



Update:

Joint ARB & CAPCOA AB 8 Carl Moyer Program Evaluation

Board Hearing

December 18, 2014

California Air Resources Board

Overview

- Program Background and Accomplishments
- AB 8 Actions
- Proposed Areas of Program Enhancement

Carl Moyer and AB 923 Programs



Carl Moyer Program Background

- Statewide, locally-directed program for cost-effective SIP-creditable emissions reductions
- Budgeted at \$69 Million annually
- Funded by smog abatement and tire fees
- Districts provide matching funds

Carl Moyer Program Background

- Funds cleaner-than-required equipment
 - Reduce NOx, ROG and/or PM
- Air Districts' discretion on projects
- ARB provides program oversight and review

Local AB 923 Program Background

- Local program to address local needs
- Funded by DMV fees
- Air Districts select projects
- Complements the Carl Moyer Program
 - Moyer, School Bus, Ag, Light-Duty Scrap
 - Primary source for Carl Moyer Match funding

Carl Moyer Program Guided by Statute and Administrative Guidelines

Statutory requirements

- Projects must meet cost-effectiveness limit and be surplus
- Other sources of funding must be accounted for
- Only specific project types are allowed
- No consideration for GHG

Administrative Guidelines

- Established and maintained by ARB
- Annually adjust cost-effectiveness
- Define how surplus is determined
- Establish eligible project categories

Program Accomplishments Since 1998

- Over \$980 million in total State and local funds invested
- Cleaned up more than 46,000 engines
- Reduced ~174,600 tons of ozone precursors and 6,400 tons of PM
- Average statewide cost-effectiveness ~\$10,000 per ton of weighted emissions reduced
- Estimate ~40 premature deaths avoided annually

Assembly Bill 8 (AB 8, Perea, 2013)



