Proposed Fiscal Year 2022-23 Funding Plan For Clean Transportation Incentives

Accompanied By

Proposed Carl Moyer Program Changes

Board Presentation
November 17, 2022
Today’s Presentation

Funding Plan for Clean Transportation Incentives

Revisions to Carl Moyer Program
Incentives Play a Critical Role

- Support the State’s climate change, air quality, zero-emission vehicle (ZEV) deployment, and petroleum reduction goals
- Accelerate the transition of fleets to zero-emission
- Support equitable, community-driven clean transportation and multi-sector approaches
- Promote economic growth and job training and apprenticeship opportunities
- Build on successes of previous investments and incorporate lessons learned
California Air Resources Board’s Portfolio of Incentive Programs

Community Air Protection Program - Assembly Bill (AB) 617
Criteria, toxics and greenhouse gases (GHG) reductions for community goals

Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program
Criteria, toxics and GHG reductions for the ag sector

Air Quality Improvement Program (AQIP)
Criteria pollutant and toxics reductions

Low Carbon Transportation
Advance technologies to provide GHG reductions and Priority Populations benefits

Carl Moyer Program
Cost-effective, State Implementation Plan (SIP) creditable criteria pollutant emission reductions

Volkswagen (VW) Mitigation Trust
Nitrogen Oxides (NOx) mitigation and zero-emission
Funding Plan for Clean Transportation Incentives
Acknowledgements

Access Clean California
Less pollution, more power

And more....
Extensive Public Process

Governor Proposes Budget
Jan 2022

Kick-Off Workshop
Mar 2022

12 Work Group Meetings
Mar – Aug 2022

May Revise
May 2022

Second Workshop
Jul 2022

Final Budget
Aug 2022

Final Workshop
Sept 2022

Public Comment Period
Oct 14 – Nov 14, 2022

Board Meeting
Nov 17, 2022

One-on-one Meetings

Community Engagement Meetings
Highlights of Proposals

• Increased outreach and community engagement, including African American communities and tribal governments
• Support meeting federal air quality standards and climate goals
• Flexibility to address community-identified needs
• Broader approach to consider transportation systems as a whole
• Continue transition from broad purchase incentives to more equitable strategies
• Targets 60-70 percent of Low Carbon Transportation funds to benefit priority populations
• Supports regulatory efforts across multiple sectors
Largest Budget to Date – $2.6 Billion for Clean Transportation Incentives

• Fiscal Year (FY) 2022-23 State budget included:
  • $710 million (M) from the State General Fund (GF)
  • $1.125 billion (B) from Proposition (Prop) 98 GF
  • $746M from the Greenhouse Gas Reduction Fund (GGRF)
  • $28.64M from the Air Quality Improvement Fund (AQIF)
Increasing Benefits in Priority Populations

![Bar chart showing increasing funding over time](chart.png)

- **2013-2014**: $0
- **2017-2018 Fiscal Year**: $328
- **2022-2023**: $1,914

**Equity Funding** and **All Other Funding**
Expanding and Standardizing Demographic Data Collection

• Limited demographic data such as race, ethnicity, gender identity, socioeconomic status, etc. across programs
• Where available, some demographic data is included in the FY 2022-23 Funding Plan
• Staff is working towards expanding and standardizing data collection across all clean transportation programs
• Staff are exploring ways to ensure data remains publicly available and accessible
### Clean Transportation Incentives

#### Proposed Allocations

<table>
<thead>
<tr>
<th>Project Category</th>
<th>GGRF</th>
<th>GF</th>
<th>Prop 98 GF</th>
<th>AQIF</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean Transportation Equity Programs Established Under Senate Bill 1275</td>
<td>$126M</td>
<td>$255M</td>
<td>-</td>
<td>-</td>
<td>$381M</td>
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<tr>
<td>Heavy-Duty Vehicles and Off-Road Equipment</td>
<td>$620M</td>
<td>$455M</td>
<td>$1,125M</td>
<td>-</td>
<td>$2,200M</td>
</tr>
<tr>
<td>AQIP</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$28.64M</td>
<td>$28.64M</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$746M</strong></td>
<td><strong>$710M</strong></td>
<td><strong>$1,125M</strong></td>
<td><strong>$28.64M</strong></td>
<td><strong>$2,610M</strong></td>
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</tbody>
</table>

