

Enhanced Fleet Modernization Program Update

{ Air Resources Board Meeting
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California Environmental Protection Agency



Air Resources Board

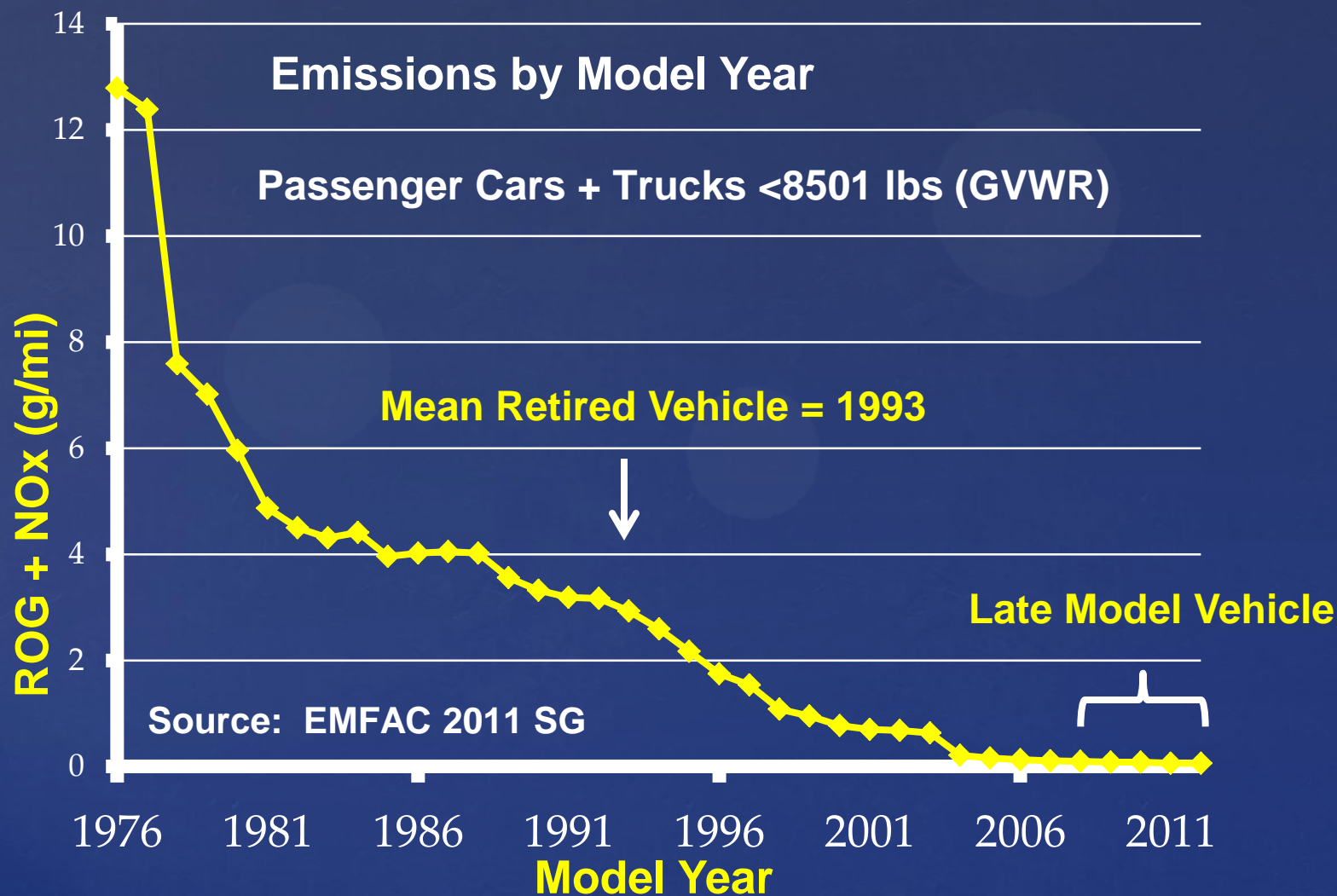
Today's Presentation

- EFMP Program Overview
- EFMP Program Assessment
- Potential Program Improvements
- Next Steps

Enhanced Fleet Modernization Program

- Purpose: retirement and replacement of passenger vehicles
- Annual funding ~\$30 Million
- Funding source: vehicle registration fees
- First vehicles retired in 2010
- Two elements: retirement-only and retirement plus replacement

Why Vehicle Retirement?

