

Proposed AB 118
Air Quality Improvement Program
(AQIP) Guidelines
and
FY 2009-10 AQIP Funding Plan

Air Resources Board Meeting
Sacramento, California
April 24, 2009

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

 Air Resources Board

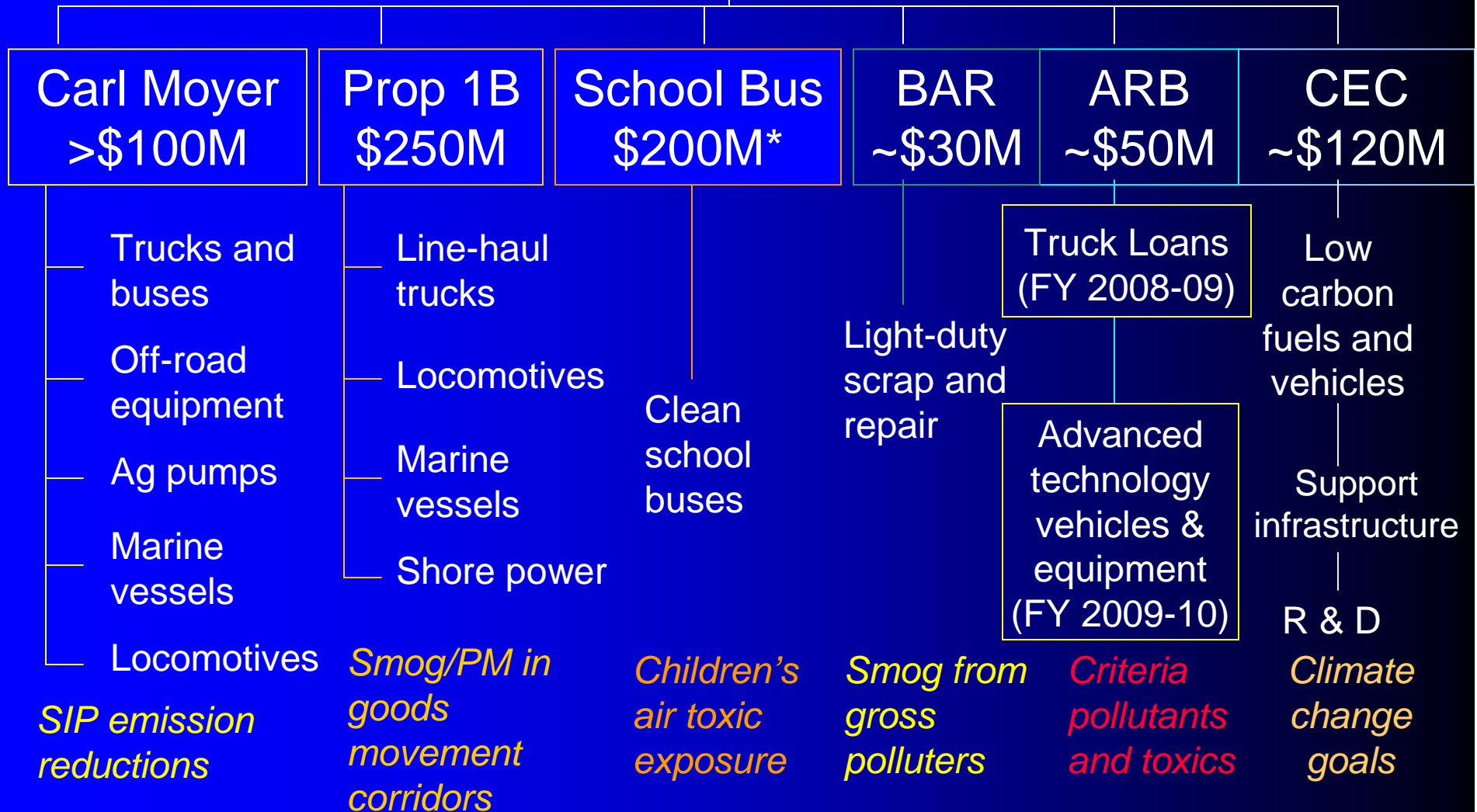
Today's Presentation

- Background and overview of AB 118
- Proposed AQIP Guidelines
- FY 2008-09 AQIP:
 - Truck Loan Program
- FY 2009-10 AQIP:
 - Proposed Funding Plan
- Staff recommendations

