

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

CALEPA HEADQUARTERS
BYRON SHER AUDITORIUM
SECOND FLOOR
1001 I STREET
SACRAMENTO, CALIFORNIA

THURSDAY, JULY 27, 2017
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JAMES F. PETERS, CSR
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A P P E A R A N C E S

BOARD MEMBERS:

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Mr. Hector De La Torre

Mr. John Eisenhut

Senator Dean Florez

Assembly Member Eduardo Garcia

Supervisor John Gioia

Ms. Judy Mitchell

Mrs. Barbara Riordan

Supervisor Ron Roberts

Supervisor Phil Serna

Ms. Diane Takvorian

STAFF:

Mr. Richard Corey, Executive Officer

Ms. Edie Chang, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. La Ronda Bowen, Ombudsman

Ms. Emily Wimberger, Chief Economist

Ms. Veronica Eady, Assistant Executive Officer

Mr. Gerard Achtelik, Manager, ZEV Infrastructure Section,
Clean Cars Branch, Emission Compliance, Automotive
Regulations and Science Division(ECARS)

Ms. Analisa Bevan, Assistant Division Chief, ECARS

Mr. Ben Carrier, Attorney, Legal Office

A P P E A R A N C E S C O N T I N U E D

STAFF:

Mr. Joshua Cunningham, Branch Chief, Advance Clean Cars Branch, ECARS

Mr. Rhead Enion, Senior Attorney, Legal Office

Mr. Michael Gibbs, Assistant Executive Officer, Executive Office

Mr. Chris Gallenstein, Staff Air Pollution Specialist, Industrial Strategies Division(ISD)

Mr. Jason Gray, Branch Chief, Climate Change Program Evaluation Branch, ISD

Ms. Annette Hebert, Division Chief, ECARS

Mr. David Hults, Assistant Chief Counsel, Legal Office

Ms. Alexandra Kamel, Attorney, Legal Office

Ms. Elise Keddie, Manager, ZEV Implementation Section, Advanced Clean Cars Branch, ECARS

Mr. Jeffrey Lidicker, Air Resources Engineer, ZEV Infrastructure Section, ECARS

Ms. Rajinder Sahota, Assistant Division Chief, ISD

Mr. Craig Segall, Assistant Chief Counsel, Legal Office

Mr. Mark Sippola, Air Resources Engineer, Program Development Section, ISD

Mr. Floyd Vergara, Division Chief, ISD

ALSO PRESENT:

Mr. Alan Abbs, California Air Pollution Control Officers Association

Ms. Fariya Ali, Pacific Gas & Electric

Ms. Angelica Altamirano, Pacific Gas & Electric

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Craig Anderson, Solar Turbines

Ms. Meg Arnold, Valley Vision

Mr. Sam Bayless, California Independent Oil Marketers
Association

Mr. Nathan Bengtsson, Pacific Gas & Electric

Mr. Dan Bergmann, City of Vernon, Long Beach, Palo Alto

Ms. Susie Berlin, Northern California Power Agency and MSR

Mr. Brian Biering, Turlock Irrigation District

Mr. Steve Bloch, EV Connect

Ms. Elan Bond, Nel Hydrogen

Ms. Laura Bone, San Joaquin Valley Partnership & EV Box

Mr. Charles Botsford, AeroVironment

Mr. Jack Broadbent, Bay Area Air Quality Management
District

Mr. Susan Brown

Ms. Nancy Bui-Thompson, Sacramento Municipal Utility
District

Mr. Michael Carr, Shell

Ms. Emily Cassi, Con J. Franke Electric

Mr. Michael Coates, Diesel Technology Forum

Mr. Derek Cole

Mr. James Corless, Sacramento Area Council of Governments

Ms. Kendra Daijogo, California Council for Environmental
and Economic Balance

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Ms. Tanya DeRivi, Southern California Public Power Authority

Ms. Marjorie Dickinson, University of California, Davis

Mr. Roger Dickinson

Ms. Claire Dooley, EVgo

Mr. Robert Dugan, Sacramento Metro Chamber

Mr. Joel Espino, The Greenlining Institute

Mr. Linus Farias, Pacific Gas & Electric

Mr. Yuriy Fox, Absolut Electric

Ms. Genevieve Gale, Central Valley Air Quality Coalition

Mr. Brian Gini, Collins Electrical Company

Ms. JoAnne Golden, LA N Sync

Mr. David T. Gomez, Los Angeles Labor Management

Mr. Larry Greene, Sacramento Metropolitan Air Quality Management District

Ms. Jason Gumataotao

Ms. Lauren Hajik, California Dairies, Western Ag Processors, California Cotton Ginners & Growers Association

Mr. Michael Herrera, Contra Costa Electric

Ms. Bonnie Holmes-Gen, American Lung Association

Ms. Ashley Horvat, Greenlots

Mr. Doug Houston, Rio Tinto Mineral, US Borax, Gerdau Steel, Coalition for Sustainable Cement Manufacturing

Mr. Bill Hughes, Redding Electric Utility

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Michael Jarred, Assembly Natural Resources

Dr. Olivia Kasirye, Sacramento County

Mr. Ernest Kirkpatrick

Mr. Bernie Kotlier, California Labor Management
Cooperation Committee

Mr. John Krueger, Greater Sacramento Economic Council

Sergeant Major Mike Kufchak, Veterans

Mr. John Larrea, California League of Food Producers

Mr. Lloyd Levine, SacEV

Mr. Henry Li, Sacramento Regional Transit

Ms. Laurie Litman, 350 Sacramento

Ms. Ashley, Lubaway, Toyota

Mr. Bill Magavern, Coalition for Clean Air

Mr. Mark McNabb, Electrify America

Ms. Amy Mmagu, Cal Chamber

Mr. David Modisette, Breathe California Sacramento

Mr. Pete Montgomery, Charge Everywhere Coalition

Mr. Colin Murphy, NextGen California

Mr. Ross Nakasone, Blue Green Alliance

Supervisor Don Nottoli, Sacramento County Board of
Supervisors

Ms. Rachel O'Brien, Agricultural Council

Ms. Cindy Parsons, Los Angeles Department of Water and
Power

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Ms. Beth Percynski, Procter & Gamble

Mr. Ivan Pereda, Pacific Gas & Electric

Mr. Ilya Puzankov

Ms. Tiffany Roberts, Western States Petroleum Association

Ms. Judy Robinson, Sacramento Area PEV Collaborative

Mr. Israel Salas, CoCalGas

Mr. Michael Shaw, California Manufacturers & Technology Association

Mr. David Siao, Roseville Electric

Mr. Ross Silberfarb, BTC Power

Ms. Anne Smart, ChargePoint

Mr. Adam Smith, SoCal Edison

Mr. Jeremy Smith, Pacific Gas & Electric

Mayor Darrell Steinberg, City of Sacramento

Mr. Joseph Sullivan, International Brotherhood of Electrical Workers, National Electrical Contractors Association

Ms. Shelly Sullivan, Climate Change Policy Coalition

Ms. Katelyn Sutter, Environmental Defense Fund

Mr. Kasitalea A. Talakai, Jr.

Mr. Tim Taylor, Sacramento Clean Cities Coalition

Mr. John Tillman, Nissan

Mr. John Tolliver

Mr. Dennis Tristao, JG Boswell Company

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Ms. Eileen Tutt, California Electric Transportation Coalition

Mr. Tim Tutt, Sacramento Municipal Utility District

Mr. Marc Voorhoeve, EFACEC

Mr. Craig Weckman, Los Rios Community College

Mr. Peter Weiner, Crockett Cogeneration

Mr. Justin Wynne, California Municipal Utilities Association

Mr. Ryan Zulewski, SemaConnect

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1 P R O C E E D I N G S

2 CHAIR NICHOLS: Good morning, everybody, the July
3 27th, 2017 public meeting of the Air Resources Board will
4 come to order. And we will begin with the Pledge of
5 Allegiance to the flag.

6 Please rise.

7 (Thereupon the Pledge of Allegiance was
8 recited in unison.)

9 CHAIR NICHOLS: Madam clerk, would you please
10 call the roll?

11 BOARD CLERK McREYNOLDS: Dr. Balmes?

12 Mr. De La Torre?

13 BOARD MEMBER DE LA TORRE: Here.

14 BOARD CLERK McREYNOLDS: Mr. Eisenhut?

15 BOARD MEMBER EISENHUT: Here.

16 BOARD CLERK McREYNOLDS: Senator Florez?

17 Assembly Member Garcia?

18 Supervisor Gioia?

19 BOARD MEMBER GIOIA: Here.

20 BOARD CLERK McREYNOLDS: Senator Lara?

21 Ms. Mitchell?

22 BOARD MEMBER MITCHELL: Here.

23 BOARD CLERK McREYNOLDS: Mrs. Riordan?

24 BOARD MEMBER RIORDAN: Here.

25 BOARD CLERK McREYNOLDS: Supervisor Roberts?

1 BOARD MEMBER ROBERTS: Here.

2 BOARD CLERK McREYNOLDS: Supervisor Serna?

3 BOARD MEMBER SERNA: Here.

4 BOARD CLERK McREYNOLDS: Dr. Sherriffs?

5 Professor Sperling?

6 Ms. Takvorian?

7 BOARD MEMBER TAKVORIAN: Here.

8 BOARD CLERK McREYNOLDS: Vice Chair Berg?

9 Chair Nichols?

10 CHAIR NICHOLS: Here.

11 BOARD CLERK McREYNOLDS: Madam Chair, we have a
12 quorum.

13 CHAIR NICHOLS: Very good. Thank you.

14 A couple of announcements before we get started.
15 First of all, for the interpreter, interpretation services
16 are going to be provided today in Spanish for the first
17 two items, the Cap-and-Trade Regulation, and California's
18 proposed compliance for the Clean Power Plan. Headsets
19 are available outside the hearing room at the attendant
20 sign-up table, and can be picked up at any time.

21 Would you please also translate these remarks?

22 Thank you.

23 (Thereupon the remarks were translated.)

24 CHAIR NICHOLS: Thank you.

25 Anyone who wishes to testify, should fill out a

1 request-to-speak card. They're available in the lobby
2 outside the Board room. If you think you might want to
3 speak and decide not to, that's okay, but it's very
4 helpful for us in managing our time, and the court
5 reporter's time, if we can have a list as early as
6 possible of those who wish to speak. In any event, we
7 need it prior to the actual beginning of a hearing on the
8 item.

9 Speakers should all be aware that we're going to
10 be imposing our normal three minute time limit on the oral
11 testimony. So please put your testimony in your own
12 remarks rather than reading it, because it will go better
13 that way. And we don't need to have a written submission
14 because that can be submitted into the record.

15 For safety reasons, we are required to remind you
16 that there are emergency exits to the rear of the room.
17 And in the event of a fire alarm, we're required to
18 evacuate this room immediately, go downstairs, and go
19 outside the building into the park across the street until
20 we get the all-clear signal when we can return to the
21 hearing room and resume the hearing.

22 I think that's it for opening comments.

23 So with that, the first item on today's agenda is
24 the proposed amendments to the Cap-and-Trade Regulation.
25 As I think everybody now knows, last week, the legislature

1 passed AB 398, AB 617, and Assembly Constitutional
2 Amendment 1. All of these three items were passed as a
3 package. Our own Assembly Member Garcia played a pivotal
4 role in moving this package of bills.

5 This legislative package is the product of a
6 compromise, and shows clearly that there was a diversity
7 of points of view about how we should pursue our climate
8 program. But there was a general recognition of the
9 importance and the necessity of reaching the goals that
10 were stated in law last year under SB 32.

11 So we know that there are people on both sides of
12 the aisle who are not entirely happy with where the
13 package ended up. But I think in the end, the vast
14 majority and indeed a two-thirds majority, which is not
15 easy to get, agreed that we should pursue our climate
16 targets using cap-and-trade as a way of pricing carbon and
17 as an important element of the strategy. I'm certainly
18 very pleased about this outcome.

19 So I think we will continue on with the
20 presentation here.

21 Cap-and-Trade Program continues to be and will
22 con -- will continue to be a key part of our suite of
23 climate initiatives, but it's certainly not the only
24 program. The renewable portfolio standards, the clean car
25 standards, the low carbon fuel standard are all critical

1 elements and quite uniquely crafted by California as well.

2 But the Cap-and-Trade Program is the thing that
3 actually puts a cap on emissions - this is for accounting
4 purposes - which is a key part of the credibility of the
5 program, being able to actually demonstrate that we're
6 meeting our goals. And it does it in a way that is as
7 cost effective or more cost effective than any of the
8 other alternatives.

9 In addition, the Cap-and-Trade Program inspires
10 actions beyond our borders. We see that this has been an
11 important element. It's brought about the linkage with
12 Quebec and a linkage with Ontario that's proposed in the
13 package that's before us today. And we've also seen the
14 importance of this program, although people are often
15 confused and need to be walked through the details of how
16 it actually works. But in many other countries, people
17 are trying to find ways to do something similar if not
18 identical to what we've already done.

19 Certainly the lack of any action at the federal
20 level is putting an added emphasis on the importance of
21 our actions and to the legislative leadership in this
22 regard. California's role provides a vision here which
23 has been supported by action, and so it is a model that
24 can be emulated by others.

25 Before we proceed further with this item, I want

1 to acknowledge a member of our team who's played a
2 critical role in the development of this program. He's
3 sitting at the staff table today, but I don't know if all
4 of you know him, because he works rather quietly.

5 (Laughter.)

6 CHAIR NICHOLS: His name is Michael Gibbs, and
7 he's an assistant executive officer. But he really has
8 served as CARB's chief diplomat, working with
9 jurisdictions all over the country and the world to
10 promote climate programs.

11 He's retiring early next month, so we won't get a
12 chance to do this at any other point so we thought we'd
13 embarrass him today.

14 (Laughter.)

15 CHAIR NICHOLS: And really we're going to be
16 missing his insights and analyses, his strong insistence
17 that we rely on facts as well as his wit and his
18 friendship to everybody.

