

Proposed
State of California
Air Resources Board

Revisions to Carl Moyer Memorial Air Quality Standards Attainment Program Guidelines

Resolution 24-13

October 24, 2024

Agenda Item No.: 24-5-4

Whereas, sections 39600 and 39601 of the Health and Safety Code authorize the California Air Resources Board (CARB or Board) to adopt standards, rules and regulations and to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon the Board by law;

Whereas, the Legislature in Health and Safety Code section 39602 designated the CARB as the air pollution control agency for all purposes set forth in federal law;

Whereas, section 39605 of the Health and Safety Code authorizes CARB to conduct public hearings and to provide assistance to California's air pollution control and air quality management districts (air districts);

Whereas, sections 44275 through 44299.2 of the Health and Safety Code establish the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) to provide grants to offset the incremental cost of projects that reduce emissions of oxides of nitrogen (NO_x), particulate matter, and reactive organic gases from qualifying sources in California;

Whereas, section 44287 of the Health and Safety Code requires CARB to establish grant criteria and guidelines for the Moyer Program in consultation with the air districts and to revise the guidelines as necessary to improve the ability of the program to achieve the maximum amount of emission reductions feasible;

Whereas, section 44286 of the Health and Safety Code charges CARB with oversight responsibility and authority to ensure that the Moyer Program is implemented in a manner consistent with program guidelines and State law and achieves emission reductions creditable in the State Implementation Plan (SIP);

Whereas, Executive Order N-79-20, enacted in 2020, established State goals for 100 percent sales or use, where feasible, of zero emission vehicles for the on and off-road sectors to help put the State on a path to carbon neutrality by 2045, directing CARB to use existing authority to accelerate deployment of zero-emission technologies and affordable fueling and charging options for zero-emission technologies, in ways that serve all communities and in particular low-income and disadvantaged communities, consistent with State and federal law;

Whereas, Assembly Bill (AB) 2836 (Garcia, Stats. 2022, ch. 355) extended authorization of the Moyer Program, extending all previous sunset provisions in the Moyer Program's governing Health and Safety Code and Vehicle Code Statutes from January 1, 2024, to January 1, 2034;

Whereas, under Resolutions 08-22, 09-47, 10-19, 11-23, 14-26, 17-17, and 22-20, the Board has delegated to the Executive Officer the authority to interpret or clarify, and to adopt changes to, the Moyer Program, provided that such changes are consistent with statute and the goals established by the Board;

Whereas, the emission reductions resulting from the Moyer Program are critical for enabling CARB and the air districts to attain State and federal health-based air quality standards, to fulfill their obligations under the SIP to attain State and federal health-based air quality standards, and to reduce exposure to toxic air pollutants;

Whereas, regulations adopted by CARB, the U.S. Environmental Protection Agency (U.S. EPA), and the air districts are the primary mechanisms to reduce emissions and achieve ambient air quality standards in California;

Whereas, the Moyer Program complements regulatory strategies by providing monetary incentives to obtain surplus emission reductions beyond those required by rules and regulations;

Whereas, the changes proposed in the 2024 Moyer Program Guidelines reflect input from air districts and consultation with the public as set forth in section 44287 of the Health and Safety Code, including one virtual workshop, one hybrid (in-person and virtual) workshop held at the CARB Riverside Headquarters, and one hybrid workshop held at the CARB Sacramento Headquarters;

Whereas, section 44283, subdivision (a)(1)(A)(ii) of the Health and Safety Code directs the Board to establish cost-effectiveness values that consider adopted air district and CARB control measures and the cost of emission control technologies;

Whereas, section 44281 of the Health and Safety Code allows for the purchase of new very low or zero-emission vehicles or covered engines to be eligible as a project under the Moyer Program;

Whereas, section 44283 of the Health and Safety Code provides CARB the authority to establish cost-effectiveness limits in collaboration with air districts and the public that support both conventional technology projects and emerging advanced technology projects;

Whereas, cost-effectiveness limits for advanced technologies as proposed will optimize the function of the Moyer Program for future project eligibility of engine retrofits or replacements consistent with Health and Safety Code section 44281, subdivision (a)(2):