- Board has the discretion to allocate
  - $166M within the clean transportation and light-duty equity projects
  - $600M within the heavy-duty vehicle and off-road equipment projects
Clean Transportation & Light-Duty Equity Investments
### Light-Duty Vehicle Purchase Incentive Programs

#### Metrics of Success

<table>
<thead>
<tr>
<th>Supporting Healthy Communities</th>
<th>Supporting Clean Air Goals</th>
<th>Growing the Green Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$400+ MILLION</strong> PRIORITY POPULATIONS</td>
<td><strong>9.6+ MILLION</strong> GHG REDUCTIONS</td>
<td><strong>$1.2+ BILLION</strong> VEHICLE PURCHASE</td>
</tr>
<tr>
<td>Over $400 million, or over 32 percent, of all vehicle purchase incentive funds have supported clean vehicle purchases benefiting priority populations.</td>
<td>CARB’s light-duty vehicle purchase incentive programs have resulted in a reduction of over 9.6 million metric tons of carbon dioxide equivalent.</td>
<td>CVRP, Clean Cars 4 All, and Financing Assistance programs have funded $1.2 billion toward the purchase of over 475,000 clean vehicles since 2010.</td>
</tr>
<tr>
<td><strong>$2.9+ MILLION</strong> PUBLIC FLEET SUPPORT</td>
<td><strong>48+ MILLION</strong> FUEL USE AVOIDED</td>
<td><strong>1.1+ MILLION</strong> ELECTRIC VEHICLE SALES</td>
</tr>
<tr>
<td>Over $2.9 million in CVRP funds have supported over 700 light-duty electric vehicles for public fleets operating in Disadvantaged Communities, as identified in CalEnviroScreen 3.0.</td>
<td>An estimated 48+ million gallons of fuel use avoided as a result of the clean vehicles funded through CARB’s vehicle purchase incentive programs.</td>
<td>There have been over 1.1 million light-duty electric vehicles sold in California with 42 percent of these purchases supported by CARB’s vehicle purchase incentive programs.</td>
</tr>
</tbody>
</table>
Proposed Vehicle Purchase Incentives Allocations

- **$245M for Clean Cars 4 All (CC4A) (District and Statewide)**
  - Replace old vehicles with clean vehicles

- **$66M for Financing Assistance**
  - Loans and grants to purchase clean vehicles

- **$1M for Access Clean California**
  - Increase awareness of clean transportation equity incentives

- **$3M for the Electric Bicycle Incentive Project**
  - Incentives for electric bicycles

- **NEW $1M for California Integrated Travel Project (Cal-ITP)**
  - Payment issuance strategy

- **NEW $10M for Zero-Emission Assurance Project (ZAP)**
  - Incentives for battery or fuel cell replacements

- **Includes $326M for vehicle purchase incentives**

- **Supports Advanced Clean Cars II regulation**
Purchase Incentives Equity Overhaul

• Proposing continued alignment across Clean Vehicle Rebate Project (CVRP), CC4A, and Financing Assistance
• Focusing dollars in disadvantaged communities (DAC)
• Significantly increasing incentives for low-income car buyers
  • Up to $15,000 from $12,000 for a new electric vehicle, or up to $19,500 from $16,500 when scrapping an older vehicle
• Legislatively required vehicle eligibility changes
  • Remove conventional hybrid vehicles from CC4A by November 2024, plug-in hybrid electric vehicles from CVRP by January 2025
Streamline and Align Programs

• Align income tiers for CC4A and Financing Assistance at or below 300% the federal poverty level (FPL)
  • $54,930 for a family of 2 or $83,250 for a family of 4
• Allow district run CC4A programs to expand to all areas of their respective jurisdictions;
  • Positions Statewide CC4A to support all non-district run territories minimizing overlap
• Offer and align prepaid charge card incentives to cover 1-2 years of charging
Air District CC4A Allocations

