

Proposed Fiscal Year (FY) 2015-16 Funding Plan

Low Carbon Transportation Investments and Air Quality Improvement Program (AQIP)

June 25, 2015

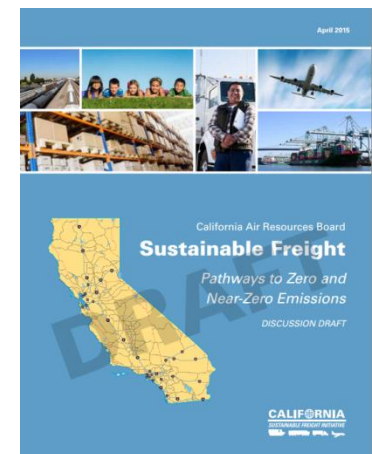
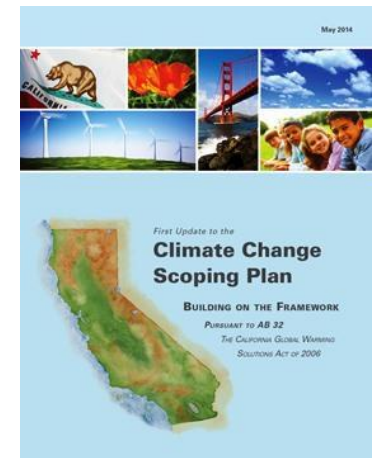
California Environmental Protection Agency

 **Air Resources Board**



Key Elements of Today's Proposal

- Expands investments in advanced mobile source technologies
- Supports priorities in Scoping Plan and Sustainable Freight document
- Increases disadvantaged community benefits
- Refines programs based on new laws



Policy Drivers for Investments

- Meeting climate change goals
- Achieving air quality standards
- Reducing toxics exposure
- Reducing petroleum consumption

AQIP Background

- Created by Assembly Bill (AB) 118 (2007); updated by AB 8 (2013)
- Mobile source technology advancement
- Annual funding plan guides investments
- Foundation for Low Carbon Transportation



Auction Proceeds Investments for Low Carbon Transportation



- Administration 3-Year Investment Plan in 2013
 - Identifies Low Carbon Transportation as priority
 - Identifies AQIP as existing framework to build upon
- Annual Budget appropriations for GHG reduction programs consistent with Plan
- Disadvantaged community investment requirements



FY 2015-16 Budget

Low Carbon Transportation

- \$350 million to ARB to accelerate transition to low carbon freight and passenger transportation
 - Increased from \$200 million last year

AQIP

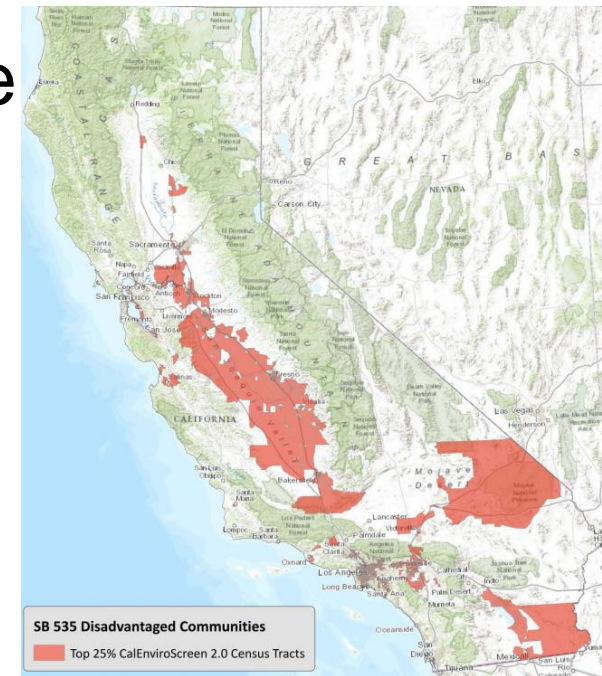
- \$23 million to ARB for AQIP projects
 - Consistent with recent years

New Legislation Guiding Funding Plan Development

- SB 1275: Charge Ahead California Initiative
 - Sets goals to increase ZEV deployment and access for disadvantaged communities and low-income consumers
 - Requires changes to CVRP and development of disadvantaged community programs
- SB 1204: California Clean Truck, Bus, & Off-Road Vehicle & Equipment Technology Program
 - Refines implementation of heavy-duty incentives
 - Establishes requirements on how ARB prioritizes and selects projects