1. A base cost-effectiveness, adjusted for inflation, of \$60,000 per weighted ton of emission reductions will continue to support conventional engine replacement projects achieving early or extra emission reductions;
2. An on-road advanced combustion technology cost-effectiveness limit, adjusted for inflation, up to \$209,000 per weighted ton of emission reductions to enable the purchase of optional on-road advanced technologies based on incremental costs for meeting a certified 0.02 g/bhp-hr NOx standard or cleaner;
3. An on-road combustion school bus cost-effectiveness limit, adjusted for inflation, up to \$313,000 per weighted ton of emission reductions will continue to support conventional school bus engine replacement projects achieving early or extra emission reductions;

4. An on-road zero-emission technology cost-effectiveness limit, adjusted for inflation, up to \$522,000 per weighted ton of emission reductions to enable the purchase of optional on-road zero-emission technologies based on incremental costs for meeting a certified zero-emission standard;
5. An off-road zero-emission technology cost-effectiveness limit up to \$120,000 per weighted ton of emission reductions to enable the purchase of optional off-road zero-emission technologies and align with the cost-effectiveness in the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) Program; and
6. A one-step approach will continue to support conventional projects, engines, and equipment, exempt from pertinent regulations, and advanced technologies to align with the FARMER Program.

Whereas, the higher advanced technology cost-effectiveness limit is optional and will be used to fund the increment of emission reductions achieved beyond the required standard for technologies that are zero-emission or provide reductions at the cleanest optional oxides of nitrogen standard, when certified or verified by CARB or U.S. EPA and commercially available;

Whereas, sections 44281 and 44282 of the Health and Safety Code provide CARB authority to fund the installation of fueling or energy infrastructure to fuel or power covered sources and broaden deployment of very low or zero-emission technologies;

Whereas, section 44287.2 of the Health and Safety Code provides opportunities for Moyer projects to be co-funded with other funding sources without penalty to the cost-effectiveness calculation, enabling air districts to combine multiple incentive funds to meet multiple program goals within safeguards that prevent project overpayment and double-counting of emission reductions;

Whereas, the proposed 2024 Moyer Program Guidelines details updated funding requirements for heavy-duty on-road vehicles, off-road equipment, locomotives, marine vessels, light-duty vehicles, lawn and garden equipment, and infrastructure source categories to further modernize eligibility criteria to reflect changing technology, regulations, and stakeholder input;

Whereas, the proposed 2024 Moyer Program Guidelines incorporate changes to clarify administrative procedures and reduce implementation burdens while maintaining program accountability elements;

Whereas, the proposed 2024 Moyer Program Guidelines uphold longstanding principles of the Moyer Program to:

1. Ensure continued program accountability and good stewardship of public funds;
2. Ensure Moyer projects provide SIP creditable emission reductions per the U.S. EPA requirements;
3. Emphasize emission reductions in communities with higher pollutant exposure, including communities of minority and low-income populations; and
4. Provide sufficient incentive to encourage California businesses to participate in and benefit from the Moyer Program, getting surplus emission reductions that meet cost-effectiveness limits.

Whereas, CARB is responsible for the preparation of the SIP for attaining and maintaining the National Ambient Air Quality Standards (NAAQS) as required by the federal Clean Air Act (Act) (42 U.S.C. § 7401 et seq.), and to this end is directed by Health and Safety Code section 39602 to coordinate the activities of all local and regional air pollution control and air quality management districts necessary to comply with the Act;

Whereas, the local air districts have primary responsibility for the control of air pollution from non-vehicular sources and for adopting control measures, rules, and regulations to attain the NAAQS within their boundaries pursuant to sections 39002, 40000, 40001, 40701, 40702, and 41650 of the Health and Safety Code;

Whereas, CARB has responsibility for ensuring that local air districts meet their responsibilities under the Act pursuant to sections 39002, 39500, 39602, and 41650 of the Health and Safety Code;

Whereas, federal law sets forth in section 110(I) of the Act, 42 U.S.C. section 7410(I), and Title 40, Code of Federal Regulations (CFR), section 51.102, that one or more public hearings, preceded by at least 30 days' notice and opportunity for public review, must be conducted prior to the adoption and submittal to U.S. EPA of any SIP revision;

Whereas, as required by federal law, the Board made the 2024 Moyer Program Guidelines available for public review beginning on August 28, 2024, at least 30 days prior to the hearing date;