Background and Overview

\$500M+/year CA Investment

AB 118



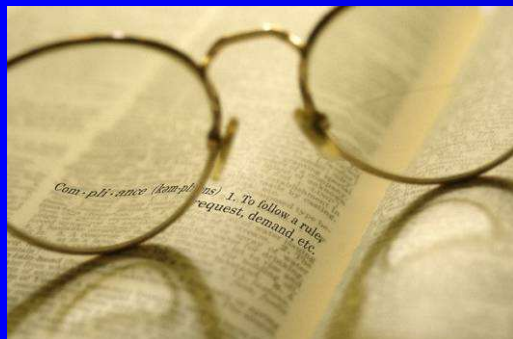
*School bus funds only allocated in one year.

Summary of Proposed AQIP Guidelines

Proposed AQIP Guidelines

Overview

- Describe general program administration and implementation requirements
- Apply to multiple funding years



Proposed Guideline Elements

- Annual Funding Plan for Board approval
- Procedures for project solicitation and administration
- Oversight, accountability, reporting provisions

**FY 2008-09 AQIP:
Truck Loan Program**

**Providing Loan Assistance for
California Equipment (PLACE)**

Truck Loan Program (PLACE)

Background

- Targets nearly-bankable fleet owners
 - Early regulatory compliance
 - Competitive-rate loans for used/new trucks, exhaust retrofits, SmartWay products
- Leverages \$300M in financing
- Fleets of 20 or less eligible

bankable  *unbankable*

target

Truck Loan Program (PLACE)

Financing Options

- Loan guarantees (CalCAP)
 - Through dealerships or CalCAP lenders
 - Program kicked off this week
- Other financial mechanisms
 - Interest-rate buy downs, lease-buybacks, extended repayment periods, etc.
 - Starting this summer
- Revisit funding need annually