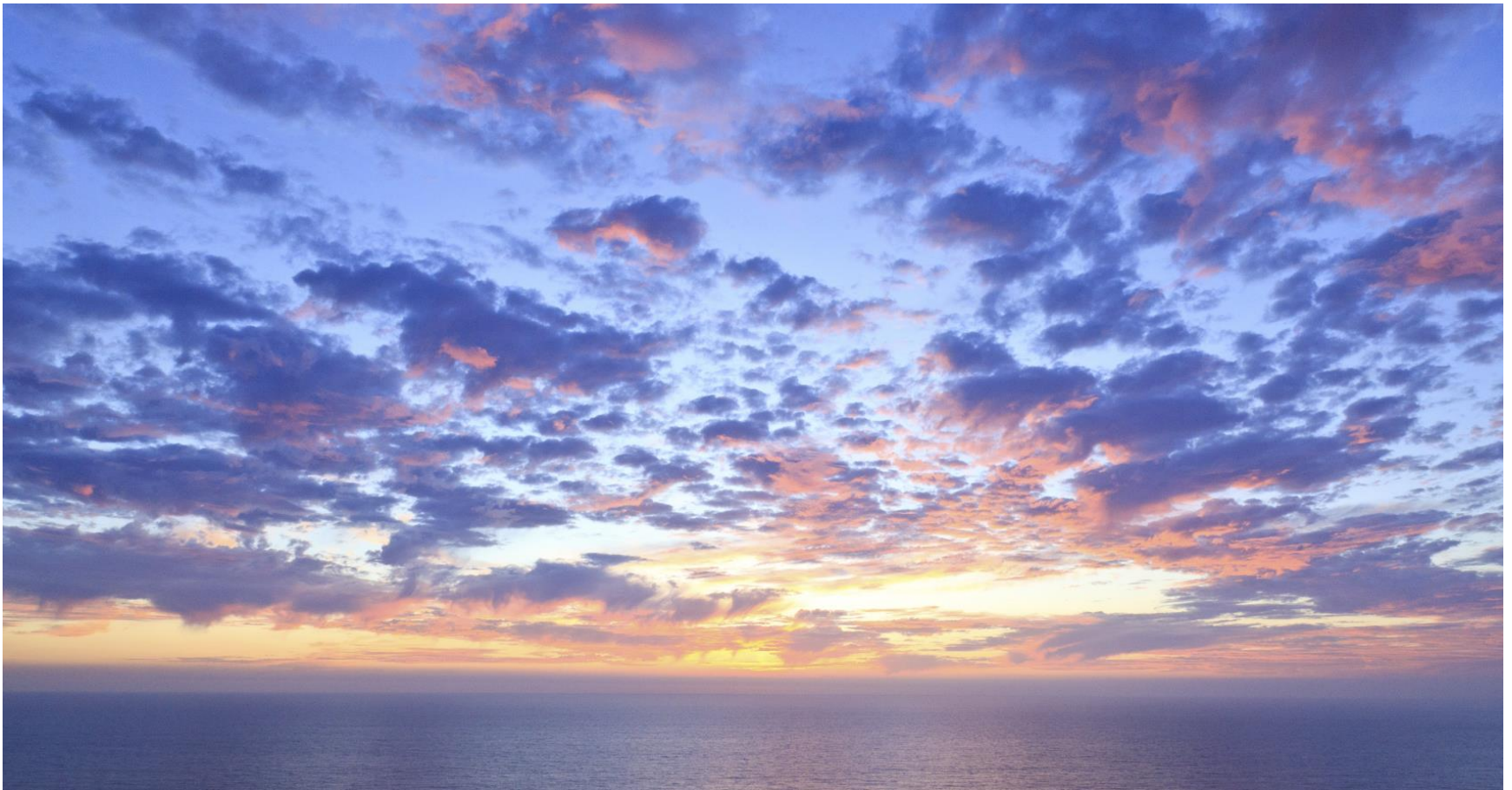
AB 8 Actions: Strengthening Moyer

- Signed on September 28, 2013
- Extends funding for Moyer and AB 923
- Evaluate Program goals with Air Districts
- ARB and CAPCOA MOA to ensure coordination
- Incentives Program Advisory Group (IPAG) meetings to get stakeholder input and build consensus
- July update to the Board

Workgroup Conclusions

- Build on current success to do more
- Five Pillars for Change:
 - Adjust the cost-effectiveness limit
 - Recognize GHG benefits
 - Allow greater fund leveraging from multiple sources
 - Expand available project categories
 - Streamline for greater efficiency

Recommendations for Enhancement



Increase Cost-Effectiveness Limit

- Fleet rules eliminated much of the low-hanging fruit
- Does not provide enough incentive to invest in cleanest technology that provide greatest benefits
- Adjustment upward will ensure:
 - Continued Program success as marginal cost of reductions increase
 - Ability to encourage adoption of clean technologies

Recognize GHG Co-Benefits

- Program developed before climate goals defined
- AB 32 2014 Scoping Plan Update - identifies need to leverage funds for additional reductions
- Projects often produce concurrent GHG benefits - but cannot provide additional incentive for those benefits

Considerations for Recognizing GHG Reductions

- Allow districts the ability to prioritize projects with GHG benefits
- Provide opportunity for GHG reductions while still achieving criteria pollutant reductions
- Further incentivize more advanced technologies
- Maximize ability to leverage other funding

Initial Concepts for GHG Consideration

Potential Two-Tiered Approach

- Base cost-effectiveness:
 - Projects solely providing criteria benefits
- Higher cost-effectiveness:
 - Projects providing criteria and GHG benefits
- Consider other ancillary benefits like local risk exposure

Support Leveraging of Other Funds

- Most leveraging of government funds prohibited
 - Limited opportunity for some GHG projects
- Leveraging:
 - Allows greater deployment of advanced technologies
 - Enables larger, longer term projects
 - Permits more public agency projects
 - Permits applicants to find co-funding if needed

Safeguarding Leveraging to Ensure Program Effectiveness

- Total of all grants must not exceed project costs
- Avoid double-counting of emissions reductions
 - Other funds cannot require quantifiable benefits
- Specifics would be handled in Moyer Guidelines
 - Allows flexibility as circumstances change (e.g., new funding programs emerge)

Expanding Project Types

- Eligible categories historically expanded through legislation
- Supports State priority of advancing cleaner technologies
- Provides ways for State funds to go towards infrastructure

Streamlining for Greater Efficiency

Years of experience have helped identify where Program can be improved for greater efficiency

- Simplify spending requirements
- Restructure reallocation process to expedite expenditure of funds
- Enhance outreach to disadvantaged communities

Conclusion

- Legislative enhancements will ensure Moyer's continued success
- Next steps:
 - In coordination with CAPCOA and stakeholders:
 - Develop draft statutory language
 - Continue building support coalition
 - Bill anticipated in the current Session