CC4A Program Allocations

<table>
<thead>
<tr>
<th>Program</th>
<th>GF</th>
<th>GGRF</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Statewide</td>
<td>$125M</td>
<td>-</td>
<td>$125M</td>
</tr>
<tr>
<td>Districts</td>
<td>$80M</td>
<td>$40M</td>
<td>$120M</td>
</tr>
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</table>

Proposed CC4A Allocation Formula

<table>
<thead>
<tr>
<th>District</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Coast Air Quality Management District (AQMD)</td>
<td>$39M</td>
</tr>
<tr>
<td>San Joaquin Valley Air Pollution Control District (APCD)</td>
<td>$29M</td>
</tr>
<tr>
<td>Bay Area AQMD</td>
<td>$28M</td>
</tr>
<tr>
<td>Sacramento Metropolitan AQMD</td>
<td>$12M</td>
</tr>
<tr>
<td>San Diego APCD</td>
<td>$12M</td>
</tr>
</tbody>
</table>

Allocation formula includes the base amount, number of projects in a 12-month period, and average share of population.
Clean Mobility Investments
Metrics of Success

Supporting Healthy Communities and Clean Air Goals

- **2.7+ Million**
  - Net Fossil Fuels Use Reductions
    - Clean Mobility Investments have resulted in a net fossil fuel use reduction of over 2.7 million gasoline gallon equivalents (GGE).

Increasing Affordability of Transportation

- **$2.2 Million**
  - Tribal Government Investments
    - Approximately $2.2 million in Clean Mobility Investments funded through the CMO Voucher Pilot Program are increasing accessibility to clean transportation for tribes.

- **$37+ Million**
  - Travel Cost Savings
    - Clean Mobility Investment dollars spent have resulted in a total cost savings of over $37 million dollars.

Growing the Green Economy

- **~600** Directly Supported Jobs
  - Clean Mobility Investments have resulted in approximately 600 directly supported jobs.

- **200+** Indirectly Supported Jobs
  - Clean Mobility Investments have resulted in over 200 indirectly supported jobs.

- **350+** Induced Jobs
  - Clean Mobility Investments have resulted in over 350 induced jobs.
Proposed Clean Mobility Investments Support More Sustainable Transportation Systems

- **$5M for Planning and Capacity Building**
  - Community-led planning and capacity building and localized technical assistance and outreach

- **$20M for Clean Mobility Options**
  - Expand clean transportation options and community-led shared mobility projects for priority populations and tribal governments

- **$15M for Clean Mobility in Schools**
  - Zero-emission transformations at schools in priority populations

- **$15M for the Sustainable Transportation Equity Project**
  - Community-identified clean transportation solutions for priority populations

- Proposal includes **$55M** for clean mobility investments
- Provides zero-emission and clean mobility options tailored to priority population needs
- Expands transportation choices and reduce vehicle miles traveled
Heavy-Duty & Off-Road Equipment Investments
Metrics of Success

Supporting Healthy Communities

DAC VOUCHERS
58 PERCENT
Fifty-eight percent of vouchers in HVIP have funded vehicles deployed in Disadvantaged Communities, as identified in CalEnvironScreen 3.0.

FLEET SUPPORT
63 PERCENT
Sixty-three percent of vouchers were given to small or public fleets (public entities with <$15 million annual revenue or fewer than 50 people).

Supporting Technology Evolution

JOBS CREATED
12 THOUSAND
The incentive dollars spent through HVIP have created nearly 3,000 jobs from HVIP funding and spurred close to 9,000 jobs from private investment, totaling almost 12,000 jobs.

MILES TRAVELED
222 MILLION
There were 222,066,801 cleaner-than-diesel miles traveled in California by HVIP-funded vehicles between 2010 and 2021.

Growing the Green Economy

MANUFACTURERS
197 VEHICLES
There are 43 HVIP and CORE-eligible manufacturers offering 197 vehicles.

