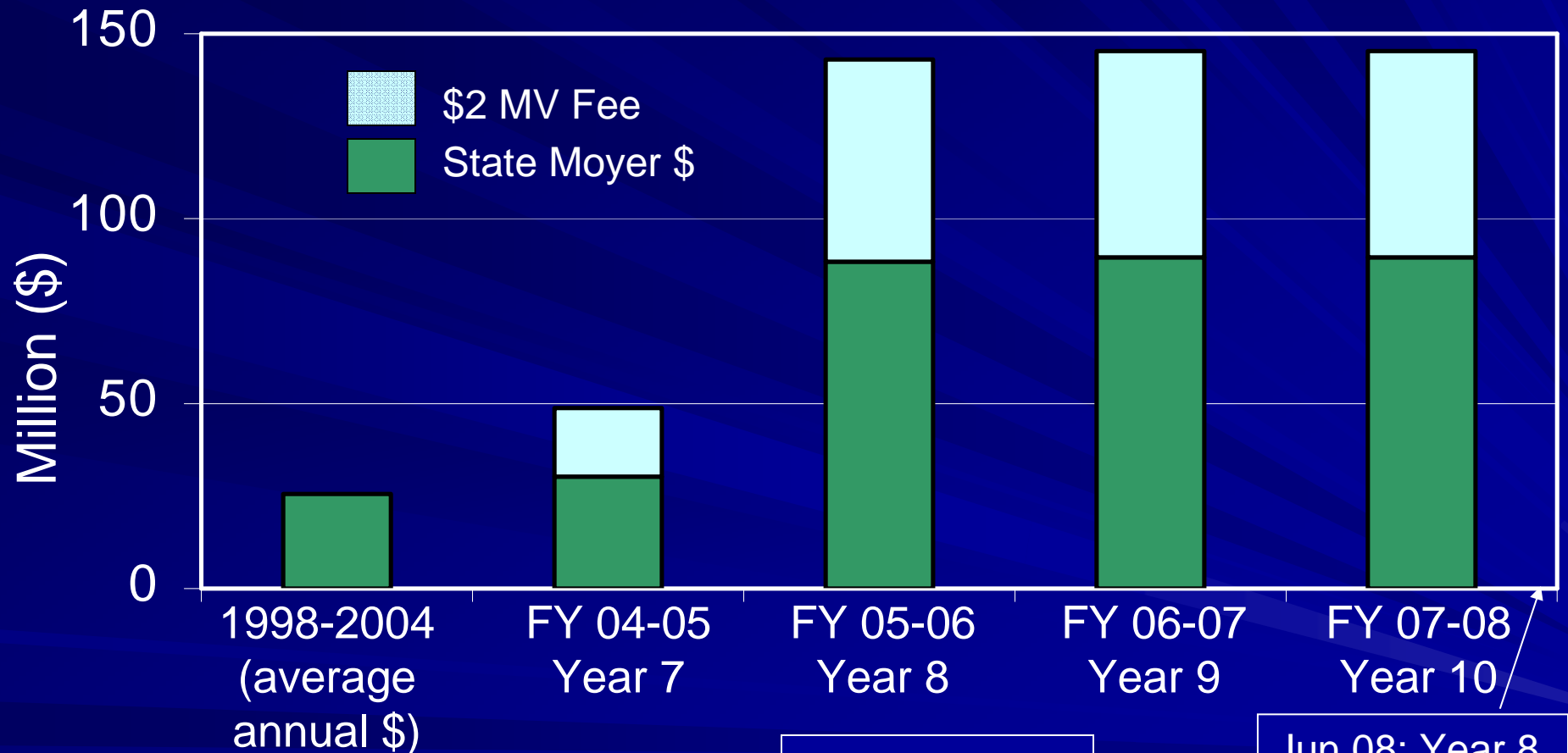
Program Benefits

Years 1 - 7

- \$170M to clean up 7,500 engines
- Surplus reductions achieved
 - 24 tons per day NO_x
 - One ton per day PM
- Cost-effectiveness of \$3,000/ton NO_x reduced
- Benefit-to-cost ratio greater than 5:1