19 So I want to just say on behalf of all of us,
20 Michael, that you have played a really critical role in
21 the development of this program that we're discussing
22 today, starting back in the early days of the Western
23 Climate Initiative when you were part of a CalEPA team,
24 and then we were able to recruit you to move downstairs a
25 few floors and come work for CARB, and it's made a huge

1 difference.

2 So I just think it's important that we
3 acknowledge that this has been a massive undertaking and
4 that we're going to miss you very much.

5 I was about to turn this over to Richard. But
6 before I do, I want to welcome our Board Member Garcia who
7 I just referenced in his absence as the critical author of
8 the legislation that we're going to be implementing moving
9 forward, and ask you if you have any opening remarks that
10 you would like to make before we begin.

11 ASSEMBLY MEMBER GARCIA: Well, thank you. I will
12 be brief. We are working in collaboration, right, with
13 not just the Air Resources Board but a number of different
14 other stakeholders, in the capitol as well outside the
15 capitol. I'm looking forward to the implementation, and
16 ultimately ensuring that, you know, the objectives of
17 reducing emissions is at the forefront. But you all know
18 that, you know, my involvement in this issue is based on
19 improving air quality in communities throughout
20 California, and ultimately public health and well-being of
21 the people that we represent in the State.

22 So I look forward to working here on the Air
23 Resources Board but also with the stakeholders from across
24 the State to make sure that the implementation of this is
25 on point.

1 Thank you, Chair.

2 CHAIR NICHOLS: Thanks very much. We're happy to
3 claim you as one of our own.

4 Now, I will turn the agenda over to Richard
5 Corey, our Executive officer, to present the item that's
6 actually before us.

7 EXECUTIVE OFFICER COREY: All right. Thanks,
8 Chair Nichols.

9 We started on these regulatory changes in October
10 2015, and have held 11 public workshops since then to
11 discuss the changes with stakeholders. The staff also
12 held numerous informal meetings to discuss specific topics
13 related to the proposed amendments. The proposed
14 amendments reflect those discussions.

15 These amendments would enhance existing
16 provisions in the third compliance period - that's 2018
17 through 2020 - including clarifications to electricity
18 sector provisions, allowance allocations, and offset and
19 program registration requirements. The proposed
20 amendments also set up the framework for a post 2020
21 program.

22 The legislation you mentioned earlier, AB 398,
23 provides legislative direction on some elements of the
24 post 2020 program. We'll be initiating a rulemaking later
25 this year to begin work on regulatory modifications to

1 implement the Legislature's direction on the post 2020
2 program.

3 I think it's also important to point out that the
4 companion legislation that the Chair mentioned, AB 617, is
5 a significant complement to our criteria pollutant and
6 toxics programs by focusing on the communities that
7 experience the worst air quality.

8 We're already beginning to get organized to
9 implement AB 617, and we'll be returning to the Board to
10 report on our plans in the next few months.

11 Finally, you recall that we've been working on a
12 scoping plan for the last two years as well. AB 398 also
13 directs ARB to finalize modifications to the scoping plan
14 by January 1 of 2018. We're currently evaluating what
15 changes we need to make to the scoping plan to reflect
16 legislative direction and what modeling we may need to
17 rerun. We'll release an updated proposed plan later this
18 year for public comment before bringing the plan to the
19 Board for consideration

20 I'll now ask Mark Sippola of the Industrial
21 Strategies Division to give the staff presentation.

22 Mark.

23 (Thereupon an overhead presentation was
24 Presented as follows.)

25 AIR RESOURCES ENGINEER SIPPOLA: Thank you,

1 Mr. Corey.

2 Good morning, Chair Nichols and members of the
3 board.

4 --o0o--

5 AIR RESOURCES ENGINEER SIPPOLA: This is the
6 second of two Board hearings on the proposed Cap-and-Trade
7 Regulation amendments. The first hearing was September of
8 last year, and the Board took no action at that time.

9 Today we are asking that the Board vote to adopt
10 the proposed amendments.

11 The Final Statement of Reasons for this
12 rulemaking which will include staff's responses to all
13 comments received on the record will be completed by
14 August 4th.

15 --o0o--

16 AIR RESOURCES ENGINEER SIPPOLA: AB 32 was
17 enacted in 2006 and it requires California to reduce GHG
18 emissions to 1990 levels by 2020, to maintain and continue
19 GHG reductions beyond 2020, and to coordinate with other
20 State agencies to develop the scoping plan to lay out the
21 State's plan for achieving the maximum technologically
22 feasible and cost effective emissions reductions.

23 The Cap-and-Trade Regulation was originally
24 adopted in 2011 as one of the suite of measures to reduce
25 GHG emissions and meet the goals set by AB 32, and the

1 State is currently on course to meet the 2020 target.

2 More recently, SB 32 has passed, and it requires
3 the State to reduce its GHG emissions to 40 percent below
4 1990 levels by 2030.

5 Again, just last week the legislature passed and
6 this week the Governor signed AB 398, which clarifies
7 ARB's authority to use the Cap-and-Trade Program to help
8 achieve the 2030 target. The amendments proposed today
9 are not specifically responsive to the requirements of AB
10 398. They make needed near-term changes and they provide
11 a framework for a post 220 program.

12 The Cap-and-Trade Program has several features
13 that make it well suited to meeting our future targets.
14 The main goal of the Cap-and-Trade Program is to reduce
15 statewide GHG emissions. The cap limits total annual GHG
16 emissions from all regulated sources, and this cap
17 declines each year to reduce emissions over time.

18 The Program is designed to provide compliance
19 flexibility, including through allowance trading, so the
20 lowest cost reductions in the economy can be targeted. It
21 works together with traditional measures; a GHG reduction
22 to satisfy command and control regulations also reduces a
23 compliance obligation on the Cap-and Trade Program.
24 Additionally, if other climate programs don't perform as
25 anticipated, the Program will deliver needed reductions in

1 We eliminate and update some product-based
2 benchmarks and product definitions used to determine
3 allocation. These changes ensure benchmarks accurately
4 represent their sectors and they allow streamlining of
5 product data reporting.

6 Third compliance period assistance factors are
7 proposed for three sectors that are newly covered by the
8 Program, and for one sector with an assistance factor that
9 doesn't appropriately reflect the industry. All four new
10 assistance factors were calculated using the same methods
11 previously used for all of the sectors.

12 Staff has also added provisions to allow for the
13 return of free allowance allocation to ARB in cases where
14 entities do not incur a compliance obligation or do not
15 conduct an activity with a designated leakage risk. The
16 primary purpose of industrial allocation is for emissions
17 leakage prevention. When an entity has no compliance
18 obligation, there is no leakage risk. So there is no
19 justification for free allocation and those allowances
20 must be returned to ARB.

21 --o0o--

22 AIR RESOURCES ENGINEER SIPPOLA: Free allowances
23 are allocated to utilities on behalf of their ratepayers.
24 EDUs are the investor-owned electrical distribution
25 utilities. Currently they must consign all allowances to

1 auction, and natural gas suppliers must consign a portion
2 of allowances to auction. Publicly owned electrical
3 distribution utility may choose to consign allowances the
4 auction as well. All utilities are required to use the
5 auction proceeds for ratepayer benefit, consistent with
6 the goals of AB 32.

7 Amendments align requirements on how electrical
8 distribution utilities and natural gas suppliers may use
9 the value of auctioned allowances. There's a new
10 requirement that any auction proceeds returned to
11 ratepayers by EDUs must be returned in a non-volumetric
12 manner, thus ensuring that there's no blunting of GHG
13 costs to electricity consumers. This ensures the program
14 continues to incentivize conservation and efficiency. The
15 existing regulation already requires natural gas suppliers
16 to return proceeds non-volumetrically.

17 We also add a 10-year deadline for spending
18 auction proceeds to ensure that this value is put to use
19 in a timely manner.

20 Additionally, amendments clarify the auction
21 proceeds may not be used to pay for costs of GHG reporting
22 and verification or the AB 32 Cost of Implementation Fee.
23 Proceeds may be used for projects that reduce GHG
24 emissions and for non-volumetric return of revenue to
25 ratepayers.

1 This proposal eliminates the Qualified Export
2 adjustment to the compliance obligation for imported
3 electricity because it's encouraging transaction
4 procedures that may result in emissions leakage.

5 And per request of stakeholders, the RPS
6 adjustment for electricity imports is retained in its
7 current form.

8 --o0o--

9 AIR RESOURCES ENGINEER SIPPOLA: Staff proposes
10 some changes to points of compliance and limited
11 exemptions from obligations. These align the
12 Cap-and-Trade Regulation with the Mandatory Reporting
13 Regulation and ensure equal treatment of in-state and
14 out-of-state liquefied petroleum gas providers.

15 The points of compliance for imported liquefied
16 petroleum gas is aligned with MRR, and limited exemptions
17 from an obligation in the second compliance period are
18 added for liquefied natural gas suppliers and extended for
19 waste-to-energy facilities.

20 And the list of emissions without a compliance
21 obligation is updated to capture appropriate sources and
22 align with mandatory reporting.

23 Natural gas hydrogen fuel cells and certain
24 pneumatic devices used in natural gas production and
25 handling start incurring an obligation in the third

1 compliance period. Carbon dioxide emissions from food and
2 beverage fermentation are exempt from a compliance
3 obligation, as are CO₂ emissions resulting from the
4 reformation of exempt biomethane in hydrogen fuel cell.

5 --o0o--

6 AIR RESOURCES ENGINEER SIPPOLA: There are many
7 minor changes to the offset credits program in CP3 that
8 incorporate stakeholders suggestions and staff experience
9 to simplify and clarify implementation.

10 Changes limit the invalidation time periods for
11 Livestock, Mine Methane Capture, and Ozone Depleting
12 Substances projects that are out of regulatory compliance.
13 It was not possible to limit this for forestry and rice
14 projects because those emissions reductions are only
15 quantified annually. There's no clear way to quantify
16 daily reductions to limit invalidation times for these
17 types of projects. We also clarify which project-related
18 activities must be in regulatory compliance.

19 Additional changes streamline offset project
20 listing, reporting and verification, and issuance. For
21 example, changes simplify verification body rotation and
22 enable authorized project designees to request issuance of
23 offset credits to any authorized party.

24 --o0o--

25 AIR RESOURCES ENGINEER SIPPOLA: Similarly, in

1 the areas of program registration and the administration
2 of auctions and reserve sales, amendments reduce
3 administrative burden and clarify existing rules. For
4 example, provisions on designating and changing account
5 representatives are streamlined, certain registration
6 information may be submitted electronically instead of by
7 hard copy, and the criteria for determining if a reserve
8 sale will be held are clarified.

9 The corporate association disclosure requirements
10 are streamlined while retaining effective market
11 oversight. Registered entities must currently disclose
12 direct corporate associations with other entities outside
13 California and any jurisdiction with which the
14 Cap-and-Trade Program is linked. These amendments limit
15 disclosures to only corporate associates that also
16 participate in markets related to California carbon
17 market, and these disclosures are only needed upon request
18 by ARB.

19 A registered entity that only holds offset
20 credits would not be required to disclose any corporate
21 associations.

22 --o0o--

23 AIR RESOURCES ENGINEER SIPPOLA: Program linkage
24 provides greater emissions reduction at a lower overall
25 cost, and it improves market liquidity compared to an

1 unlinked program.

2 Linkage with Quebec continues, and proposed
3 amendments linked the current Program with the Ontario
4 Cap-and-Trade Program beginning in 2018. Ontario is also
5 working through its own process and requirements toward
6 linking its program to Quebec and California, including
7 public consultations and regulatory approvals. Linking
8 would be final once all three jurisdictions have signed a
9 linking agreement and made the necessary regulatory
10 amendments.

11 Ontario is a member of the Western Climate
12 Initiative and collaborated on the WCI design
13 recommendations to encourage program compatibility and
14 facilitate Cap-and-Trade Program linkage. The Ontario
15 program began in January of 2017 and has been functioning
16 as planned.

17 The Governor has made the needed findings for
18 this linkage under SB 1018 related to program stringency,
19 enforceability, and liability to the State.

20 During the development of these amendments, staff
21 held several workshops on incorporating sector-based
22 offset credits by linking with the Tropical Forestry
23 Program in Acre, Brazil. That linkage is not part of
24 these amendments, but we continue to work toward
25 developing a proposal for including sector-based offset

1 credits in the future.

2 --o0o--

3 AIR RESOURCES ENGINEER SIPPOLA: The potential
4 linkage with Ontario and the current program linkage with
5 Quebec requires important coordination to harmonize
6 schedules as well as auction, market, and reserve sale
7 procedures. Staff's preference continues to be for
8 establishing these types of coordinated linkages.

9 In recognition of discussions on other types of
10 engagements, the amendments describe two new forms of
11 potential linkage agreements with other jurisdictions that
12 are more limited in scope than traditional linkage. One
13 would allow entities in California to retire compliance
14 instruments issued by another GHG program to achieve
15 compliance in California, and the second would enable
16 entities in non-California GHG programs to retire
17 California compliance instruments.

18 Interest in these more limited engagements has
19 arisen from discussions with GHG programs that may be
20 compatible with our program but have different market
21 rules, source coverage, and compliance obligations.

22 No such engagements are currently proposed, but
23 we describe the pathways for achieving them. Staff
24 believes that it's important to conduct a public process
25 and get Board approval for any new linkages or engagements

1 with other jurisdictions.

2 This is the final slide covering changes for the
3 third compliance period; the remainder discuss the
4 framework for a post 2020 Program.

5 --o0o--

6 AIR RESOURCES ENGINEER SIPPOLA: Again, on July
7 17th the legislature passed AB 398, which amends certain
8 provisions of AB 32 effective January 1, 2021. It
9 expressly supports ARB authority to continue the
10 Cap-and-Trade Program post 2020.