NEARLY $900 MILLION
VEHICLE PURCHASE
HVIP and CORE have funded $896+ million toward the purchase of over 11,300 vehicles and pieces of equipment since 2010.
Proposed Heavy-Duty Project Allocations

- $1.787B for Clean Truck and Bus Vouchers (HVIP)
  Vouchers for zero-emission truck and buses

- $273M for Clean Off-Road Equipment Vouchers Incentive Project (CORE)
  Vouchers for zero-emission off-road equipment

- $75M for Demos and Pilots
  Funding for emerging opportunities

- $60M for Demos and Pilots Projects-Commercial Harbor Craft
  Funding for commercial harbor craft

- $28.64M for Truck Loan Assistance
  Financing for small-business fleet owners

- $5M for New Zero-Emission Truck Loan Pilot
  Financing for both heavy-duty ZEVs and charging/fueling infrastructure

- Includes over $2B for heavy-duty and off-road equipment investments

- Supports Innovative Clean Transit, Advanced Clean Fleets, and Commercial Harbor Craft Regulations

- Focus on small fleets and DACs
Clean Truck and Bus Vouchers

• Following legislative direction, the proposal increases benefits for small businesses and DACs, strengthens focus on equity, and enhances market development
  • Begins introduction of fleet size limits in 2024
  • Introduces tiered voucher amounts based on fleet size
  • Leverages private capital through large fleet bulk purchase requirement
  • Reserves funding for small and medium fleets
• Continues set-asides
  • Supports the deployment of zero-emission drayage trucks, school buses, and transit buses
  • Increases funding for Innovative Small e-Fleets pilot
Proposal Advances the Market and Supports DACs and Small Fleets

Savings from voucher reductions to large fleets expected to allow HVIP to fund 400+ more zero-emission trucks

Promotes large-scale shift from combustion to zero-emission in disadvantaged communities

Increases incentive amount by 15% for small fleets and ensures funding is continuously available for small fleets and public entities
Clean Off-Road Equipment Vouchers

• Supports rapidly growing demand in the off-road sector
• CORE Pro Landscaping launched on November 7, 2022
• Continues support for small businesses and regulatory efforts
• Proposing to increase maximum voucher amount from $500,000 to $1M for zero-emission cargo handling equipment, commercial harbor craft, and locomotives
Demonstrations and Pilot Projects – Commercial Harbor Craft (CHC)

• Following Legislative direction, proposal includes $60M to maximize emission reductions from vessels subject to the CHC regulation
  • Private ferry operators regulated by the California Public Utilities Commission
  • Commercial passenger fishing vessels, research vessels, and excursion vessels also prioritized
  • Funding available for both zero-emission and cleanest available combustion
• Staff will conduct a public process to determine how funds will be prioritized and administered
Funding Plan Contingencies

• To minimize disruptions and consistent with past practice, staff proposes that the Board grant the Executive Officer authority to:
  • Allocate a portion of future years funding in the event of a waitlist or funding shortfall for first-come, first-served projects
• Will use a transparent, public work group process to:
  • Add or scale back funding levels
  • Make technical or administrative changes
Proposed Changes to the Carl Moyer Program Guidelines
Proposed Moyer Cost-Effectiveness (CE) Adjustment

- Last year’s increase in the CE limit and the Incentives Program Advisory Group have accelerated ZEV and equity work in the on-road sector.
- Consistent with the update to the on-road zero-emission CE limit, staff propose to update off-road zero-emission CE limit to $522,000 per ton.
- Update ensures Carl Moyer Program focuses on providing incentives and deploying advanced zero-emission technologies in the off-road sector.

<table>
<thead>
<tr>
<th>CE Limit Type</th>
<th>Current CE Limits ($/ton)</th>
<th>Proposed CE Limits ($/ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-Road Optional Zero-Emission Limit</td>
<td>$109,000</td>
<td>$522,000</td>
</tr>
</tbody>
</table>
Conclusion & Recommendation
Staff’s Proposal Advances Clean Transportation and Supports Equity

• Most significant appropriation to date
• This proposal:
  • Advances climate goals and air quality goals
  • Provides benefits to low-income and DACs
  • Builds significant momentum for expanding the market for clean vehicles and transportation options
• **Staff’s Recommendation**: Approve proposed Funding Plan and Carl Moyer changes
Thank you!