Whereas, the Board made the 2024 Moyer Program Guidelines available for public review beginning on August 28, 2024, at least 45 days prior to the hearing date pursuant to section 44287, subdivision (b) of the Health and Safety Code;

Whereas, Senate Bill (SB) 1158 (Archuleta, Stats. 2024, ch. 459), enacted after staff released the proposed 2024 Moyer Program Guidelines for the 45-day public comment period, amended the statutory deadline for air districts to liquidate Moyer funds to June 30 of the 6th calendar year following the date of disbursement and made other conforming changes;

Whereas, after the close of the 45-day comment period, staff reviewed all comments received and proposes modifying the Guidelines to make the following adjustments:

1. Adjust the cost-effectiveness limit of marine projects to \$522,000;
2. Allow for additional flexibilities for on-road truck post-inspections;
3. Update warranty requirements to cover 5,000 hours for off-road zero-emission technologies, in order to align with the FARMER Program;
4. Update the forestry load factors to align with the most current inventory; and
5. Provide minor updates to chapters.

Whereas, section 44287 of the Health and Safety Code recognizes that CARB has the authority to make these minor modifications in order to facilitate implementation of the Program.

Whereas, CARB's regulatory program that involves the adoption, approval, amendment, or repeal of standards, rules, regulations, or plans has been certified by the Secretary for Natural Resources under Public Resources Code section 21080.5 of the California Environmental Quality Act (CEQA; California Code of Regulations, title 14, section 15251(d)), and CARB conducts its CEQA review according to this certified program (California Code of Regulations, title 17, sections 60000-60007);

Whereas, staff has determined that the proposed 2024 Moyer Program Guidelines is exempt from CEQA under California Code of Regulations, title 14, section 15061, subdivision (b)(3) ("common sense" exemption) because substantial evidence in the record shows with certainty that there is no possibility that the proposed activity may result in a significant adverse impact on the environment, as described in Section IV. of the Staff Report;

Whereas, in consideration of the proposed 2024 Moyer Program Guidelines, staff presentation, and public testimony and comments, the Board finds that:

The proposed 2024 Moyer Program Guidelines meets the statutory requirements to establish, update, and adopt criteria and guidelines for the Moyer Program in consultation with air districts, including protocols to calculate cost-effectiveness and safeguards to ensure projects generate surplus emission reductions, and to propose for public review revisions as necessary to improve the ability of the program to achieve its goals identified in section 44287, subdivisions (a)-(b) of the Health and Safety Code;

The proposed 2024 Moyer Program Guidelines are consistent with statute and the goals established by the Board for the Moyer Program;

The proposed 2024 Moyer Program Guidelines reflect new legislation, new and revised State regulations, and programmatic recommendations received in consultation with air districts and the public to ensure that cost-effective emission reductions from funded projects continue to be permanent, surplus, quantifiable, and enforceable;

The proposed 2024 Moyer Program Guidelines include an adjustment to the Moyer Program cost-effectiveness limits, as authorized in section 44283, subdivision (a)(1)(A)(ii) of the Health and Safety Code;

The proposed 2024 Moyer Program Guidelines provide flexibility to co-fund projects, as authorized in section 44287.2 of the Health and Safety Code;

The proposed 2024 Moyer Program Guidelines clarify and simplify administrative procedures for air district program implementation while maintaining the Moyer Program's core principles of achieving emission reductions that contribute to the attainment of ambient air quality standards and are creditable in the SIP;

The proposed 2024 Moyer Program Guidelines were developed in an open public process, in consultation with affected parties, through numerous public workshops, individual meetings, and other outreach efforts, and these efforts are expected to continue;

The proposal is consistent with CARB's environmental justice policies and do not disproportionately impact people of any race, culture, income, or national origin.

The proposed 2024 Moyer Program Guidelines is exempt from CEQA under California Code of Regulations, title 14, section 15061, subdivision (b)(3) because substantial evidence in the record shows with certainty that there is no possibility that the proposal may result in a significant adverse impact on the environment.

Now, therefore, be it resolved that the Board hereby approves the 2024 Moyer Program Guidelines as released on August 26, 2024, with the modifications included in this resolution, and will post the modified guidelines on CARB's Carl Moyer Program Guidelines webpage.¹

¹ <https://ww2.arb.ca.gov/guidelines-carl-moyer>