11 AB 617 was also adopted last week as companion
12 legislation to AB 398. It sets up a new approach for
13 addressing -- for assessing and reducing exposure to
14 criteria and toxic pollutants in the State's most burdened
15 communities; and it strengthens the available tools for
16 improving air quality in these areas.

17 The amendments in this rulemaking establish the
18 framework for the post 2020 program. These provide some
19 market certainty about the future program, and they set
20 the stage for future changes to conform with AB 398.

21 CHAIR NICHOLS: Excuse me just a second. We're
22 having a problem with the sound system. Do you know...

23 AIR RESOURCES ENGINEER SIPPOLA: Okay.

24 Got it. Okay.

25 CHAIR NICHOLS: Thank you.

1 AIR RESOURCES ENGINEER SIPPOLA: Sorry about
2 that.

3 So just let me restate that the amendments in
4 this rulemaking establish the framework for the post 2020
5 program. And these provide some market certainty about
6 the future of the program and they set the stage for
7 future changes to conform with AB 398.

8 To implement the AB 398 requirements, new
9 modification to the Cap-and-Trade Program will be needed
10 through a new rulemaking process. And, again, we are
11 committed to initiate -- initiating that later this year.

12 --o0o--

13 AIR RESOURCES ENGINEER SIPPOLA: The current
14 package extends some provisions of the regulation to allow
15 the program to be implemented after 2020. This includes
16 establishing the structure for post 2020 emission caps,
17 continuing linkages with Quebec and Ontario, and enabling
18 post 2020 auction and allocation of some allowances.

19 These amendments propose a post 2020 Allowance
20 Price Containment Reserve with a streamlined price
21 structure and a slower annual price increase. AB 398
22 includes some direction on cost containment that will be
23 incorporated into the program during the upcoming
24 rulemaking.

25 Provisions are included -- are also included in

1 allow the Cap-and-Trade Program to enable California's
2 compliance with the federal Clean Power Plan. The next
3 Board item will discuss the status of the Clean Power Plan
4 and details of the plan for California compliance.

5 --o0o--

6 AIR RESOURCES ENGINEER SIPPOLA: General
7 approaches to allowance allocation are retained for the
8 post 2020 program. Allocation for ratepayer benefit to
9 electric utilities and natural gas suppliers continues, as
10 does allocation to public wholesale water agencies and
11 universities and public service facilities.

12 Cap adjustment factors used to calculate annual
13 allowance allocation amounts that are proportional to
14 annual emission caps are retained post 2020.

15 Staff made multiple proposals for post 2020
16 industrial allocation. But after considerable
17 discussions, we decided not to include this allocation in
18 these amendments. AB 38 provides direction on how
19 assistance factors for allocation will be set commencing
20 in 2021, and industrial allowance allocation will be part
21 of the rulemaking that will be initiated later this year
22 to be effective by January 2021.

23 The absence of post 2020 industrial allocation
24 has the effect of not allowing post 2020 allocation to
25 legacy contract generators with industrial counterparties,

1 which staff also intends to continue beyond 2020.

2 Also, the current process of allocating to
3 industry for electricity costs is overseen by the
4 California Public Utilities Commission, and stakeholders
5 have raised concerns that that process is inefficient and
6 inequitable to some entities. CPUC and some stakeholders
7 request ARB directly allocate to industry to cover program
8 costs associated with electricity purchases. Staff
9 supports this for more timely and equitable allocation,
10 and intends to address it in an upcoming rulemaking.

11 --o0o--

12 AIR RESOURCES ENGINEER SIPPOLA: Allocation to
13 electrical distribution utilities is proposed through
14 2030. The allocation amounts are based on the ed expected
15 Cap-and-Trade Program cost burden, which in turn is based
16 on projections of load and resources used for generation
17 by each utilities.

18 Allocation is reduced over time due to the
19 increase in zero-emissions power caused by the RPS
20 Program. The current proposal acknowledges that some
21 deliveries of RPS-eligible electricity incur a compliance
22 obligation under the Cap-and-Trade Program. The
23 calculations also account for the post 2020 shift in
24 allocated allowances from the electrical utilities to
25 industrial covered entities for emissions associated with

1 electricity purchases.

2 Staff continues to consider how to account for
3 increased electrification of transportation in electric
4 utility allocation.

5 We also intend to evaluate requiring all
6 utilities to consign all allocated allowances to auction.
7 This is not included in this proposal, but could be added
8 in the upcoming rulemaking.

9 --o0o--

10 AIR RESOURCES ENGINEER SIPPOLA: Allocation to
11 natural gas suppliers continues post 2020 using the same
12 methodology as in the current program. Consignment of
13 allocated allowances to auction allows for the
14 pass-through program costs to the end users, thus
15 incentivizing ratepayers to conserve natural gas.

16 Natural gas suppliers are currently required to
17 consign a minimum percentage of allowances to auction each
18 year; and the percentage increases by 5 percent each year.
19 This same annual increase continues post 2020, meaning
20 that full consignment would be achieved in 2030.

21 Related to natural gas consignment is the
22 exemption from the program for combined heat and power
23 facilities that would be below the program inclusion
24 threshold but for the use of cogeneration. This "but-for"
25 exemption is extended until full consignment by natural

1 gas suppliers is achieved. Once that happens, there will
2 no longer be a need for the exemption because covered
3 facilities and non-covered facilities should face the same
4 GHG costs associated with natural gas use.

5 --o0o--

6 AIR RESOURCES ENGINEER SIPPOLA: Staff conducted
7 the economic and environmental assessments that are
8 required by statute. We reviewed the proposed amendments
9 and two alternatives - facility-specific requirements
10 alternative, which requires all covered entities to make
11 onsite reductions to 40 percent below 1990 levels by 2030;
12 and a carbon tax alternative with the tax set at the
13 social cost of carbon, which was \$36 per metric ton of
14 CO₂e in 2015 and projected to be \$50 in 2030.

15 The facility-specific requirements have a higher
16 estimated cost than the proposed amendments and post
17 challenges for addressing leakage and for linking with
18 other programs. Further, many entities may need to reduce
19 output, which would impact the economy and jobs with
20 production moving out of the state. Shifting production
21 out of state would lead to greater air quality benefit,
22 but that would be at a high cost to the economy and jobs.

23 The other alternative was carbon tax. There's a
24 challenge of setting the tax at the appropriate price to
25 motivate reductions to achieve -- to achieve an emissions

1 target in a single year. So the environmental outcome is
2 uncertain. This -- there would also be challenges in
3 addressing leakage and for linking with other programs.
4 This option would also require additional legislative
5 authority to enact a tax on carbon.

6 The final environmental analysis found that the
7 proposed amendments achieve the project's objectives,
8 whereas the alternatives would not meet several key
9 objectives or ensure the needed emission reductions.

10 The next slide provides a brief synopsis of the
11 overall CEQA findings.

12 --o0o--

13 AIR RESOURCES ENGINEER SIPPOLA: Staff completed
14 a Joint Draft Environmental analysis for both the
15 Cap-and-Trade Regulation amendments and the California
16 Plan for compliance with the federal Clean Power Plan,
17 which is the next item you'll hear today. The Draft
18 Environmental Analysis was released for a 45-day comment
19 period on August 5, 2016.

20 Subsequently, revisions to the proposed
21 amendments were released for two 15-day comment periods.
22 A total of 225 comments letters were received during the
23 comment periods, and 17 addressed the Draft EA or raised a
24 substantial environmental concern.

25 Staff made minor modifications to the Draft EA

1 based on comments and other updates. The resulting Final
2 EA, along with the responses to the environmental comments
3 received on the record, were publicly released in advance
4 of this hearing on July 17th. The Final EA finds that,
5 depending on the performance of other measures, the
6 Cap-and-Trade Program will achieve 100 to 200 million
7 metric tons of greenhouse gas reductions through 2030.
8 The Final EA applies conservative interpretations and
9 finds that some compliance activities may lead to
10 potentially significant and unavoidable adverse impacts to
11 some resources because project-level mitigation lies
12 outside of ARB's authority. Specifically, the EA finds
13 the proposed amendments would not cause any direct
14 environmental impacts, but discloses that it is
15 foreseeable that regulated entities will take action in
16 response to the program ARB develops, causing potential
17 indirect impacts. Indirect impacts could arise from
18 construction activities, infrastructure and equipment
19 installations, and operational changes to facilities.
20 These actions generally include energy efficiency measures
21 to reduce fuel consumption, switching to less
22 carbon-intensive fuel, increasing combustion efficiency,
23 upgrading aged equipment, altering processes to improve
24 efficiency, changing the composition of a product to one
25 that is less energy intensive to manufacture, and

1 sector-specific emission mitigation technologies.

2 Staff expects that many significant adverse
3 impacts will be avoided or mitigated during the
4 environmental review by relevant permitting agencies for
5 specific projects. Despite the potential adverse impacts,
6 other benefits of the proposed amendments, like improved
7 health from co-pollutant reductions, driving long-term
8 investments in efficient technologies, and preserving
9 resources, warrant approval and outweigh and override the
10 unavoidable significant impacts. These findings are
11 consistent with prior analyses conducted for the
12 Cap-and-Trade Program.

13 --o0o--

14 AIR RESOURCES ENGINEER SIPPOLA: ARB staff will
15 report to the Board in a few months with a plan to
16 implement AB 617, the newly adopted legislation that
17 focuses on reducing exposure to criteria and toxic
18 pollutants in the State's most burdened communities.

19 Again, staff will initiate another rulemaking
20 process later this year to implement the requirements of
21 AB 398 for the post 2020 Cap-and-Trade Program. We will
22 continue to work with stakeholders on elements like
23 industrial allocation benchmarks, utility allocation for
24 transportation electrification, utility consignment
25 requirements, and other aspects of the post 2020 program.

1 This process will include public workshops and we will
2 ensure that all aspects of AB 398 are implemented and in
3 effect for January 2021.

4 Additionally, AB 398 requires ARB to update the
5 Scoping Plan by January 1, 2018.

6 A proposed Scoping Plan was publicly released in
7 January, and the first Board hearing for the Scoping Plan
8 was held earlier this year. Staff is working to update
9 that proposal to reflect AB 398 and will release the
10 updated draft for public discussion this fall. The
11 updated plan that is responsive to AB 398 will be
12 presented to the Board for adoption in December.

13 --o0o--

14 AIR RESOURCES ENGINEER SIPPOLA: Staff is
15 recommending that the Board approve the proposed
16 resolution.

17 The resolution includes approval of the written
18 responses to environmental comments, certification of the
19 Final Environmental Analysis, making the required CEQA
20 findings and Statement of Overriding Consideration, and
21 adoption of the final regulation order to be effective
22 October 1st of this year.

23 Adopting the proposed resolution would also
24 direct the Executive Officer to complete the Final
25 Statement of Reasons and submit the completed regulatory

1 package to the Office of Administrative Law by August 4th.

2 This concludes the staff presentation. Thank
3 you.

4 --o0o--

5 CHAIR NICHOLS: So I think you've stated this in
6 various ways in different places. But I just want to
7 clarify this item. This question, I think it's a question
8 either for Richard Corey or maybe for counsel; and, that
9 is, why are we doing this now?

10 CHIEF COUNSEL PETER: So in terms of the action
11 that's needed, there are a -- under the Office of
12 Administrative Law regulations is that items that are
13 noticed have to be completed within one year. That
14 deadline is next Friday, August 4th; and we want to
15 proceed with this item on it, because there's certain
16 things in the program with respect to the current
17 compliance period. So we go ahead with that part. And
18 everything else as highlighted is not inconsistent with
19 the statute to the extent that there are lots of
20 improvements that are going to be -- that are mandated by
21 the legislature, that will be the next rulemaking.

22 So that is -- that's -- but the reason for the
23 vote today is because of the ticking clock on the original
24 notice. And the key thing that we have to focus on is the
25 changes for the compliance period that is -- you know, the

1 one that's up to 2020.

2 CHAIR NICHOLS: So in terms of the seamless
3 operation of the Cap-and-Trade Program, which is what
4 we're hoping to achieve, by acting today if the Board
5 adopts the package as the staff proposes, this will then
6 govern the operation of the auctions under this program
7 for the next six months, year, whatever, while we continue
8 to work on the changes that 398 will demand that
9 we -- that we make?

10 CHIEF COUNSEL PETER: (Nods head.)

11 CHAIR NICHOLS: Okay.

12 Okay. I'm sure others will have other questions,
13 but I think that's a good start.

14 Can we begin with the witnesses?

15 Apparently we have 27 who have signed up to
16 speak; is that right?

17 BOARD CLERK McREYNOLDS: Thirty-one.

18 Twenty-one. Only 21?

19 BOARD CLERK McREYNOLDS: Thirty-one.

20 CHAIR NICHOLS: Thirty-one.

21 Okay. It keeps growing.

22 (Laughter.)

23 CHAIR NICHOLS: Please, if you're planning to
24 testify, could you come forward now so we can make sure we
25 have enough time to get -- allow the court reporter to

1 complete his work; because, as you've heard, we have a
2 deadline to get the transcript of the hearing to the
3 Office of Administrative Law.

4 Okay. So we will begin with Sam Bayless.

5 And you can all see where you are on the list;
6 and just be prepared to come forward.

7 Thank you.

8 Mr. Bayless is the one brave person who checked
9 "Neutral" on the form.

10 MR. BAYLESS: Thank you.

11 I want to thank CARB Board members and staff for
12 the opportunity to speak on this matter. My name is Sam
13 Bayless and I'm here today on behalf of the California
14 Independent Oil Marketers Association, also known as
15 CIOMA.

16 CIOMA represents about 300 members, including 90
17 percent of all independent petroleum marketers in
18 California and one-quarter of the state's 12,000
19 convenience stores and services stations. Almost all of
20 the businesses represented by CIOMA are small family-owned
21 and minority-owned businesses. We should not be confused
22 with the refiners that manufacture the petroleum products
23 for the west.