Funding and Key Milestones



Mar 08: Districts
now receiving
Year 10 funds

Jun 08: Year 8
fully expended

2008 Guideline Revisions

Main Objectives

- Incorporate lessons learned
 - 2005 Guidelines
 - Program evaluations and audits
- Streamline program administration
- Increase efficiency and oversight
- Reflect new ARB regulations
- Add off-road equipment replacement
- Coordinate with Prop 1B Bond

Program Administration

Background

- Local air districts would like more flexibility
- DoF and BSA recommend more specificity and oversight
- Our goal:
 - Streamline program administrative requirements
 - Address DoF and BSA recommendations
 - Maintain program integrity and transparency

Program Administration

Efficiency and Transparency

- Addressed by Admin Work Group
 - Simplify how districts get funding allocations
 - Reduced and simplified reporting
 - More collaborative approach to address district non-performance
 - More specificity for earned interest, indirect costs, admin, etc...
- Proposed rules describe Moyer impacts
- Regular ARB audits of district programs

General Project Criteria

- Increase cost-effectiveness cap to \$16,000 per weighted ton
 - Based on changes to consumer price index
 - Continue NOx + ROG + 20*PM weighting
- Simplify incremental cost calculation
 - Pay fixed percent of total project cost

Off-Road Equipment Replacement Background

- Replace old equipment with newer, cleaner equipment
 - Accelerates normal turnover
 - Repower not always feasible/practical
- Category approached cautiously because replacement occurs on its own
- Addresses requirements of SB 467 (new electric equipment)

Off-Road Equipment Replacement Project Criteria

- Diesel or LSI equipment greater than or equal to 25 hp is eligible
- Maximum eligible costs:
 - 80% of new equipment cost
 - 100% of retrofit cost
- Districts provide implementation plan
- EO authority to update project life for ag equipment projects



Moyer Advisory Group

Background

- Two meetings led by Board Member Sandra Berg
- Focused on 2008 Guideline policy issues
- Group to remain active
 - Meet twice per year
 - Forum to address emerging policy issues

Moyer Advisory Group

Key Issues

- Program complexity
- Minimum project life
- Retrofit requirement for off-road repowers
- Interaction with Prop 1B Bond

Retrofit Requirement

- Flexibility proposed to allow applicant opt-out
 - Expires after one year unless renewed by ARB Executive Officer
- ARB committed to aggressive retrofit program
- Off-Road Rule remains key driver for demand

Coordination with Prop 1B Bond Background

- Goal: Minimize competition between the two programs
 - Direct project categories with significant Bond funding to the Bond
 - Align project funding limits



Coordination with Prop 1B Bond

How it fits together...

Prop 1B Bond

- Port trucks and non-port trucks
- Freight locomotives
- Harbor craft: cargo/shipping
- Shore power: cargo vessels

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- Non-port trucks
- Passenger locomotives
- All harbor craft
- Shore power: cruise ships

Coordination with Prop 1B Bond Funding Caps

- Align with Bond → 50% maximum funding
 - ✓ Truck fleet modernization
 - ✓ Berth-side shore power
 - ✓ Class 1 locomotives
 - ✓ Regulated harbor craft
- Increases simplicity and efficiency
- Level playing field helps ensure Bond \$ expenditure



Future Challenges

- Coordination with new funding sources
 - Goods Movement Grant Program (Prop 1B Bond)
 - Air Quality Incentive Program (AB 118)
 - New regulations impact eligibility
 - Opportunities for early and surplus reductions
 - Target small businesses, exempt engines
 - New source categories and technologies offer funding opportunities
- Demand for projects expected to remain high

Staff Recommendation

- Approve the Proposed 2008 Carl Moyer Program Guidelines