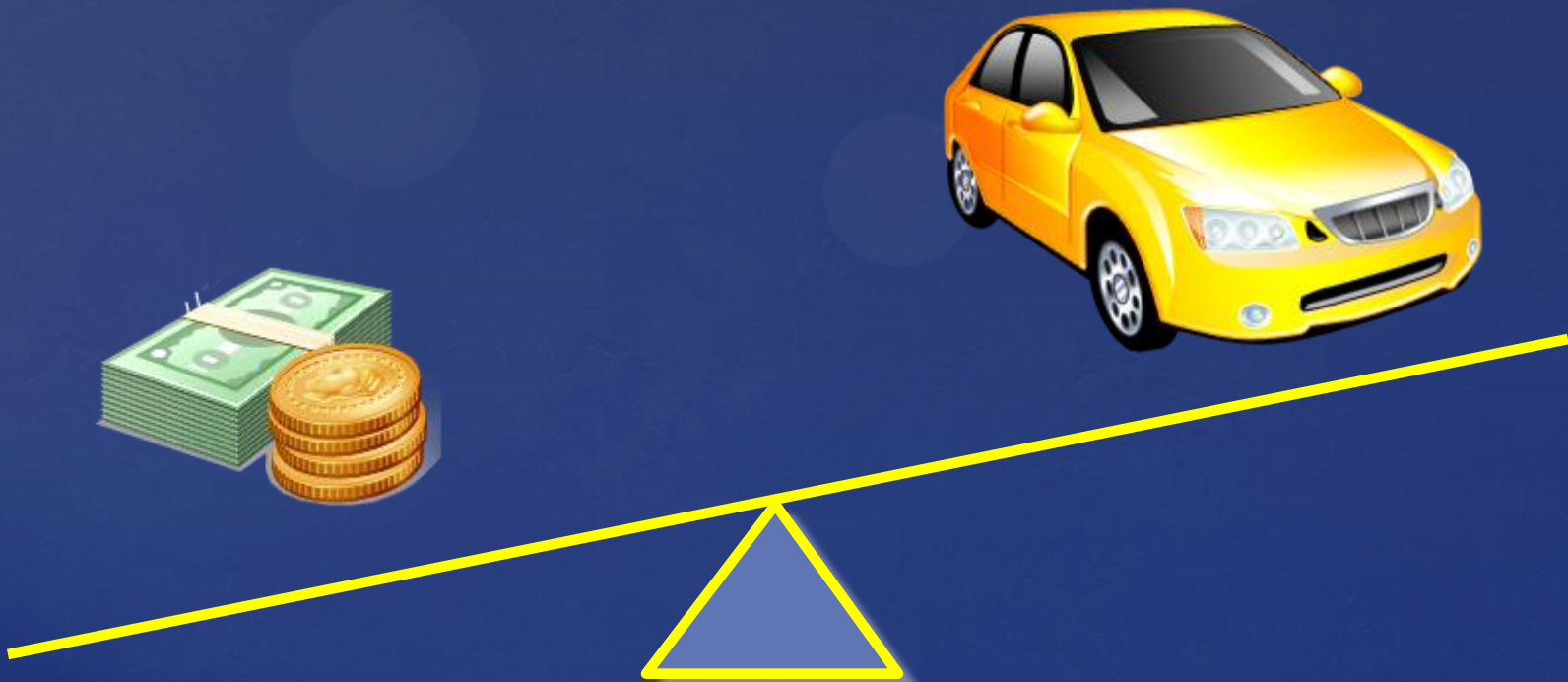


SIP Commitments For Vehicle Retirement

□ 2007 Ozone SIP

- Aggregate emission reductions from all sources including vehicles
- Expand vehicle retirement program to vehicles that are off-cycle of Smog Check