24 CIOMA members are in the service businesses to
25 meet market demand through providing services to procure,

1 transport, and retail sell fuel.

2 CIOMA didn't take an official position on this
3 recent legislation and actions with the legislature
4 regarding the Cap-and-Trade Program. I do want to convey
5 that amongst the CIOMA members there is a legitimate
6 concern and agitation about the Cap-and-Trade Program and
7 the extension of its life. So while we did not intervene
8 in the legislature, CIOMA members are going to be very
9 engaged in the implementation of the program by CARB.

10 The details of how the Cap-and-Trade Program is
11 directed, manipulated, and implemented will have a
12 profound impact on CIOMA's members and our customers.

13 I hope that CARB will often consult CIOMA as a
14 valuable resource to help determine the appropriate
15 implementation of AB 398. CIOMA and myself are available
16 to help ensure that all aspects of proposed rules are
17 examined to ensure effective and equitable regulations.
18 Our members offer unique and often underrepresented
19 businesses perspectives that CARB staff can use to prevent
20 harmful unintended consequences to small business and
21 rather amplify the efficacy of these regulations.

22 Since CIOMA members interact with the members of
23 the public daily, we can provide insight into how
24 regulations are affecting Californians at the pump and in
25 their businesses.

1 Thank you for your time today, and please don't
2 hesitate to reach out when you're considering any
3 regulations or actions that will impact the fuel industry
4 of California.

5 Thank you very much. Have a good day.

6 CHAIR NICHOLS: Thank you. We'll count on you.

7 MR. BERGMANN: Chair Nichols and Board, thank you
8 for the opportunity to make comments today. My name is
9 Dan Bergmann. I'm with the city of Vernon, but I'm also
10 speaking this morning for the cities of Palo Alto and Long
11 Beach.

12 We - Vernon, Long Beach, and Palo Alto - have
13 three things in common. We are the covered public gas
14 utilities in California. And in this process we've been
15 working with a larger investor-owned utilities. But
16 because of the importance of the program, we have gotten
17 very involved.

18 I want to say that we support the resolution and
19 that the continued opportunity to continue to work with
20 staff toward a program that is equitable to rate payers,
21 specifically that critical balance between the cost of
22 emissions and the cost that we have to implement assigned
23 to our customers for the program.

24 We especially appreciate the consideration for
25 the continuation of free allowances as the program goes

1 forward.

2 For Vernon especially, if you people have heard
3 of Vernon -- of Palo Alto and Long Beach, but Vernon's a
4 little bit unique. Vernon is five square miles of
5 industry just south of downtown L.A. Historically it's
6 one of those cities of industry. But this city of
7 industry is Vernon.

8 It's an industrial base with some very
9 gas-intensive customers. So the design of the program is
10 critically important in that we want these customers to
11 operate more efficiently and benefit from a program rather
12 than leave the State.

13 In Vernon we already have a rebate program
14 implemented because publicly-owned utilities are regulated
15 by city councils, and we've been able to move fairly
16 quickly. The program's working. Customers are
17 understanding the program and already benefiting from
18 rebates that we have in place. It's great to have the
19 gradual transition that's designed into the program so
20 that they can learn and adapt over the years ahead.

21 So, again, for Vernon, for Long Beach, and for
22 Palo Alto, we support the resolution; and thank you.

23 MR. BIERING: Good morning Chair Nichols and
24 members of the Board. My name is Brian Biering. I'm here
25 on behalf of Turlock Irrigation District.

1 TID is very supportive of the Board's adoption of
2 the Cap-and-Trade Program -- the extension of the
3 Cap-and-Trade Program post 2020. We believe that the
4 Cap-and-Trade Program is a key mechanism in ensuring that
5 the utilities of California have the flexibility they need
6 to manage their emissions, and ensures that we are meeting
7 reliability requirements for our customers. This is
8 particularly important for Turlock, because we are our own
9 balancing authority area, and minimizing customer costs is
10 critical because we do serve -- a majority of our
11 customers are in disadvantaged communities.

12 I want to comment on one aspect of the proposed
13 resolution. It's on page 14. There is a proposed
14 resolution to direct staff to continue to work on the POU
15 consignment option. This is basically the mechanism in
16 the Cap-and-Trade Program that allows POUs to either place
17 their freely allocated allowances into consignment or
18 place them into a compliance account.

19 This is critical for the POUs that minimize its
20 administrative costs. And it recognizes that the POUs are
21 vertically integrated, which is an important distinction
22 from the investor-owned utilities in California.

23 This issue was addressed in the rulemaking. It
24 was proposed. And we really don't see a need to continue
25 to work on this issue, so we would ask that you not

1 include that proposed resolution on page 14.

2 With respect to implementation of AB 398 and AB
3 617, we were supportive of both of those bills, and
4 believe that those bills provide an important degree of
5 consistency for the program and legal certainty for the
6 program, and we're very much looking forward to working
7 with staff in an open and transparent process for the
8 implementation of those bills.

9 So thank you for the time, and we support the
10 adoption. Thanks.

11 CHAIR NICHOLS: Thank you.

12 MR. HUGHES: Morning. Thank you for this
13 opportunity to comment. My name is Bill Hughes and I'm
14 one of the managers for City of Redding Electric Utility,
15 about two hours north of here.

16 We support the comments by the joint utilities
17 group and the MSR Public Power Agency.

18 The Cap-and-Trade and RPS programs have reduced
19 emissions statewide but also in Redding. With the most
20 available data available to us through June, we are on
21 course to reduce our emissions by 9 percent next year.

22 We are in support of it with the allocation of
23 allowances. If there were no allocation of allowances,
24 with the life and scenario of alloca -- of allowance
25 prices post 2020, it would cost each of our customers

1 \$1400. And that would also be a 4.8 percent rate
2 increase.

3 Redding is generally a low-income community, and
4 many are struggling with the cost of utilities. And so we
5 urge you to retain these amendments as is and support our
6 ratepayers.

7 MS. SULLIVAN: Good morning, Chair Nichols and
8 Board. My name is Shelly Sullivan. I represent the
9 Climate Change Policy Coalition. In case you know, we
10 represent a group of -- a group consisting of regulated
11 industries, taxpayers, manufacturers, agriculture and
12 consumers.

13 I wanted to say today that we really appreciate
14 all the time, energy, and collaboration that has gone and
15 involved into Agenda Item 17-8-1, which you know as the
16 amendments for the updates to the Cap-and-Trade
17 Regulation.

18 This suite of measures complements our collective
19 efforts to meet California's climate change policy goals
20 to maintain both our environmental and our economic goals
21 for the State.

22 Specifically we want to applaud ARB for
23 recognizing the need to include in today's resolution the
24 need to minimize emissions leakage by using the same 2013
25 through 2017 assistance factors to industrial entities for

1 2018 through 2020. We really do appreciate the thought
2 and the process that went beyond that.

3 So, again, thank you. And we look forward to
4 working together as we move ahead in this process.

5 CHAIR NICHOLS: Thank you.

6 MR. SALAS: Good morning, Chair Nichols and
7 members of the Board. My name is Israel Salas and I'm
8 with the Southern California Gas Company and San Diego Gas
9 & Electric, here to speak in support of the item.

10 SoCalGas and SDGE participate in the
11 Cap-and-Trade Program on behalf of over 6 and a half
12 residential and business customers, and we continue to
13 support the program as a well-designed market mechanism to
14 help California achieve its greenhouse gas reduction
15 goals.

16 On page 13, the proposed resolution directing the
17 executive officer to work with natural gas utilities
18 recognizes the importance of ratepayer protections, which
19 we believe is being met with the existing utility
20 allowance allocations and other banking rules as well as
21 other cost containment measures.

22 We look forward to and welcome the opportunity to
23 work with ARB staff to further ensure that we are given
24 the tools to ensure that we protect community health and
25 our environment and while keeping cost to utility

1 customers just and reasonable.

2 Thank you very much.

3 CHAIR NICHOLS: Thank you.

4 MR. SHAW: Thank you, Madam Chair, members of the
5 Board. Michael Shaw of the California Manufacturers &
6 technology association. I want to thank the Board and
7 particularly the staff as well who spent countless --
8 though I'm sure they can count how many hours they spent
9 on it -- what I'm sure feels like countless hours working
10 on this important program. We were supportive of the AB
11 398 and 617 to move California forward and provide the
12 certainty necessary for that.

13 Specifically to the regulation, we appreciate the
14 direction in the resolution to continue the support for
15 highly trade-exposed industries. This will help
16 industries such as cement manufacturing and others that
17 face significant issues related to process emissions,
18 which are out of their direct control or ability to
19 reduce.

20 Additionally we're very appreciative of the
21 inclusion of the direction to staff to address the third
22 compliance period industry-assistance factors to continue
23 that hundred percent level that's been in place, you know,
24 since the beginning of this program. We believe that's
25 critical to supporting continued manufacturing in the

1 State of California, particularly in those sectors that
2 were slated for significant reductions, such as food
3 processing, paper manufacturing as well.

4 We appreciate the -- again, the time that the
5 staff and the Board have put into this. We appreciate the
6 leadership of Assembly Member Garcia as well on AB 398,
7 and working for -- looking forward to working with the
8 Board and staff to implement the additional changes for
9 the post 2020 period.

10 Thank you.

11 CHAIR NICHOLS: Thank you.

12 MR. WEINER: Madam Chair and members of the
13 Board, Peter Weiner on behalf of Crockett Cogeneration.

14 Congratulations on AB 398 and AB 617. Thank you
15 Assembly Member Garcia.

16 Crockett Cogeneration is an entity with a legacy
17 contract. We want to thank you very much in the
18 resolution for recognizing that some entities with legacy
19 contracts may have continuing problems, and for directing
20 the executive officer to work to resolve them.

21 Yeah, we look very -- very much look forward to
22 working with staff and with you, and thank you so much.

23 MR. BENGTSSON: Chair Nichols, members of the
24 Board, respectfully, y'all. Nathan Bengtsson here on
25 behalf of PG&E. And I respect the staid comments of all

1 of my colleagues, but, y'all, this is a moment for
2 celebration. This is an historic moment, and we need to
3 recognize that.

4 PG&E here -- is obviously here to support the
5 historic compromise that was made last week. I can't
6 believe it was just last week. It feels like a lifetime
7 ago. But this is an historic moment. And it was a good
8 compromise; and I know that because we're all a little
9 unhappy.

10 (Laughter.)

11 MR. BENGTTSSON: But's it still an important
12 moment.

13 You know, this bill came together and it was
14 rightfully called a unicorn. It's a remarkable and
15 hard-fought compromise, and it reaffirms the unique and
16 beneficial role that cap-and-trade has and plays alongside
17 our other many direct measures.

18 You know, we've heard many times it's a portfolio
19 approach. Cap-and-trade has a special place among those
20 programs, but it's not the only one.

21 Additionally, the legislature showed that they
22 clearly heard the voices of those who are not just
23 concerned with climate but also with the air in their
24 backyard and their neighborhood, and they passed AB 617.
25 And we came together and we made a deal on both of these

1 important policy issues. That's special.

2 So now, with our paths firmly established on both
3 air quality and climate, it's nice to turn back to this
4 Board, who has stewarded this program for so long and so
5 effectively, and to continue along with cap-and-trade so
6 we can effectively meet our environmental goals while we
7 maintain a vibrant economy here in California.

8 And with regard to the amendments specifically,
9 they set the stage for an effective post 2020 program.
10 They maintain critical consumer protections while also
11 setting new steeper annual targets to put us on track to
12 meet our ambitious goals environmentally. And they begin
13 the larger conversation about cost containment and market
14 design that we're going to address here when we start
15 taking on the AB 398, you know, rulemaking.

16 So with that, PG&E sincerely thanks staff for
17 their months and years of work on this. And we look
18 forward to working with you again soon.

19 Thanks.

20 CHAIR NICHOLS: Thank you. Thanks for all your
21 help.

22 MS. PARSONS: Good morning. I'm Cindy Parsons
23 with the Los Angeles Department of Water & Power. LADWP
24 is supportive of the Cap-and-Trade Program. It's an
25 important tool to help the State achieve its long-term

1 greenhouse gas reduction goals. Extension of the program
2 to 2030 is very helpful to D businesses and utilities with
3 their long-term planning.

4 LADWP has been in the process of transforming our
5 portfolio of generating the resources to lower carbon.
6 We've made a lot of progress over the past couple of
7 decades.

8 As of 2016, we achieved a milestone where our
9 2016 emissions were 42 percent below our 1990 baseline.
10 So we're very proud of that.

11 And we will continue to make progress in reducing
12 emissions.

13 We do appreciate the continued allocation of
14 allowances to electric utilities for ratepayer protection
15 and in recognition of the significant investments that
16 we're making to reduce emissions.

17 This allocation enables LADWP to invest in
18 renewable energy, energy efficiency projects that will
19 assist in meeting the State's environmental goals, while
20 minimizing cost to our customers and protecting our
21 low-income and disadvantaged communities.

22 Over the next decade we will be making
23 significant additional investments to reduce emissions and
24 modernize our fleet of generating resources.

25 In addition, we are actively involved in

1 electrification. And this allocation will help to keep
2 the cost of electricity affordable to assist with
3 electrification. Without electrification, the State may
4 not achieve those long-term goals. So electrification we
5 feel is very important. And so keeping the cost of
6 electricity affordable as a low carbon alternative to
7 conventional fuels we feel is very important.

8 There was one item in the presentation regarding
9 the requirement in the future rulemaking to require all
10 POUs to consign their allocated allowances to auction. We
11 are concerned about that because we are a vertically
12 integrated utility. Having to consign our allowances to
13 auction will incur unnecessary administrative cost,
14 potentially resulting in cash-flow issues; and it will
15 result in rate increases, which will make electricity not
16 quite as affordable, which could adversely impact the
17 electrification efforts.

18 So in closing, we're very supportive of this. We
19 appreciate the public process and the dialogue with
20 stakeholders. We look forward to participating in the
21 next round of rulemaking.