Proposed FY 2009-10 AQIP Funding Plan



Proposed Funding Targets

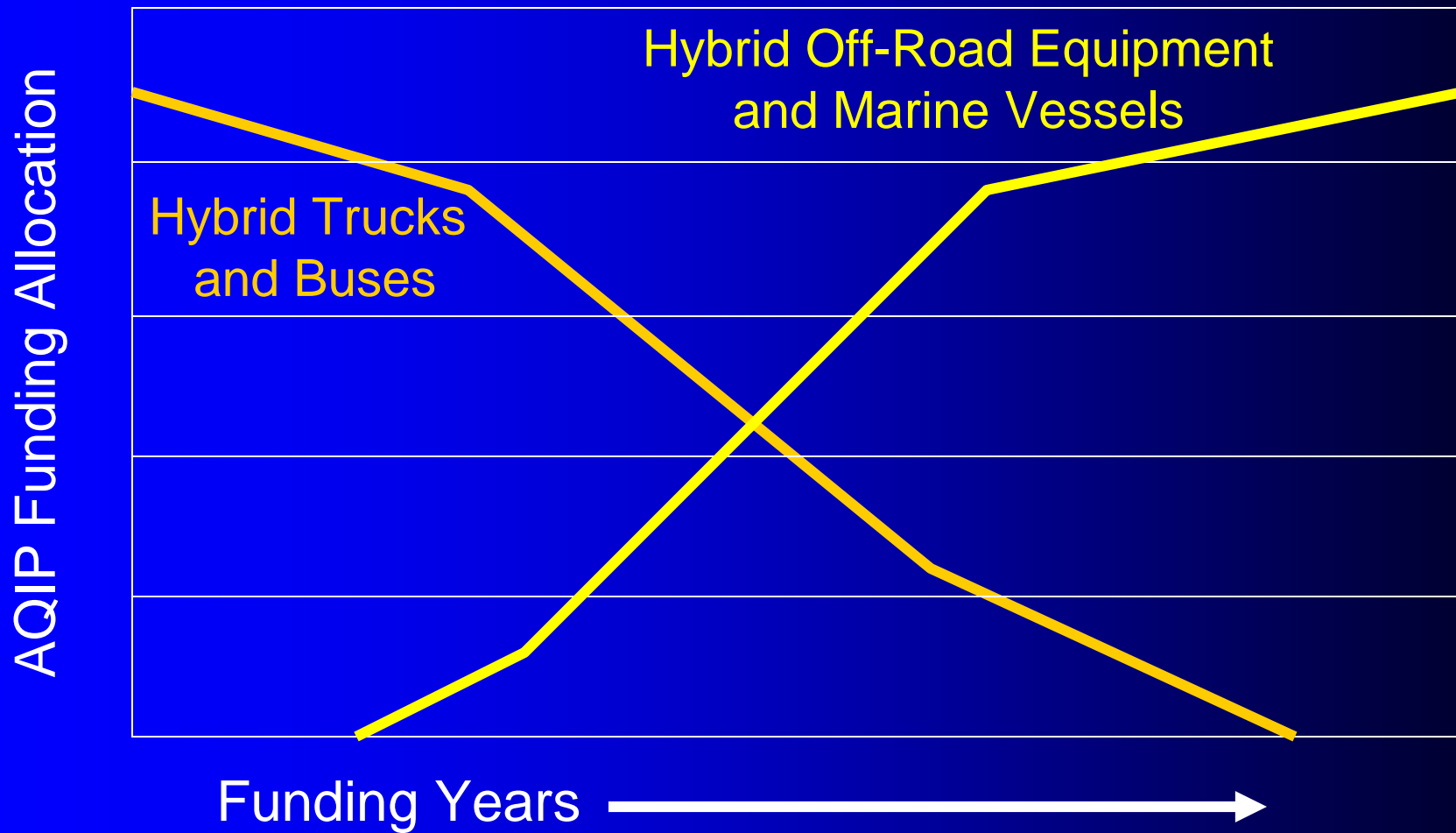
FY 2009-10 AQIP Funding Plan

Project Description	Funding Target
Hybrid Trucks and Bus Vouchers	\$25M
Zero-Emission and Plug-In Hybrid Light-Duty Vehicle Rebates	\$5M
Lawn and Garden Equipment Replacement	\$2M
Zero-Emission All-Terrain Agricultural Work Vehicle Rebates	\$1.3M
Advanced Technology Demonstration	\$9M
TOTAL	\$42.3M