Fundamental Challenge: Retire old, but *functional* cars



Need to Avoid End-of-Life



Several Programs Available to Retire Cars

- ❑ 6 Local Air District Programs
- ❑ 2 Statewide Programs administered by BAR
 - Consumer Assistance Program ~\$30M/yr
 - Enhanced Fleet Modernization Program ~\$30M/yr
- ❑ ARB approves EFMP regulations
- ❑ ARB coordinates closely with BAR

CAP Works through Smog Check Program

- ❑ Option for motorists who fail Smog Check
- ❑ Retirement
 - \$1000 (\$1500 low income)
 - Apply to BAR by mail
 - Scrap car at dismantler
 - BAR reimburses dismantler
- ❑ Repair assistance
 - \$500 for low income

EFMP Retirement Only

- ❑ Functions like CAP, except broader eligibility:
 - Do not have to fail smog
 - May be unregistered
- ❑ \$1000 (\$1500 low income)
- ❑ Approved by BAR via mail
- ❑ Scrap car at dismantler for check
- ❑ BAR reimburses dismantler

Operational Requirements

- Driven under its own power to dismantler
- Starts readily without the use of starting fluids or external booster batteries.
- Drivability is not affected by any body, steering, or suspension damage.
- Drive forward a minimum distance of ten yards under its own power

EFMP Retirement Assessment

- ARB/BAR joint effort
- 164 vehicles inspected (140 tested) at dismantler
- Majority:
 - failed smog check
 - at end-of-life
 - unregistered



Retirement Assessment Conclusions

- ❑ Very popular program: 70,000 vehicles retired to date.
- ❑ Vehicles are generally high emitting, but have limited remaining useful life
- ❑ More cost-effective program is possible

Retirement Plus Replacement Pilot Program

- ❑ \$1000 for retirement plus \$2000 for replacement (\$1500 +\$2500 low income)
- ❑ Approved by BAR via mail
- ❑ Scrap car at dismantler for check
 - BAR reimburses dismantler
- ❑ Buy replacement at dealership with voucher
 - Air District reimburses dealership

Replacement Pilot Assessment

- 21 participants
- Program can be simplified to improve motorist participation
- Value of suitable replacement vehicles is likely higher than incentive amounts
- Low-income households may not have sufficient resources to participate in the replacement program

Senate Bill 459

- ❑ Intended to enhance both emission reductions and low income participation
 - Require sufficient remaining useful life
 - Increase outreach
 - Provide options to adequately serve low and moderate income motorists
- ❑ Update guidelines by June 2015

SB 459 – Other Considerations

- ❑ Other financial assistance
- ❑ Dealer participation
- ❑ Variable incentive structure
- ❑ Increase emphasis on cleaner replacement
- ❑ Increase emphasis on GHG reductions
- ❑ Increased outreach and community partnerships

Retirement Concept: Restrict End-of-Life Vehicles

- ❑ Smog Check dynamometer test
- ❑ Eligibility based on vehicle mileage

Retirement Concept: Offer Fairer Market Value for Scrapped Vehicles

- Increase incentive if participation declines after adding end-of-life test
 - Track participation and benefits
 - Adjust incentive levels if needed

Replacement Concept: Simplify Program through Dealerships

- Allow interested motorists to initiate replacement through dealership
- Accept and retire older trade-in vehicles
- Use dealerships to assess vehicle condition and eligibility

Replacement Concept: Larger Incentives for Cleaner Replacement Vehicles

- Base amount for traditional gas vehicle
 - SB 459 requires minimum \$2500 for low-income, less for all others.
- Tiered Increased compensation for advanced technology vehicles (PZEV, Hybrid, EV)

Replacement Concept: Better Coordination with Other Incentive Programs

- Leverage other funding for cleanest vehicles
- CVRP available for PHEV or ZEV purchase

Next Steps

- Workshop concepts with stakeholders
- Work with BAR to coordinate with CAP
- Develop community partnerships
- Proposal to Board Summer 2014

Goal is Balanced Program

- Emission benefits
- Low-Income participation
- Clean cars for all

