

Proposed Modification to the Fiscal Year (FY) 2015-16 Funding Plan

Low Carbon Transportation Investments and Air Quality Improvement Program

October 22, 2015

California Environmental Protection Agency
 **Air Resources Board**



June 25, 2015 Board Action

- Board approved FY 2015-16 Funding Plan
 - \$350 million in Low Carbon Transportation funds from Greenhouse Gas Reduction Fund (GGRF)
 - \$23 million in AQIP funds
- Contingent on budget appropriations
 - GGRF appropriations for all State agencies still pending at time of June Board meeting
 - AQIP funds were appropriated in June Budget bill

September 2015 Legislative Action

- Appropriated \$90 million to ARB for Low Carbon Transportation
 - Legislature's and Administration's intent is to keep ARB's existing rebate and voucher projects running until Spring 2016
- Deferred consideration of remaining Cap-and-Trade auction proceeds to future date

Proposal for \$90 Million Low Carbon Transportation Appropriation

- Allocate to the 3 existing rebate and voucher projects
 - \$75 million to Clean Vehicle Rebate Project (CVRP)
 - \$10 million to Enhanced Fleet Modernization Program (EFMP) Plus Up Pilot Projects (car scrap and replace)
 - \$5 million to Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)
- Proportional share of original allocations
- Defer implementation of 9 other projects until additional funding available

Light-Duty Projects

Project Category	Funding Plan Allocations (in millions)	Proposed Partial Allocations (in millions)	Pending Further Legislative Action (in millions)
CVRP	\$160	\$75	\$85
EFMP Plus-Up	\$20	\$10	\$10
Increased Incentives for Public Fleets	\$5	Defer Implementation	\$5
Car Sharing and Mobility Options	\$5		\$5
Financing Assistance	\$4		\$4
Agricultural Worker Vanpools in San Joaquin Valley	\$3		\$3

Heavy-Duty and Freight Projects

Project Category	Funding Plan Allocations (in millions)	Proposed Partial Allocations (in millions)	Pending Further Legislative Action (in millions)
HVIP	\$10	\$5	\$5
Low NOx Truck Incentives	\$5	Defer Implementation	\$5
Zero-Emission Truck Pilot Commercial Deployment	\$20		\$20
Zero-Emission Bus Pilot Commercial Deployment	\$45		\$45
Advanced Technology Demonstration	\$59		\$59
Zero-Emission Freight Equipment Pilot Commercial Deployment	\$9		\$9

Implementation Schedule

- Agencies can only commit up to 75 percent of funds prior to 4th Cap-and-Trade auction (May 2016)
- Initial grants will be limited to 75 percent of each project's allocation
 - CVRP: \$56.25 million
 - EFMP Plus-Up: \$7.5 million, split evenly between South Coast and San Joaquin Valley
 - HVIP: \$3.75 million

Early Grant Agreement for CVRP

- FY 2014-15 CVRP funds exhausted in early October
- Executive Officer executed early, partial CVRP grant to avoid funding lapse
 - Utilized contingency provisions in Funding Plan
- Income eligibility provisions begin early 2016
- With Board approval of today's proposal, would amend CVRP grant up to \$56.25 million

Next Steps

- If Legislature appropriates full \$350 million, implement Funding Plan as approved in June
- If Legislature appropriates partial funding:
 - Request additional flexibility to add funding to just these 3 projects, up to the amounts in the Funding Plan, if necessary to meet consumer demand
- Return to Board for further direction if necessary

Recommendation

- Approve staff's proposed update to Funding Plan to implement initial \$90 million in Low Carbon Transportation funding