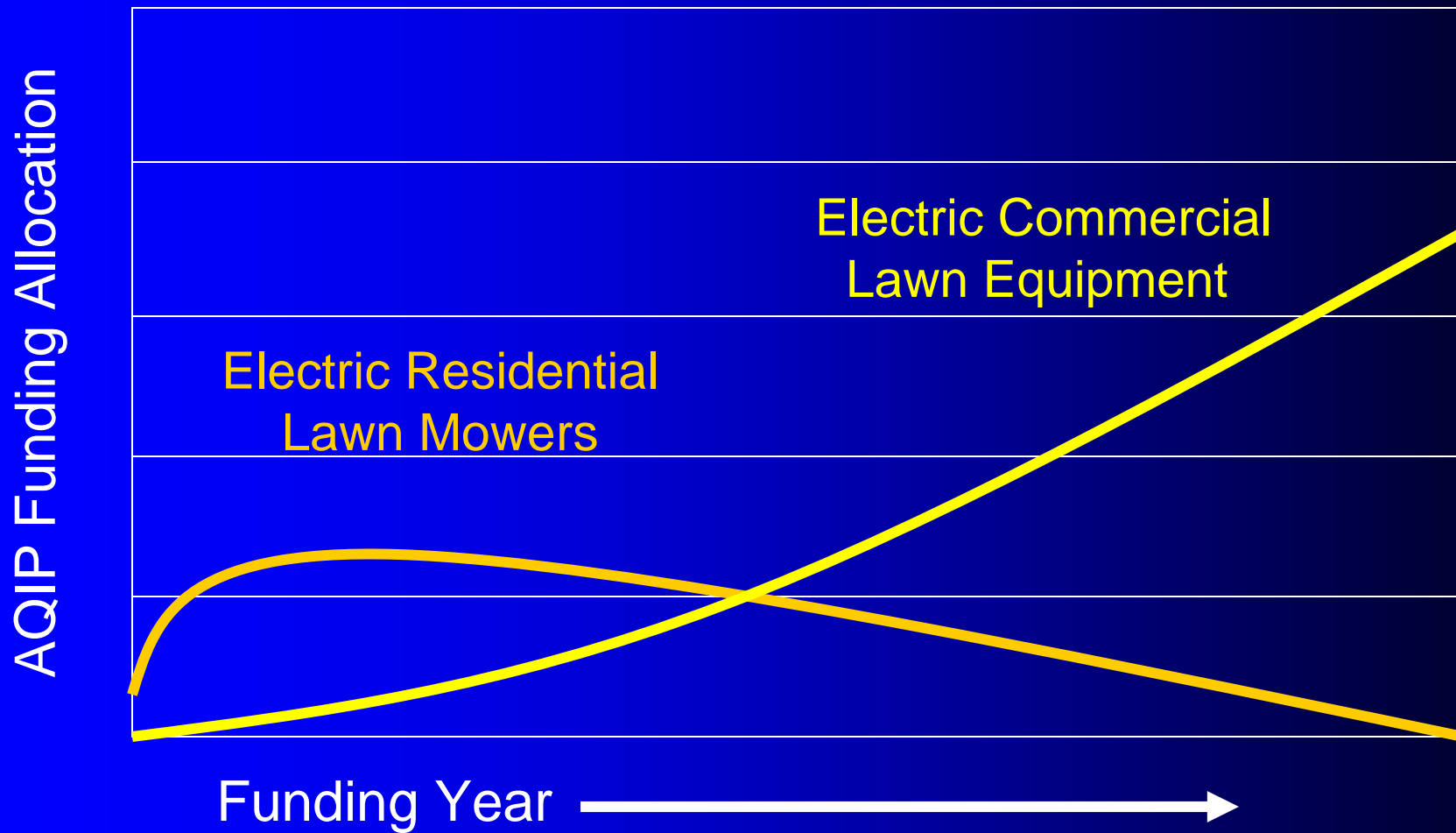
Categories Authorized by AB 118

Project Category	Proposed FY 2009-10 Funding
On- and off-road equipment	√
Off-road gasoline emission mitigation	√
Research air quality impacts of alternative fuels	
University of California biofuels/biomass research	
Lawn and garden equipment replacement	√
Medium- and heavy-duty vehicle/equipment, including: <ul style="list-style-type: none">- Lower-emission school buses- Electric or hybrid vehicles/equipment- Regional air quality programs	√ √ √
Workforce training related to advanced technology	
High-emitting light-duty vehicle emission reductions	