22 Thank you.

23 MR. HOUSTON: Good morning, Madam Chair and
24 members of the Board. Doug Houston here on behalf of the
25 Rio Tinto Mineral, US Borax, Gerdau Steel, and the

1 Coalition for Sustainable Cement Manufacturing here in the
2 State. And we are supportive of the staff resolution
3 regarding cap-and-trade implementation.

4 Further, we wanted to express our appreciation
5 for the staff's exemplary work on the current regulatory
6 construct. And we look forward to working collaboratively
7 with CARB on the new regulatory development that will be
8 necessary to implement the post 2020 Cap-and-Trade
9 Program.

10 CHAIR NICHOLS: Thank you.

11 MS. ALI: Chair Nichols and members of the Board,
12 thank you for this opportunity to provide comments. My
13 name is Fariya Ali and I am speaking on behalf of PG&E on
14 the natural gas supplier section of the amendments.

15 As my colleague Nathan already stated - however I
16 can't pull off saying y'all, so I'm not going to try --

17 (Laughter.)

18 MS. ALI: -- but I will reiterate that PG&E
19 supports the cap-and-trade amendments before you today.
20 And we believe that this program is critical to achieving
21 the deep cuts that are needed by 2030.

22 Specifically in these amendments, PG&E supports
23 the continuation of the grant of allowances to natural gas
24 suppliers for customer protection and transition
25 assistance.

1 PG&E supports the adoption of Resolution 1721,
2 and appreciates the acknowledgement from staff of the need
3 to protect customers from rising GHG costs, while
4 gradually introducing a price signal across all portions
5 of California's economy, and also acknowledging the rule
6 of a decarbonized natural gas system in meeting our
7 climate goals.

8 We look forward to continuing to work with all
9 stakeholders to improve upon the foundation laid in these
10 amendments in the forthcoming months.

11 Thank you very much for your time.

12 CHAIR NICHOLS: Thank you.

13 MS. O'BRIEN: Chair Nichols, members of the
14 Board. Rachael O'Brien here with the Agricultural Council
15 of California. Ag Council is a member-supported
16 organization advocating for more than 15,000 farmers
17 across California, ranging from small family-owned farms
18 and businesses to some of the world's best-known brands.
19 Ag Council works tirelessly to keep its members productive
20 and competitive so that agriculture can continue to
21 produce the highest quality food for the entire world.

22 We do support the Board Resolution 17-8-1 today,
23 and we appreciate staff working to update some product
24 definitions and modifying or creating some product-based
25 benchmarks. These proposed amendments better reflect the

1 activities performed by food processors, the engineering
2 estimates benchmarks, and allocate emissions to each
3 product more accurately.

4 Ag Council would also like to express our thanks
5 for the language in the resolution that addresses the
6 needs to minimize leakage of California businesses. We
7 support ARB's efforts to address this concern in the
8 rulemaking process by implementing the requirements of AB
9 398.

10 We'd like to thank the Board and Assembly Member
11 Garcia for your leadership, and thank you for the
12 opportunity to comment today.

13 MS. DeRIVI: Good morning to the Air Resources
14 Board and members of ARB staff. Tanya DeRivi with the
15 Southern California Public Power Authority. We are a
16 conglomeration of 12 locally owned public power utilities
17 that collectively serve 5 million people across Southern
18 California. This includes Anaheim, Azusa, Banning,
19 Burbank, Cerritos, Colton, Glendale, Los Angeles,
20 Pasadena, Riverside, Vernon, and the Imperial Irrigation
21 District.

22 We are here in strong support of adoption of
23 today's Cap-and-Trade Program amendments and we're also in
24 strong support of passage of Assembly Bill 398 as well
25 last week.

1 We'd also like to take this opportunity now to
2 express our concern as ARB turns to implementation of AB
3 398 to express our concern about the forced consignment of
4 allowances for publicly owned utilities, and look forward
5 to working with ARB and a surely extensive rulemaking
6 process going forward.

7 Thank you.

8 MR. CARR: Good morning, chair Nichols and Board.
9 With my southern heritage I can wish good morning to all,
10 y'all. And thanks for being here.

11 (Laughter.)

12 MR. CARR: I'm going to keep this short and
13 simple. Shell appreciates the tremendous efforts by ARB
14 Board and staff in the development of this program. We
15 appreciate the clarity and certainty of the path forward
16 for California's continued global leadership, for reducing
17 greenhouse gas emissions that is provided by AB 398. It's
18 consistent with Shell's support of the Paris Accord and
19 the Under 2 MOU and the support of market-based mechanisms
20 to minimize the impacts to the economy and costs to the
21 consumer.

22 We, as most stakeholders, would say it's not
23 perfect. Echoing Mary's opening remarks, any outcome that
24 garners such broad support - industry, environment, labor,
25 business, Democrat, Republicans - is truly notable indeed

1 and almost always requires some give and take. So I think
2 that echoes Mr. Bergmann [sic] from PG&E as well.

3 Bottom line, we look forward to the development
4 of the upcoming cap-and-trade package consistent with the
5 legislative direction and supporting staff as helpful
6 towards this aim.

7 Thank you.

8 CHAIR NICHOLS: Thank you.

9 MR. WYNNE: Chair Nichols and members of the
10 Board. Thank you for the opportunity to speak this
11 morning. My name's Justin Wynne, and I'm here on behalf
12 of the California Municipal Utilities Association.

13 CMUA strongly supports the adoption of these
14 amendments to the Cap-and-Trade Program. These amendments
15 will allow California to achieve its GHG reduction goals
16 in a cost-effective manner that will protect against
17 significant rate increases to customers.

18 CMUA also supported AB 398, and we look forward
19 to working with ARB staff to implement that bill in an
20 open and public process.

21 And then I also just wanted to echo the concerns
22 that you heard from SCPPA and TID and L.A. and others
23 about the item in the presentation about requiring
24 consignment of auction for POUs.

25 Thank You.

1 MR. SIAO: Chair Nichols, members of the Board.
2 Thank you for your time this morning. My name is David
3 Siao and I represent Roseville Electric.

4 For some background, Roseville Electric is our
5 locally owned and operated electric utilities. Our
6 mission has always been to provide our ratepayers and our
7 local citizens with safe, reliable, and affordable
8 electricity. Well, as I like to call it, moving towards a
9 low CARB diet.

10 We'd like to echo everyone's support for AB 398
11 and today's scoping plan because they both not only
12 protect but benefit our ratepayers while reducing GHG
13 emissions. And I'd just like to provide some examples of
14 what we do with the proceeds from our directly allocated
15 allowances to benefit our ratepayers and reduce emissions.

16 We spent about \$10 million. And I'd like to
17 start from the smallest amount to the largest amount.
18 We've allocated about \$150,000 towards rebates to
19 accelerate the adaptation of electric vehicles, which
20 reduces GHG emissions. We've spent nearly \$2 million on
21 energy efficiency retrofits for low-income and
22 multi-family dwellings. So this reaches a segment of the
23 population which normally doesn't benefit from, you know,
24 our discussions and our efforts to reduce GHG emissions.

25 We've given back our ratepayers nearly 2 and a

1 half million dollars order to, you know, help use a
2 transition towards a cleaner and greener economy. And
3 we've allocated nearly \$6 million towards modernizing our
4 grid, which should enable other technologies such as
5 electric vehicles and time-of-use rates that will help
6 further reduce emissions while benefiting our ratepayers.

7 So, again, thank you for your time and thank you
8 for your efforts on fighting climate change.

9 CHAIR NICHOLS: Thank you.

10 MS. ROBERTS: Good morning, Chair Nichols and
11 members of the Board. My name is Tiffany Roberts, and I
12 represent Western States Petroleum Association.

13 And on behalf of our organization, our members,
14 we'd like to express our appreciation for all of the hard
15 work that you on the Board as well as the staff have put
16 into the development of this. And we'd just like to align
17 ourselves with the comments of our colleagues on the --
18 from the business community as well.

19 We recognize that the Cap-and-Trade Program is
20 absolutely a fundamental part of California's climate
21 program. And so again, we appreciate all of the hard work
22 that went into this. We support the resolution and we
23 look forward to working with you and staff in its
24 implementation.

25 Thank you.

1 MR. MURPHY: Chair Nichols, members of the Board.
2 Colin Murphy with NextGen California.

3 We appreciate the hard work that you and staff
4 have put into this and we look forward to participating in
5 another couple years of hard work to follow as these
6 programs get developed.

7 We recognize the compromises that were necessary
8 in order to get this package put through. We'd also like
9 to make sure that we all remember that this is
10 fundamentally an environmental program meant to protect
11 the environment and the problems with the climate change.
12 It's based on some principles that polluters should pay
13 for the pollution they put into the atmosphere. And this
14 is a scientifically-based program.

15 We'd like to note that ARB staff, in partnership
16 with several independent researchers, have done a lot of
17 great work on several subjects about where certain targets
18 should be set particularly on industrial systems. And we
19 would really like to encourage staff to the greatest
20 extent possible to use the science that ARB staff have
21 done as they set industrial assistance both for the
22 upcoming compliance period as well as for post 2020.

23 Thank you very much.

24 MR. ANDERSON: Good morning, Chair, members of
25 the Board, and particularly the San Diego contingent.

1 Nice to see you.

2 My name is Craig Anderson. I'm here on behalf of
3 Solar Turbines. We are a San Diego based gas turbine
4 manufacturing facility company, with 4,000 employees in
5 California. And we'll be celebrating our 90th year here
6 in November.

7 I want to thank staff for really the last 10
8 years in working with Solar Turbines to understand our
9 business under this program. We know they have a lot of
10 companies to work with, and we've really appreciated both
11 their visits, their time on the phone, the times in
12 meetings; and it's been really critically important for
13 our management to understand how staff has been working
14 with us.

15 The proposed industry assistance is particularly
16 important for international companies like Solar Turbines.
17 We participate in an international market. All of our
18 competitors are based outside of the U.S. And this will
19 give us time to work with our customers, as we help
20 to -- as we try to manage their expectations for the
21 testing of their products in our facilities in California.

22 We are committed to doing our part, to lower
23 carbon manufacturing, and we appreciate your
24 consideration.

25 Thank you.

1 CHAIR NICHOLS: Thank you.

2 MR. SMITH: Hi. Good morning, Chair Nichols,
3 members of the Board. Adam Smith, Southern California
4 Edison.

5 SCE applauds the passage of AB 398 and 617 and
6 continues our strong support for California's climate
7 goals and, specifically, the Cap-and-Trade Program, which
8 we view as an essential part of the State's greenhouse gas
9 reduction efforts.

10 SCE has proudly supported CARB's program in the
11 legislature and we're here in support of extending the
12 Cap-and-Trade Program today.

13 Cap-and-trade not only establishes a firm GHG
14 emissions target but also due to its flexibility fosters
15 innovative GHG emission reductions that minimize cost to
16 California consumers and businesses.

17 Approval of this regulatory package will also
18 protect electricity customers from dramatic bill increases
19 by continuing existing ratepayer cost protections in the
20 Cap-and-Trade Program. The direct allocation to electric
21 utilities for the benefit of our customers has been an
22 integral part of the program since its inception and is
23 now more important than ever.

24 It's important to note that this consumer
25 protection has benefited all ratepayers. Academic review

1 from the UCLA's Luskin Center has shown that the existing
2 California climate credit, which the IOUs hand out as a
3 direct on-bill rebate to our customers, has been an
4 effective measure to protect low-income ratepayers, as we
5 transition to a clean energy economy.

6 And that transition to a clean energy economy is
7 only going to increase in the years ahead. As many of you
8 know, electrification of transportation, buildings,
9 industrial processes is one of the State's key long-term
10 strategies to achieve our climate goals. And allocating
11 electric utilities the allowances necessary to cover our
12 customers' cost burden doesn't just help shield our
13 customers from significant bill impacts; it also helps
14 keep electricity as price competitive as possible. This
15 is increasingly important as we rely on a cleaner
16 electricity mix to fuel more end uses in the California
17 economy.

18 So to sum up, Southern California Edison thanks
19 CARB Board and staff for all your work on this regulatory
20 update and your efforts to inform the legislative debate.
21 We respectfully request approval of the package before you
22 today.

23 Thank you.

24 CHAIR NICHOLS: Thank you.

25 MS. BERLIN: Good morning, Chairman Nichols,

1 members of the Board. My name is Susie Berlin and I
2 represent the Northern California Power Agency and MSR
3 public power, whose members are publicly-owned utilities.

4 MSR and NCPA support continuation of the
5 Cap-and-Trade Program and applaud the legislature's
6 recognition of the important role cap-and-trade play in
7 ensuring that the State can meet its ambitious clean
8 energy and climate objectives in the most cost-effective
9 manner.

10 A significant and very critical element of the
11 Cap-and-Trade Program and the amendments you are asked to
12 approve today is the allocation of allowances to
13 electrical distribution utilities.

14 This allocation provides direct protections to
15 utility customers of NCPA's and MSR's publicly owned
16 utility members. And the allowance value they receive not
17 only protects the customers from excessive cost increases,
18 rated increases, but it provides revenues for investments
19 directly in the communities that they serve for GHG
20 reducing and clean energy programs. These direct benefits
21 to the customers are an instrumental part of the success
22 of the Cap-and-Trade Program, we believe.

23 We also appreciate recognition in the draft
24 resolution of the important role that transportation
25 electrification will play in meeting the State's clean

1 energy objectives and the impact that that will have on
2 the electrical distribution utilities and look forward to
3 working on a way to ensure that the utilities are properly
4 recognized for the role that they will play in this.

5 And we also appreciate your consideration of the
6 amendments that would allocate allowances directly to the
7 utilities, and we ask that you approve them.

8 Thank you.

9 CHAIR NICHOLS: Thank you.

10 MS. HAJIK: Good morning, Chair Nichols and
11 members of the Board. Lauren Noland-Hajik on behalf of
12 California Dairies, Inc.; Western Ag Processors
13 Association; and California Cotton Ginners and Growers
14 Association.