Proposed FY 2015-16 Low Carbon Transportation and AQIP Allocations

- \$200 million for light-duty projects
- \$167 million for heavy-duty vehicle and equipment projects
- Low Carbon Transportation investment targets
 - At least 50 percent of funds to benefit disadvantaged communities
 - At least 10 percent of funds invested in disadvantaged communities



Proposed Light-Duty Vehicle Projects

Project	FY 2014-15	Proposed FY 2015-16
CVRP	\$121 M*	\$163 M
Pilot Projects to Benefit Disadvantaged Communities		
Increased Public Fleet Incentives	\$3 M	\$5 M
EFMP Plus-up	\$2 M	\$20 M
Car Sharing and Mobility Options	\$2.5 M	\$5 M
Financing Assistance	\$1.5 M	\$4 M
Agricultural Worker Vanpools in San Joaquin Valley (<i>new</i>)	-	\$3 M
TOTAL	\$130 M	\$200 M**

*Includes \$5 M from Energy Commission

**\$198 M for SB 1275 projects from GGRF

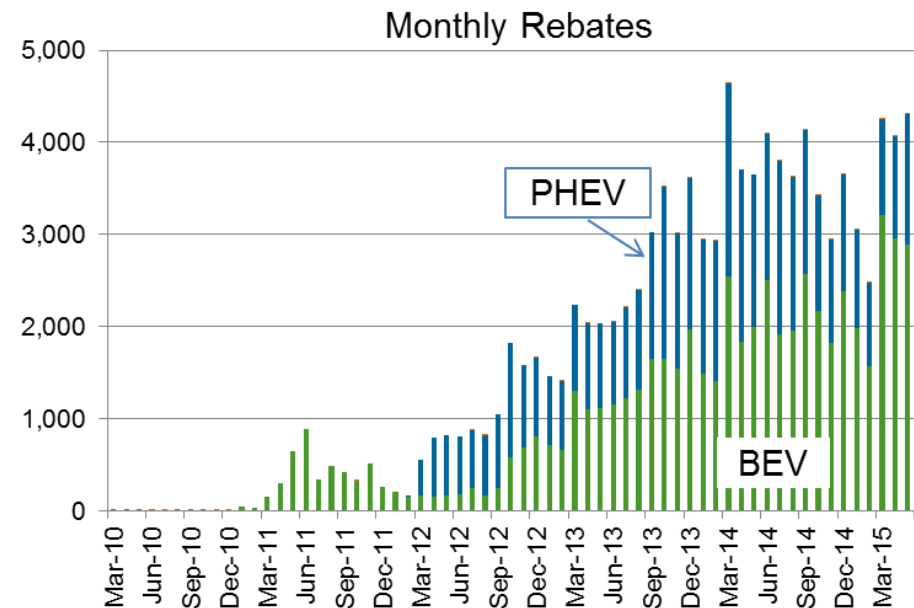
Light-Duty Pilot Projects to Benefit Disadvantaged Communities

- Expands funding for last year's projects and adds new San Joaquin Valley focused project
- \$37 million in funding consistent with SB 1275 provisions



CVRP: Advancing the ZEV Market

- Accelerates consumer adoption of zero-emission passenger cars
- Supports ZEV deployment goals
- 110,000 rebates for \$230 million since 2010
- Early-stage market, public support still needed



Proposal for CVRP

- Changes to address SB 1275
 - Income cap to target consumers most in need of rebate
 - Higher rebates for low- and moderate-income consumers to expand participation
- Cap excludes consumers at incomes above:
 - \$250,000 for single filers
 - \$340,000 for head of household filers
 - \$500,000 for joint filers
- Temporarily defer implementation of income cap for fuel cell vehicles

Increased CVRP Rebates for Low and Moderate Income Consumers

	Fuel Cell	Battery Electric	Plug-in Hybrid
Standard Rebate (<i>unchanged</i>)	\$5,000	\$2,500	\$1,500
Increased Rebate for Low and Moderate Income Consumers (<i>new</i>) - Incomes ≤ 300 % of federal poverty level*	\$6,500	\$4,000	\$3,000