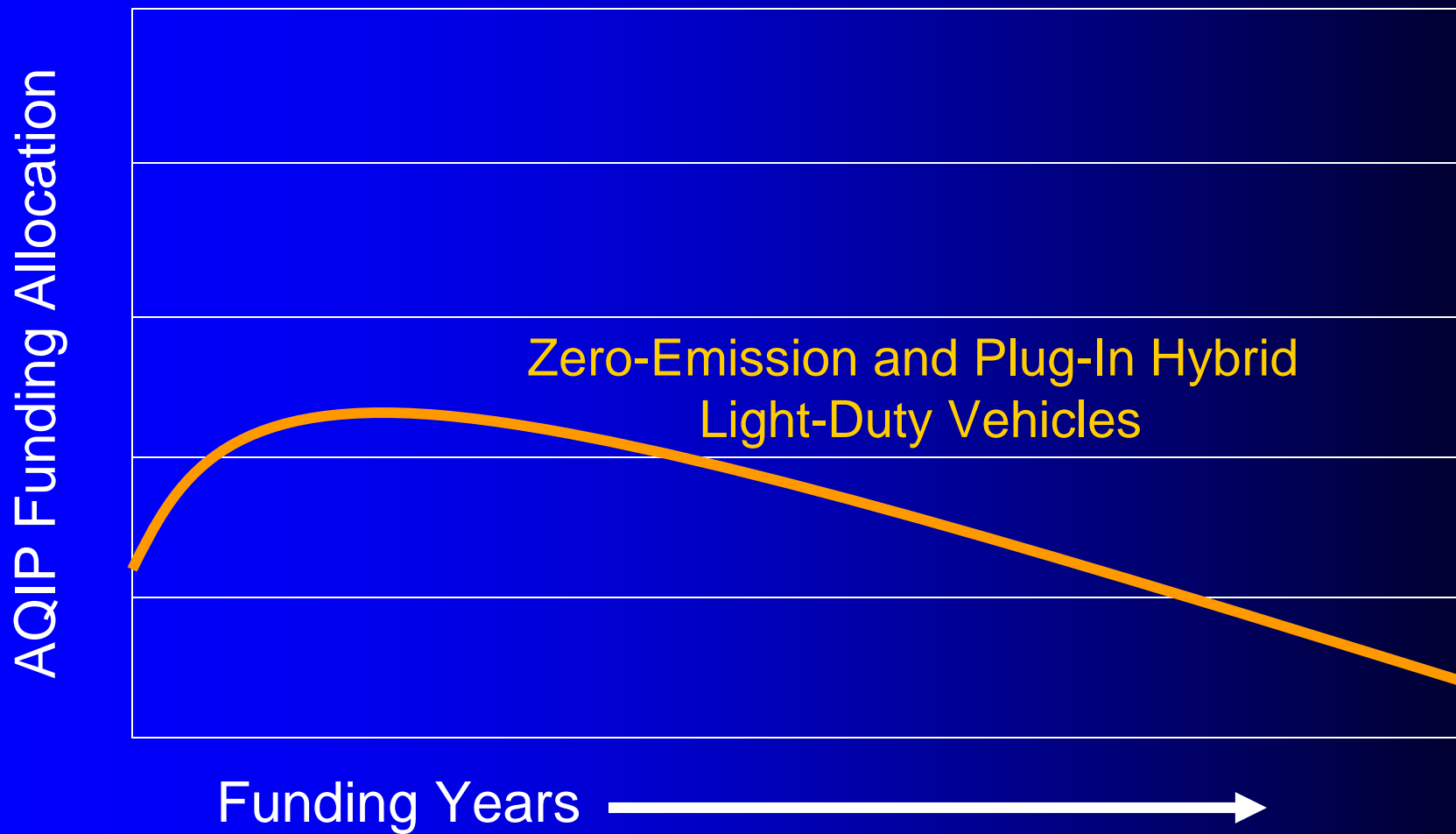
AQIP Funding Vision



AQIP Funding Vision



AQIP Funding Vision



Hybrid Truck and Bus Voucher Incentive Project Staff Proposal



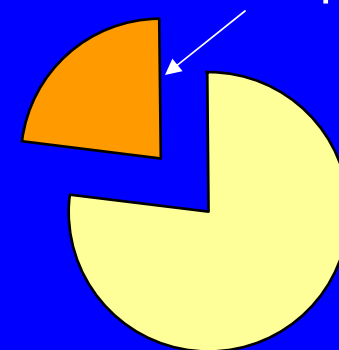
Funding Target: \$25 million

Synopsis: Vouchers for about half the incremental cost of a new hybrid truck or bus. Pays for about 1,000 vehicles.

Goals:

- Spur hybridization of truck and bus fleet
- Pave the way for Medium- and Heavy-Duty Hybridization measure in Climate Change Scoping Plan
- Accelerate hybrid technology development and transfer

Truck and Bus NOx
Emissions
in 2020: 490 tpd



Proposed Vehicle Incentives



\$10,000



\$20,000



\$25,000



\$35,000

Zero-Emission and Plug-In Hybrid Vehicle Rebate Project

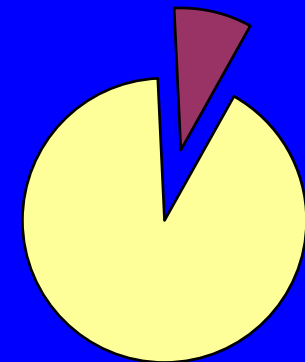
Staff Proposal



Funding Target: \$5 million

Synopsis: Rebates for zero-emission and plug-in hybrid passenger vehicles and zero-emission commercial vehicles. Modeled after ARB's Alternative Fuel Incentive Program (AFIP).