15 The agricultural industry was very engaged on the
16 cap-and-trade discussion that just happened in the
17 legislature because of our unique nature of being highly
18 trade exposed and in not being able to pass our costs on
19 to consumers.

20 Many in the agricultural industry including the
21 three organizations that I'm representing today ultimately
22 supported AB 398. We see that AB 32 and SB 32 set very
23 high goals for the State of California, and we believe
24 that AB 398 is the best way in achieving those goals while
25 also making sure that the agricultural industry can

1 survive in California.

2 We support the resolution that's in front of the
3 Board today, specifically the item on page 14 that
4 maintains the current assistance factors from the second
5 compliance period into the third. Maintaining these
6 factors will -- is critical to our food processing
7 industry, as I said, because they cannot pass on any
8 increased cost on to the consumers.

9 This will ensure that our food processing
10 industry can remain in California and also that our
11 agricultural products continue to have a home in
12 California.

13 We look forward to the implementation of AB 398
14 and continuing to work with the Board and staff and with
15 Assembly Member Garcia on this implementation.

16 Thank you.

17 CHAIR NICHOLS: Thank you.

18 MR. TUTT: Good morning, Chair Nichols and
19 members of the Board. Tim Tutt on behalf of the
20 Sacramento Municipal Utility District. We supply the
21 power to this building and to the capitol, and are happy
22 to do so.

23 (Laughter.)

24 MR. TUTT: You have --

25 CHAIR NICHOLS: We're grateful.

1 MR. TUTT: -- done historic work here in the last
2 month. The passage of the two-thirds cap-and-trade bill
3 cements California's leadership on climate change in the
4 world. And we think that's very important.

5 We support the adoption of the package in front
6 of you today. It's the first step in implementing that
7 historic agreement in package. And we believe that you
8 should go through with that.

9 The Cap-and-Trade Program is key to the overall
10 picture in California. It will result in GHG emission
11 reductions at stationary sources and criteria emission
12 reductions as well. In SMUD's case, our GHG emissions
13 were down 9 percent last year from in-basin facilities,
14 and we expect them to be down another 10 or 11 percent
15 this year, and will continue doing that in the future as
16 we transform our -- the utility industry, in part due to
17 the Cap-and-Trade Program.

18 So we look forward to continued steps in
19 implementation of AB 398 and 617 and a robust open process
20 that we've enjoyed in the past. And I urge you to adopt
21 the package in front of you today.

22 Thank you.

23 CHAIR NICHOLS: Thank you.

24 MR. LARREA: Good morning, Madam Chair, members.
25 John Larrea with the California League of Food Producers.

1 We changed our name in June, from processors to producers.

2 First of all, I'd like to offer thanks to both
3 the Board and the staff and the stakeholders that worked
4 so hard to make sure that we got these types of amendments
5 moving forward.

6 But we also owe a debt of gratitude to a lot of
7 the members over there at the legislature, not only
8 Assemblyman Garcia for carrying the bill, but also those
9 legislators who stood up and actually supplied those
10 necessary votes in the face of a lot of opposition in
11 order to be able to protect those companies that are most
12 vulnerable down in our areas.

13 We have 21 members who are subject to the
14 cap-and-trade. Most of those are located in disadvantaged
15 communities. We needed this protection, as we were going
16 to lose significant amount of allowances in the third
17 compliance period. So we are all in favor of these
18 amendments, not only extending the cap-and-trade to 2030
19 but also the amendments that will change the third
20 compliance period and save us in that area.

21 However, the food processors are also very much
22 aware that this is not the end of the fight. This is the
23 battle to make sure that we meet our compliance
24 obligations and meet our environmental goals as they're
25 going to continue. And in that essence you've heard us

1 talk before about the idea of new technology investments,
2 as well as incentive reforms. Food processors are going
3 to be facing a very difficult task in being able to meet
4 these compliance obligations as we move forward. And we
5 would like the Board to lend its strength and its ability
6 to push through these types of things to see that there's
7 more investment in new technologies.

8 We are not just depending on you. The League
9 itself is engaged in a new technology study itself to
10 determine exactly where the status is for the types of
11 technologies that we employ in our processing.

12 Also incentive program reform. You heard me talk
13 about this before. We really need to bring this together
14 so it serves one purpose. And the incentive reforms in
15 both the PUC as well as the Energy Commission, and maybe
16 even having some types of incentives be able to come out
17 of the ARB would be wonderful in terms of our ability to
18 be able to employ these new technologies and to move
19 forward as we attempt to reach these goals.

20 Thank you very much.

21 CHAIR NICHOLS: Thank you.

22 MS. SUTTER: Good morning. I'm Katelyn Roedner
23 Sutter with the Environmental Defense Fund. First, thank
24 you for the opportunity to provide comments this morning.

25 I want to thank all of the ARB staff for their

1 hard work on the regulatory package that's before you
2 today. EDF has participated in many workshops and
3 provided comments throughout the almost two-year process
4 to develop this regulatory update. We support the Board
5 moving forward with and passing this set of amendments to
6 the Cap-and-Trade Regulation.

7 This package includes important policy updates
8 that are necessary for the third cap-and-trade compliance
9 period starting in 2018 and made updates necessary to link
10 with Ontario, which EDF also supports.

11 Passing this package will also preserve the hard
12 work the staff and the Board have done to design a post
13 2020 program and provide an important regulatory signal to
14 polluters. We look forward to engaging with staff and the
15 Board during the next regulatory phase, which will be
16 needed to implement the direction provided in AB 398 to
17 further strengthen the post 2020 program.

18 As we do so, we hope the Board and staff will
19 consider all options for maintaining a stringent cap that
20 will ensure California is able to reach the ambitious
21 climate goals set into law. These include setting a price
22 ceiling that is sufficiently high to ensure the
23 environmental integrity of the program.

24 So thank you very much for your work and your
25 time this morning.

1 CHAIR NICHOLS: Thank you.

2 MS. HOLMES-GEN: Chair Nichols and members.
3 Bonnie Holmes-Gen with the American Lung Association in
4 California.

5 And the American Lung Association is here in
6 support of the cap-and-trade proposal here before you
7 today, with the improvements that will be included in
8 compliance with AB 398 and AB 617. And we were strong
9 supporters of that legislative package and wanted to
10 express our appreciation to Assemblyman Garcia and to
11 Assembly Member Cristina Garcia for their leadership in
12 developing this package that both extends the program and
13 adds new requirements for local air pollution monitoring,
14 community action plans, enhanced enforcement, and facility
15 upgrades, as we believe these are meaningful and important
16 improvements, and we look forward to the implementation
17 plan that's going to be developed soon.

18 Clearly, local air pollution and climate action
19 must be tackled together, and we believe this package will
20 bring the tools that we need to ensure this happens.

21 Climate change of course is one of the most
22 important health issues. That's why the Lung Association
23 is so engaged in this overall effort. We view the
24 Cap-and-Trade Program as a key component of our overall
25 strategy. We continue to want to remind everybody of our

1 strong support for the overall package; that includes a
2 strong regulatory component of course in addition to the
3 market component. This program continues our national and
4 global leadership. We appreciate the hard work, and we
5 look forward to working together with you on the next
6 steps.

7 MS. MMAGU: Good morning, members of the Board.
8 Amy Mmagu on behalf of the California Chamber of Commerce.
9 We want to thank all of you for your hard work that's gone
10 into these cap-and-trade amendments as well as all of the
11 efforts that you've put forward through the legislature,
12 passing AB 398. We are strong supporters of the
13 Cap-and-Trade Program and we always have been.

14 We do appreciate the fact that there is a
15 resolution here acknowledging the difficulty that it will
16 be for industry to meet the goals moving forward in
17 achieving our 2030 climate goals, which are some of the
18 most difficult in the world right now. And so we
19 appreciate the acknowledgments that industries need
20 assistance to be able to comply and that they need -- we
21 want them to stay here in the State of California and be
22 some of the cleanest and greenest that there are.

23 So we appreciate all of the efforts and we look
24 forward to working with you in the future.

25 Thank you.

1 CHAIR NICHOLS: Thank you.

2 MS. DAIJOGO: Good morning, Chair Nichols, Board
3 members. Kendra Daijogo with The Gualco Group on behalf
4 of the California Council for Environmental and Economic
5 Balance.

6 I would like to acknowledge the tremendous effort
7 of you and your staff, the collaborative effort with the
8 Governor's office, legislative leaders, and key
9 legislative leaders on climate change issues.

10 CCEEB continues to strongly support California's
11 Cap-and-Trade Program. We're committed to ensuring the
12 success of the program. Earlier this week, the Governor
13 signed AB 398 into law. That was supported by our
14 membership. We look forward to diving into the details of
15 the post 2020 program to implement the negotiated
16 compromise of the authorizing legislation.

17 It's important that we make this work for all
18 Californians. And there are critical protections for both
19 the environment and the economy in the Cap-and-Trade
20 Program. There are details that must be worked through
21 publicly. And we will be here as a collaborative partner
22 to ensure the successful implementation and continued
23 success of the program.

24 Thank you.

25 CHAIR NICHOLS: Thank you.

1 MS. PERCYNYSKI: Good morning, everybody. Beth
2 Percynski with Procter & Gamble. Like so many people have
3 said before me, thank you for all the work that you have
4 done and put into this program and that you're going to be
5 putting into the program going forward.

6 I'm here today to let you know that we did
7 support AB 398. And I'm here today in strong support of
8 the proposed amendments especially on behalf of our
9 Sacramento and Oxnard plants, who are both at risk for
10 high leakage.

11 So, again, we are in strong support.

12 Thank you.

13 CHAIR NICHOLS: Thanks.

14 I think you're our last witness.

15 MR. TRISTAO: Good morning, Madam Chair and
16 members of the Board. I'm Dennis Tristao and I'm the
17 environmental affairs officer for the JG Boswell Tomato
18 Company. We are a covered entity. We have two covered
19 entities in this program.

20 I'm here to echo and support the comments made by
21 Lauren Hajik and John Larrea. And I'm also here to
22 personally thank the staff for the work and efforts that
23 went into addressing our concerns as a processing facility
24 providing jobs and meeting these regulations. It is
25 greatly appreciated. Thank you.

1 As we move forward, we are in support of AB 398.
2 We worked with our associations and with staff.

3 The area that I wanted to emphasize is one that
4 John Larrea touched on, which is the incentive funding and
5 the need for advanced technology.

6 In our case in the food processing industry,
7 there are no new black boxes that we can look to to
8 increase our efficiency much more than where we're at now.

9 We respect the role of the Air Resources Board as
10 being a leader in technology-forcing regulations, and now
11 we're here to ask to have a greater role in the
12 partnership for developing new and innovative technologies
13 for use by our industry, where we can be a leader within
14 the State, within the nation, and within the world.

15 I want to thank you.

16 And that's the last set of comments, I believe.

17 (Laughter.)

18 CHAIR NICHOLS: Thank you very much.

19 That concludes the list of witnesses that we have
20 before us. And so I will close the record for the
21 hearing.

22 We're actually a little bit ahead of schedule,
23 which is quite remarkable. And although we have a lot of
24 work ahead of us today, I think it would be a good idea to
25 take a brief break. So I'm going to suggest that we take

1 a 10-minute break if we possibly can keep it to that --
2 well, make it a couple minutes -- maybe return at 5
3 minutes of 11 to start again.

4 Thanks, everybody.

5 (Off record: 10:42 a.m.)

6 (Thereupon a recess was taken.)

7 (On record: 10:56 a.m.)

8 CHAIR NICHOLS: I like the way these trains are
9 running on time.

10 I'm learning.

11 All right. It's time to bring this back for
12 discussion. Members of the audience, if you could either
13 sit down or take your conversations outside, be much
14 appreciated.

15 Now the Board gets a chance to have some
16 discussion.

17 So we have in front of us a resolution and a
18 recommendation from the staff that we adopt it. But I
19 imagine that we have Board members who may want to make
20 some comments or ask some questions. So I'll start down
21 on this end and just see if anybody has anything they want
22 to raise at this point.

23 Seeing none, I'll go this way.

24 Yes. Senator Florez.

25 BOARD MEMBER FLOREZ: Yeah, thank you.

1 Madam Chair, I just wanted to -- during the
2 presentation, the PowerPoint, I think the Chair asked the
3 question right before we heard the other testimony on the
4 interplay between the recently passed cap-and-trade bill
5 and what we're actually approving today. And I just
6 wanted to -- so what we're doing today is in essence up to
7 this certain point and then we do our normal regulatory
8 process --

9 CHAIR NICHOLS: Right.

10 BOARD MEMBER FLOREZ: -- for that part going up
11 to 2030?

12 CHAIR NICHOLS: Correct, because in order to run
13 a program which has quarterly auctions associated with it,
14 we are going to have to phase in the next stage.

15 BOARD MEMBER FLOREZ: Okay, Thank you.

16 CHAIR NICHOLS: Okay. Ms. Takvorian.

17 BOARD MEMBER TAKVORIAN: Thank you.

18 I think -- thank you, Chair Nichols. I think you
19 characterized it pretty correctly, that there's pretty
20 strong opinions about all of this, and I think we've
21 probably heard all of them many times over the last few
22 weeks. So I appreciate that you started with that.

23 But regardless of the differences, I think that
24 the documents before the Board for approval include a
25 commitment to understanding and advancing environmental

1 justice concerns, including protecting disadvantaged and
2 impacted communities both from the effects of GHGs but
3 also toxic and criteria pollutants as required by the
4 laws. And AB 197 also enhanced the commitment, and we
5 look forward to its full incorporation in the scoping plan
6 and the regulations.