*Example: ~\$73,000 for 4 person household, ~\$48,000 for 2 person household

Proposed Heavy-Duty Vehicle and Equipment Projects

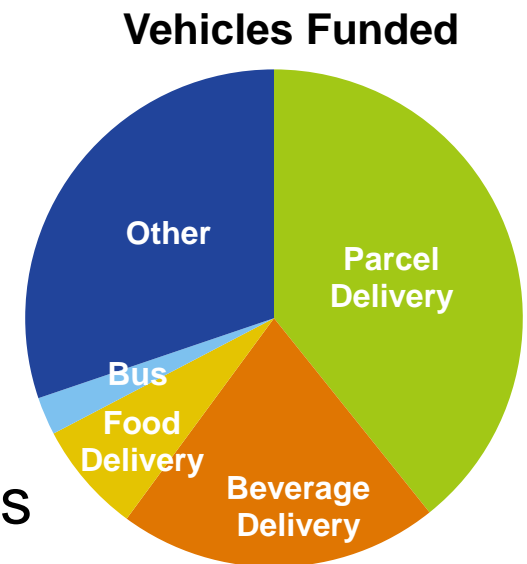
Project	FY 2014-15	Proposed FY 2015-16
HVIP	\$10 M	\$12 M
Zero-Emission Truck Commercial Deployment		\$20 M
Zero-Emission Bus Commercial Deployment <i>(includes new rural school bus funding)</i>	\$25 M	\$45 M
Low NOx Truck Incentives <i>(new)</i>	-	\$7 M
Advanced Technology Demonstration	\$50 M	\$59 M
Zero-Emission Freight Equipment Commercial Deployment <i>(new)</i>	-	\$9 M
Truck Loan Assistance Program	\$10 M	\$15 M
TOTAL	\$95 M	\$167 M*

*\$148 M for SB 1204 projects from GGRF

HVIP



- Accelerates commercialization of new hybrid and zero-emission trucks and buses
- 2,100 vouchers for \$60 million since 2010
- Proposal for FY 2015-16
 - \$12 million budget to meet expected demand
 - Add eligibility for vehicle conversions as directed by SB 1204



Zero-Emission Truck and Bus Pilot Commercial Deployment

- Complements HVIP by supporting larger-scale deployment of zero-emission trucks and buses
 - Fueling/charging infrastructure eligible
- Proposal for FY 2015-16
 - \$20 million for trucks and \$45 million for buses
 - Includes \$5 million for rural school buses
- Combined solicitation with FY 2014-15 funds, timed to maximize leveraging of federal funds



Low NOx Truck Incentives

- \$7 million proposed for new project category
- Incentives for trucks certified to optional low NOx engine standards adopted in 2013
 - Encourage manufacturers to bring vehicles to market
 - Low carbon renewable fuel element to maximize GHG benefits
- Coordinate with Energy Commission on implementation

Advanced Technology Demonstration Projects

- Status of FY 2014-15 funding
 - Solicitations for zero-emission drayage trucks and multi-source facility projects release in June 2015
- Proposal for FY 2015-16
 - \$59 million for new demonstration projects
 - Complements FY 2014-15 funding
 - Support priorities identified in draft Sustainable Freight document and Heavy-Duty Technology and Fuels Assessment
 - All projects must benefit disadvantaged communities

Zero-Emission Freight Equipment Pilot Commercial Deployment

- \$9 million proposed for new project category
- Incentives for commercially available zero-emission equipment used in freight operations
 - Pilot to evaluate optimal way to deliver incentives
 - Envision evolving into first-come, first-served voucher program



Truck Loan Assistance Program

- Continued financing for small business truckers
- \$60 million in AQIP funds since 2009
 - 7,000 cleaner trucks and retrofits
 - Leveraging \$450 million in private funds
 - Increasing demand each year
- Proposal for FY 2015-16
 - \$15 million budget to meet expected demand
 - Work with Treasurer's Office on refinements



Addressing SB 1204 Requirements

- \$148 million projects pursuant to SB 1204
Funding Plan includes:
 - Criteria for evaluating heavy-duty projects
 - Description of how program meets SB 1204 goals
 - Vision for incentives to move technologies through commercialization
- At least 20 percent of truck funding spent on commercial deployment of existing technologies

Revisions to Staff Proposal

- Propose new Mobile Agricultural Equipment Trade-Up Project in the San Joaquin Valley
- Reallocate \$500,000 of AQIP reserve to fund project



Addressing Low Carbon Transportation Budget Delay

- GGRF funding deferred to later in session
- Short term waiting list may be needed for CVRP
 - FY 2014-15 funding may run out in August 2015
- Other projects may be delayed
- AQIP funding included in Budget, not impacted

Summary and Recommendation

- Proposed projects would
 - Expand investments from previous years to meet demand and identified priorities
 - Accelerate commercialization of technologies needed to meet climate change and air quality goals
 - Expand investments to benefit disadvantaged communities
- Recommend approval of proposed Funding Plan