Passenger Vehicle
NOx Emissions
in 2020: 200 tpd



Goals:

- Accelerate commercialization of zero-emission vehicles
- Encourage consumer acceptance

Lawn and Garden Equipment Replacement Project

Staff Proposal



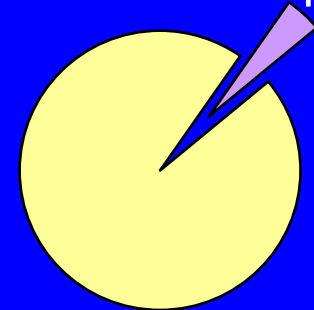
Funding Target: \$2 million

Synopsis: Funds go to local air districts with worst air quality to expand local lawn and garden equipment replacement programs.

Goals:

- Replace existing gas-powered equipment with new electric equipment.
- Accelerate development and deployment of zero-emission commercial lawn and garden equipment.

Lawn & Garden Equipment ROG Emissions in 2020: 84 tpd



Zero-Emission Agricultural UTV Rebate Project Staff Proposal



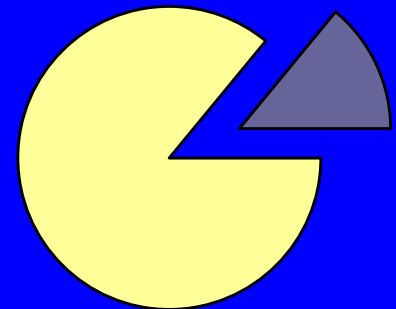
Funding Target: \$1.3 million

Synopsis: Rebates to help pay for a new zero-emission agricultural utility terrain vehicle (not to exceed 15% of MSRP or \$2,500 per vehicle).

Goals:

- Spur deployment of zero-emission agricultural work vehicles
- Encourage hybrid technology development and transfer
- Encourage consumer acceptance

Off-Road Equipment
NOx Emissions
in 2020: 315 tpd



Streamlining the Process

Vehicle and Equipment Deployment

Project	Eligible Grantees	Funding Distribution	Maximum Administration Funding
Hybrid Truck and Bus Vouchers	Public agencies and private organizations	Statewide	5 percent
Zero-Emission & Plug-In Hybrid Light-Duty Vehicle Rebates	Public agencies and private organizations	Statewide	10 percent
Zero-Emission UTV Work Vehicle Rebates	Public agencies and private organizations	Statewide	10 percent
Lawn & Garden Equipment Replacement	Local air districts	Focused on districts w/ worst AQ	10 percent

Demonstration Projects

- Twelve work group meetings held to identify projects and necessary funding
- Evaluate most promising technologies
 - Focus on off-road projects
 - Must be within three years of deployment



Demonstration Projects

Funding Targets

Equipment Type	Funding Target
Transit/School Bus	\$3 million
Off-Road Equipment	\$2 million
Locomotive	\$2 million
Agricultural Equipment	\$1 million
Marine Vessels	\$1 million
TOTAL	\$9 million

Program Benefits

- ‘Multiplier’ benefits of funding new technologies on cusp of commercialization
 - Production costs decline as volumes rise
 - Accelerate technology development and transfer
 - Accelerate consumer acceptance
- Economic stimulus, green jobs

FY 2009-10 Funding Plan

Contingency Plans

- Coordination with other incentive programs
- Truck Loan Program
 - EO authorized to determine funding need
 - Funds diverted from HVIP or demo projects
- Other contingencies to address:
 - Lack of funding demand
 - Delay/acceleration of new technology

Staff Recommendation

- Adopt the AQIP Guidelines
- Approve the FY 2009-10 AQIP Funding Plan