7 I wanted to propose an amendment - and I would
8 really like to hear everyone's thoughts about it - that
9 would be included; and it would read: "Be it further
10 resolved that the Board directs the Executive Officer to
11 assess the impacts of the California Cap-and-Trade Program
12 on disadvantaged communities. And annual reports will be
13 presented to the Board to include information on direct,
14 indirect, and cumulative impact -- emission impacts
15 measures by local air districts and others to prevent
16 increases in emissions of toxic air contaminants or
17 criteria pollutants. Said report should include findings
18 from the adaptive management and other studies such as
19 those conducted by the Office of Environmental Health
20 Hazard Assessment."

21 And I sent that to the Clerk of the Board if we
22 wanted to have copies of that.

23 CHAIR NICHOLS: Okay. So we have actual language
24 proposed here as an amendment to the resolution.

25 My question is -- well, I really have a question

1 about process as opposed to the substance, although I have
2 a substance issue too. But just on process, can we make
3 any changes to the resolution in the "be it resolved"
4 category without triggering a whole new round of
5 circulation delay, et cetera?

6 ASSISTANT CHIEF COUNSEL HULTS: We're conferring.
7 But I believe if the Board is in agreement on the language
8 with the resolution, that it could -- you could adopt an
9 amendment as long as it doesn't affect the amendments that
10 are going before the Board's consideration.

11 CHAIR NICHOLS: Okay. So then there's nothing in
12 this that affects any of the items that have been
13 discussed.

14 Okay. So on process, we're okay to talk about
15 it.

16 On the substance of what is in the proposal,
17 there was some conversation going on at the back of the
18 dais, not by a quorum of the Board but by various people.
19 So my question about this is why there would be another
20 report called for in addition to the report - if it is
21 another report - that is already directed by AB 197, which
22 I presume will be -- it's actually I'm the one who is
23 required to give the report. So presumably that means
24 that the staff will be the ones who are preparing the
25 report if that same report includes these items. So I

1 guess the question is, A, do you really want another
2 report or do you just want the items that you're
3 mentioning here covered?

4 BOARD MEMBER TAKVORIAN: I think -- thank you for
5 the clarification. I think it's -- I'm not proposing
6 another report if we don't need that. I want to
7 underscore the importance of the originating legislation,
8 AB 32, and now SB 32 and AB 197, and have that referenced
9 in the resolution that the Board's adopting today. So if
10 that's an inclusive report - and I hope it would be,
11 because you really want something that's comprehensive
12 and -- so I would hope that it could be included and that
13 it would save time and energy and would be something that
14 would be integrated.

15 So thanks for the clarification.

16 CHAIR NICHOLS: Okay. So then in terms of the
17 items that are listed here in your proposed amendments,
18 they are information on direct, indirect, and cumulative
19 emissions impacts, measures taken by local air districts
20 and others to prevent increases of toxics or criteria,
21 findings from the adaptive management plan and other
22 studies such as those conducted by the Office of
23 Environmental Health Hazard Assessment.

24 Do you, staff, have any concerns or questions
25 about including those elements in the annual report that

1 you're going to be preparing?

2 EXECUTIVE OFFICER COREY: Chairman Nichols, I
3 would point out that your annual report to the Joint
4 Committee on Climate Policy, that is co-chaired by
5 Assembly Member Garcia, is broader than cap-and-trade.
6 It's actually --

7 CHAIR NICHOLS: Oh, yes. It's on the whole
8 program.

9 EXECUTIVE OFFICER COREY: So this doesn't capture
10 that point. So that's one point that I would make.

11 And the other point I --

12 CHAIR NICHOLS: But it would include
13 cap-and-trade.

14 EXECUTIVE OFFICER COREY: Yes. And there is some
15 terminology here, there's some understanding, there's some
16 flexibility with some of the terms in here, were
17 interpreted differently by different people, what
18 "direct," "indirect," and some of these terms mean. But
19 having an annual report that you already directed to give,
20 and providing an assessment of the overall implementation
21 of the climate program, including cap-and-trade as well as
22 the other major programs and measures, what we're seeing
23 in terms of GHGs, what we're seeing in terms of other
24 pollutants, and I suspect we'd probably -- we also want to
25 make reference to the progress that is made on AB 617 as

1 part of that report, because it's really important, as
2 well as our collaboration with districts. That would be
3 my characterization of a comprehensive report -- annual
4 report to the legislature as part of the directive under
5 AB 197. As I just described, I think that's captured.

6 CHAIR NICHOLS: Right.

7 Okay. So then my question to the Board member
8 would be, are you comfortable with that explanation or
9 description of how the staff would interpret this, or
10 should we do some wordsmithing here to make sure?

11 Sorry. Mr. Gioia.

12 BOARD MEMBER GIOIA: I wanted to add something.
13 I think there's also some real value in an additional
14 phrase that's here, which is -- because I'm not sure if
15 it's in the current report -- which is to identify the
16 measures taken by local air districts and others to
17 prevent increases in emissions of toxic air contaminants
18 or criteria pollutants. Because one of the things in this
19 whole I think discussion and debate has been, you know,
20 what's happening at the local air district level with
21 regard to reducing criteria pollutants and toxics, which
22 right our area specifically within the authority of local
23 air districts. I think that is really important
24 information to identify in these reports.

25 Sometimes -- I know there are many who understand

1 the actions taken by local air districts. Others who sort
2 of believe that it's CARB that sort of is responsible for
3 that. So I think it's important and I'm not sure that
4 that information is identified under the existing reports
5 under existing law.

6 Can you sort of educate me on that. Because this
7 is an additional element that I think is important to
8 understand as part of the report. So not only what's
9 happening with cap-and-trade and what CARB's doing, but
10 what's happening at the local air district level with
11 regard to their regulations on again limiting criteria and
12 toxics.

13 Do you see the question I'm asking, Richard?

14 EXECUTIVE OFFICER COREY: I do understand it, and
15 I in part responded to it. And I think the reference to
16 AB 617 clearly had the element of focus on getting
17 additional reductions of criteria and toxic pollutants,
18 particularly at the community level, and reporting on
19 what's happening. Because a key element of that isn't
20 just the State actions; it's what's happening at the local
21 level.

22 BOARD MEMBER GIOIA: Right, right.

23 EXECUTIVE OFFICER COREY: And folding progress on
24 that would be important.

25 CHAIR NICHOLS: So can I just sort of piggyback

1 on that.

2 What is your plan for bringing forward to the
3 board your plans for implementing 617 in terms of all of
4 those elements that were included?

5 EXECUTIVE OFFICER COREY: And we're having the
6 conversation about the scope of this -- of this bill,
7 which is massive, to your question, and have already been
8 doing planning even as it was going through the process,
9 recognizing that this presents a tremendous opportunity.
10 Our plan is -- my plan is to report back to the Board the
11 September-October time frame and lay out what our overall
12 strategy is going to be moving forward.

13 And I that will include the process for the
14 developing the monitoring guidelines, and that's due
15 October 2018, the reduction plans.

16 CHAIR NICHOLS: Well, I think -- what I'm
17 struggling with is -- and I recognize this is the first
18 Board meeting that we've had since the passage of the two
19 critical bills that we're talking about. And so I can
20 well understand the -- especially coming from a Board
21 member who's responsibilities include representation of
22 environmental justice communities, why she would be
23 wanting to get these thoughts onto the record and into the
24 program.

25 I'm having a problem with defining the scope of

1 this when we haven't yet begun to really implement the new
2 legislation, which is going to start happening very, very
3 soon, and which does require clearly some major new effort
4 on the part of the staff, including the element that
5 Supervisor Gioia was just referring to. And so, you know,
6 it's really I think up to the Board on this since we can
7 do whatever we want. But my preference would be to table
8 this for this particular item, which it's only kind of
9 tangentially related to, and incorporate it into the
10 rulemaking that's going to be coming forward in the next
11 couple months, September to be -- at least for the first
12 report.

13 I don't know if others feel the same way.

14 Yes. Sorry.

15 BOARD MEMBER FLOREZ: Thank you.

16 So what I hear you saying, Madam Chair, is we're
17 going to table your recommendation to table the language,
18 but we clearly are not going to dismiss the topic --

19 CHAIR NICHOLS: No, no, no, not at all.

20 CHAIR NICHOLS: -- the concept of what Mr. Corey
21 has to report per 197. And I think my colleague is
22 correct in that the goal is to try to incorporate as much
23 of EJ in this as possible.

24 But I will say something maybe in the middle or
25 divert a bit - we were just having a side bar about

1 this -- I want to make sure from staff that everything
2 that we do in even these reports to the legislature does
3 not divert from what we have to do under, and should do,
4 under 617. So in other words we're already understaffed
5 as we start this process, period. 617 is a lot of money
6 to really make it work the way the legislature and the
7 Governor expect it to work.

8 Not just the fact that we don't have the money,
9 but also discounting the fact that we need your full
10 attention to this, is this going to take away time from
11 the most important thing that we have to do at least from
12 my perspective and, that is, to get this implementation,
13 these reports that the Chair just mentioned done and
14 started? We have a year. This is not a five-year scoping
15 plan. This is an immediate rocketship into space, and
16 we've got to start immediately.

17 I just don't want to divert any attention
18 whatsoever for any study that is going to get in the way
19 of what we're doing from an action perspective. So I
20 would just like to hear from staff your perspective on
21 that.

22 EXECUTIVE OFFICER COREY: Yeah, the sensitivity
23 by me, and the Chair spoke with this and clarified that we
24 were not talking at least in the direction a new study.
25 That would have concerned me, because of, one, the OEHHA

1 work, the reports that we were already required to do in
2 terms of the policy, the annual reports of policy
3 committee.

4 To your question about 617, it is ambitious.
5 It's incredibly ambitious, and the commitment on this
6 team. And really all the stakeholders is they're -- we're
7 going to deliver on this. We've been clear in terms of,
8 is it going take support? It absolutely is. And during
9 the legislative deliberations on 398 and 617, that was
10 acknowledged across the board - Administration, Senate,
11 and Assembly - with those discussions went to continue
12 when the legislature reconvenes. So we're organizing
13 already, pointing our team together and getting ready to
14 move forward with a full expectation we're going to get
15 the support we need to deliver on this thing.

16 CHAIR NICHOLS: And trying to not look too
17 enthusiastic.

18 (Laughter.)

19 CHAIR NICHOLS: I mean, I think the staff is
20 pretty excited about the opportunity that's involved here.

21 BOARD MEMBER FLOREZ: Just to close the comments.
22 I want to make sure as long as we're clear in concept, I'm
23 okay with -- in the essence of maybe not including this
24 within this resolution, if it's somehow slowing the
25 process down. However, I would like to -- and I think I

1 just want to --

2 CHAIR NICHOLS: You want the intent to be clear.

3 Ms. Takvorian.

4 Oh, wait. I'm sorry. Diane had her hand up
5 first I think.

6 BOARD MEMBER TAKVORIAN: I would just say that I
7 thought to the degree that Mr. Corey actually clarified,
8 which I really appreciated, and Mr. Gioia's clarification,
9 was that this doesn't necessarily add additional work. It
10 may add some, but that it's important. And that also that
11 it's a placeholder in a way because we're going to be
12 redoing these regulations coming back by the beginning of
13 next year. So we're already going forward with items that
14 will have to be amended given the new legislation. So it
15 seems like having this as a placeholder and then refining
16 it as we go forward with the new regulations would make
17 some sense. And it's certainly not my intent to add a
18 burden to staff. But I know that there's a commitment to
19 actually assessing these impacts, and it would be good to
20 have that articulated. And unless I missed it, it's not
21 really in the resolution.

22 So if it could go forward without being a burden,
23 that would be -- I think that would be best.

24 CHAIR NICHOLS: Mr. Gioia.

25 BOARD MEMBER GIOIA: Can you be clear so I

1 understand, where in the process and which report will
2 sort of local air district actions regarding criteria and
3 toxic regulations be included? So when there are actions
4 at local air districts to reduce toxics and criteria,
5 where will the sort of measurement of any emission
6 reductions be reported as part of this statewide process?

7 EXECUTIVE OFFICER COREY: I think the key home
8 for that is the progress reports on the implementation of
9 AB 617. 617's focused on criteria and toxics, and it
10 establishes direction in terms of enhanced monitoring and
11 direction in terms of reduction plans. That's the proper
12 place, those reports and status, in terms of local action
13 because it clearly requires a handshake between the State
14 and local districts in terms of implementation of measures
15 and incentives to get further reductions.

16 BOARD MEMBER GIOIA: Would that include actions
17 taken by local air districts, including current actions,
18 that may not be done specifically under the authority of
19 AB 617? Because, as you know, there's a lot of work
20 happening at local - at least I'll speak for the Bay
21 Area - work on regulations recent propo -- as well as
22 under consideration that would reduce toxics and criteria.
23 And they're not under -- that's not actions under AB 617.
24 It's actions we've taken separate and apart from that. Do
25 we capture those emission reductions? It seems that it's

1 important to capture all emission reductions, not just
2 those that may be pursuant to an AB 617 program.

3 EXECUTIVE OFFICER COREY: Yeah, that makes sense
4 to me as well, particularly in the toxics criteria are
5 going to be -- many are going to be embedded in the AQMPs
6 and the SIPs. But in terms of the range of toxic
7 measures, even that are outside --

8 BOARD MEMBER GIOIA: Okay. Good.

9 EXECUTIVE OFFICER COREY: -- necessarily the
10 community, we'll work with CAPCOA. We have not had this
11 discussion, but we will, and we'll --

12 BOARD MEMBER GIOIA: Right. That's helpful. I
13 think that -- that's responsive. I think that's important
14 to understand that, because I think that's what
15 communities and policymakers are looking to understand is,
16 you know, the interplay between these local actions and
17 the State actions. Yeah.

18 Thanks.

19 CHAIR NICHOLS: Okay. I think we need to bring
20 this to a decision point, because we've been having an
21 informal discussion up until now. I would like a motion
22 and a second to put Resolution 17-21 in front of us
23 officially.

24 BOARD MEMBER SERNA: So moved.

25 BOARD MEMBER ROBERTS: I'll second.

1 CHAIR NICHOLS: Motion and second.

2 Okay. Now, Ms. Takvorian, do you wish to present
3 your amendment in a formal way or do you want to just be
4 satisfied with the discussion as it is? It' up to you.

5 BOARD MEMBER TAKVORIAN: Yeah, I'd like to ask
6 the maker if we could incorporate this amendment to the
7 resolution that's before you.

8 BOARD MEMBER SERNA: Is that to me?

9 CHAIR NICHOLS: Yeah, I think we need a vote on
10 the amendment.

11 BOARD MEMBER SERNA: I have a -- I know this
12 horse is quickly getting a little beaten up here. But I
13 do have a question for staff about the proposed language,
14 and it's relative to CEQA. I'm looking at the nature of
15 the verbiage there, and I guess I'm looking to counsel on
16 this. Does the way that this resolve -- the way it's been
17 drafted with the reference to impacts, cumulative impacts
18 and findings, does that have any -- does it set up any
19 implication in the future for new angles on CEQA analysis,
20 perhaps even opening up vulnerabilities on CEQA challenge?

21 ASSISTANT CHIEF COUNSEL HULTS: So the report
22 that is laid out or suggested to be added to the
23 resolution would not be a project for CEQA progress in its
24 own right. We separately conduct a CEQA analysis covering
25 many of these issues as part of any cap-and-trade

1 regulatory amendments. So I do not immediate see this
2 imposing additional requirements with respect to CEQA.

3 It would provide an additional source of
4 information and additional requirements for staff in
5 preparing that report.

6 BOARD MEMBER SERNA: Okay. So that -- so that
7 last statement you just made, that is the response to
8 Member Florez' concern that I think I heard correctly,
9 that he would like to -- he's interested in moving forward
10 as long as we don't tax to a high extent staff time and
11 energy; is that correct?

12 BOARD MEMBER FLOREZ: (Nods head.)

13 CHAIR NICHOLS: I think -- if I may interject. I
14 think we're all looking for a way to make the advocates
15 who don't like the Cap-and-Trade Program to begin with
16 feel a little bit better. And, frankly, I would be in
17 favor of it if it didn't add additional burden in a way
18 that would be counterproductive in terms of getting the
19 work done. So that's really what I think they're trying
20 to --

21 BOARD MEMBER SERNA: That's my concern too.

22 CHAIR NICHOLS: -- understand here. And this
23 isn't a -- this is in a sense sending a signal. And if
24 that's what it is, then I think we'd be in favor sending.
25 I can speak for most of us at least in that regard. But

1 if it adds some new substantive ways in which things can
2 go off the rails or, you know, suck up more time and
3 energy on things that aren't actually going to be
4 productive, then we don't want to do it.

5 So I'd appreciate it if staff could give this a
6 little bit of thought. And maybe we could wait for a
7 moment while you formulate your thoughts. Then we can
8 react.

9 Yes, while we're waiting here.

10 BOARD MEMBER MITCHELL: Well, I think the intent
11 of the proposed amendment is worthy. It does seem to me
12 that the amendment is pretty duplicative of what is
13 already required in 617. The Ledge Counsel's Digest says
14 that this bill requires the State Board to develop a
15 uniform statewide system of annual reporting of emissions
16 of criteria air pollutants and toxic air contaminants for
17 use by certain categories of stationary sources. And the
18 bill, that's an annual report that is required under 617.

19 So it seems to me like, I mean, while the
20 amendment would simply sort of duplicate what is already
21 required, in that sense it doesn't require more work

22 CHAIR NICHOLS: Yes

23 BOARD MEMBER MITCHELL: So it may be sending a
24 message that, you know, this is an important aspect. So
25 in a way it's the good of -- but relatively benign. So

1 that's kind of what my thinking is on it.

2 CHIEF COUNSEL PETER: So just to -- Mr. Corey's
3 writing this up. But to kind of summarize, I agree,
4 there's -- no CEQA is needed for, you know, for this
5 report. We're not taking any -- it's not a project as
6 David Hults indicated. What we're clarifying right now
7 here is that it's not a new report to fit in with what
8 other people said. We're going to specifically reference
9 AB 617 to say it is part of that. So we will have a
10 framework that we're putting in to pick up those
11 additional elements. And also recognizing though that
12 this is a -- it's going to be a work in progress for the
13 air districts. So to the extent the information is
14 available, it will be in the report.

15 So the first report is necessarily going to be
16 narrower than the next annual report just because the air
17 districts are going to be, you know, collecting the
18 information, doing their emissions reduction.

19 So I think what we -- what the suggestion is
20 going to be is to refer to -- as part of the AB 617
21 report, and then go on and say to the extent the
22 information is available. And I will assure you that
23 we're going to make sure, you know, that the air districts
24 know what they need to provide to us, because I think
25 that's also, you know, important that we get that timely

1 information.

2 So with that caveat, that the first year is going
3 to obviously be more restrictive than the subsequent
4 years, and that's what -- why I'm chatting, they're
5 writing, I believe.

6 (Laughter.)

7 CHIEF COUNSEL PETER: We should probably have him
8 chatting and me writing, but we didn't do it that way.

9 (Laughter.)

10 BOARD MEMBER SERNA: As the maker of the motion,
11 I'm eager to hear the amendment to the amendment.

12 (Laughter.)

13 EXECUTIVE OFFICER COREY: Okay. Let's give this
14 a try.

15 All right. I'm going to read to you. "Be it
16 further resolved that the Board directs the Executive
17 Officer to assess the impacts of the climate change
18 program on disadvantaged communities as required by AB 197
19 and AB 32 and SB 32. As part of the annual report,
20 through the Joint Policy -- the Joint Legislative Policy
21 Committee on Climate Change, the Board will present
22 information to the extent it is available on direct,
23 indirect, and cumulative emission impacts measures taken
24 by local districts and others to prevent increases in
25 emissions of toxic air contaminants and criteria

1 pollutants. And said report should include findings from
2 adaptive management plan and other studies such as those
3 conducted by the Office of Environmental Health Hazard
4 Assessment."

5 BOARD MEMBER SERNA: I see a thumbs up by the
6 maker of the amendment.

7 So, Madam Chair, knowing that, as the maker the
8 motion, I'd certainly accept the amended from the
9 amendment.

10 CHAIR NICHOLS: All right. Without any
11 objection, then let's go ahead with that --

12 BOARD MEMBER MITCHELL: (Nods head.)

13 CHAIR NICHOLS: -- language included.

14 And I can then call for a vote on the underlying
15 resolution. So I don't think we need a voice vote on
16 this -- I mean we need a by-person vote. Let's just see
17 if we can't get there.

18 All in favor please say aye?

19 (Ayes.)

20 CHAIR NICHOLS: Any opposed?

21 Any abstentions?

22 All right. It's done. Thank you all very much.

23 And we have one item I think that's short that we
24 could do before our lunch break. There have been a lot of
25 questions about when the Volkswagen item is going to come

1 up. I think we will stay that we'll start it at 1:00
2 o'clock. And so we'll do the Clean Power Plan, which will
3 be short, then take a lunch break, and come back at 1:00
4 o'clock.

5 But for the moment, we're going to do the --
6 we'll do the Clean Power Plan.

7 Thanks, everybody, very much.

8 Is this the crew for the Clean Power Plan?

9 All right. We are ready now to move on to our
10 next item, which is a vote on an item that we've already
11 heard once, which is California's proposed compliance plan
12 for the federal Clean Power Plan. And as folks will
13 remember, this is a plan which the federal government
14 doesn't really want to receive, but we want to send it to
15 them anyway --

16 (Laughter.)

17 CHAIR NICHOLS: -- because we've done the work
18 and we think that the regulation that it was developed
19 under was a good regulation, and one that we supported.
20 But also this isn't just an empty gesture, it is also
21 intended to indicate to the world at large that that --
22 that the reductions that were called for in that plan can
23 be accomplished and we have a way of doing it. And so
24 with that, I think I'll ask Mr. Corey to do the staff
25 report.

1 EXECUTIVE OFFICER COREY: All right. Thanks,
2 Chair. The plan staff has developed demonstrates how
3 California's programs can support our State goals while
4 also integrating with the federal climate program.
5 California will continue to defend the effort to better
6 ensure that the federal Clean Power Plan and California's
7 programs are mutually supportive.

8 And it's also important to show how action on
9 climate mitigation can benefit the States and make them
10 well positioned to comply with future federal climate
11 action. For example, both Oregon and Washington are
12 moving forward with climate action. Oregon is actually --
13 or rather actively discussing a potential Cap-and-Trade
14 Program that may link with us in the future.

15 Our compliance plan explicitly demonstrates how a
16 cap-and-trade system could be utilized for Clean Power
17 Plan compliance purposes.

18 And further, California, along with other western
19 states that implement climate action, are reshaping the
20 western grid through policies that require clean power.
21 The development of this plan maintains that momentum and
22 provides a roadmap for others as we move forward with our
23 post-2020 programs.

24 ARB is building on a strong emissions reduction
25 structure to collaborate with those other states. And

1 with that, I'll ask Chris Gallenstein of the Industrial
2 Strategies Division to give the staff presentation.

3 Chris.

4 (Thereupon an overhead presentation was
5 Presented as follows.)

6 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:

7 Thank you, Mr. Corey -- let me try this. I
8 didn't want to too close of the last one.

9 Good morning, Mr. Corey --

10 CHAIR NICHOLS: I know. There's just a perfect
11 sport somewhere in there.

12 (Laughter.)

13 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: Good
14 morning, Chair Nichols and members of the Board. Today's
15 presentation will cover California's Clean Power Plan
16 Compliance Plan. The Clean Power Plan, or CPP, was one of
17 the Obama administration's major climate policy
18 priorities.

19 --o0o--

20 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: It
21 remains central to the progress on national emission
22 reductions for the power sector, and has long been a
23 policy priority for California. It requires GHG emission
24 reductions from power plants, and states are charged with
25 developing compliance plans to achieve these limits. As

1 you may know, the CPP has faced litigation, and the
2 current Presidential administration has indicated that it
3 may propose to revise or rescind it.

4 California, including ARB and the Attorney
5 General's office, are working to defend the CPP and ensure
6 U.S. EPA fulfills its obligation to reduce emissions from
7 this sector. Accordingly, the CPP remains the law of the
8 land and we are committed to moving forward, including by
9 demonstrating that California can comply with the law.

10 We are also moving forward because CPP compliance
11 is an important part of our overall post-2020 climate
12 policy. You've already heard presentations on amendments
13 to the mandatory reporting regulation last month. And
14 today, the Cap-and-Trade Regulation to serve that purpose.
15 This presentation explains how those programs help support
16 the federal program as well.

17 I will begin with an overview of the CPP,
18 including its current implementation status. Then I will
19 describe the California compliance plan up for
20 consideration today, and the amendments to the mandatory
21 reporting and amendments to the Cap-and-Trade Regulations
22 that are designed to support the plan.

23 Of course, these efforts are only part of the
24 State's larger progress towards further reducing power
25 sector emissions. And those efforts will continue, and

1 continue to set examples for national policy.

2 I'll wrap-up by describing some of those efforts
3 for decarbonizing the electricity sector in California.

4 --o0o--

5 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:

6 Because this is the second of two hearings on
7 this item, I will brief on the description and overview of
8 the CPP. The CPP is a federal Clean Air Act rule issued
9 under section 111(d) of the Act. That section charges
10 U.S. EPA with developing the emission reduction guidelines
11 for industrial source categories for greenhouse gases
12 among other pollutants. The guidelines were effective
13 December 22nd, 2015.

14 Under the guidelines, States are charged with
15 developing federally enforceable compliance plans for
16 sources under their jurisdiction to meet federal emission
17 targets or may accept a federal plan to do so.

18 In the CPP, U.S. EPA calculated the degree of
19 emission reductions that could be achieved from existing
20 power plants because of improvements to plant efficiency,
21 movement towards cleaner fuels, and increased use of
22 renewable energy.

23 To assess these reductions, U.S. EPA reviewed the
24 successful programs operating in the States across the
25 country, including California, and developed conservative

1 emission reduction estimates for each State's power fleet.
2 Compliance is set to begin in 2022 and reach final target
3 levels by 2030.

4 With full compliance, U.S. EPA anticipates a 32
5 percent reduction in CO2 emissions from 2005 levels by
6 2030. I will discuss the nuances of these dates in a
7 minute.

8 --o0o--

9 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: U.S.
10 EPA offered several possible State plan designs to
11 demonstrate compliance with the mandated reductions,
12 specifically, U.S. EPA allowed States to use existing
13 programs, called "State Measures" to achieve these
14 reductions.

15 In particular, U.S. EPA endorsed the use of
16 economy-wide emission trading programs for CPP compliance.
17 In that situation, requirements that apply specifically to
18 affected EGUs become federally enforceable, but the State
19 programs otherwise generally operate as usual. U.S. EPA
20 does not -- EPA does require an additional set back-stop
21 programs that kick in if federal targets are exceeded to
22 restore emissions to target levels.

23 State plans are submitted to U.S. EPA much like
24 State implementation plans, for ozone and other pollutants
25 and become effective upon approval. At the moment, during

1 litigation, program submission dates are stayed. Though
2 the rule is stayed, California has and continues to fight
3 for the roll-out of this effective important program,
4 including State flexibility measures that we advocated for
5 during its inception. This is a critical step in seeing
6 sensible green energy policies move into this sector, the
7 power sector, nationwide.

8 --o0o--

9 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: As
10 you are aware, the Clean Power Plan is under legal attack.
11 We believe this should not deter California from being
12 compliance ready. I will now briefly discuss some of the
13 challenges facing implementation of California and a U.S.
14 wide roll-out of the CPP.

15 Some power companies and some states challenged
16 the CPP shortly after it was finalized. California, many
17 other states, and many progressive utilities and power
18 companies intervened to defend the rule and related new
19 source emission limits. The U.S. Supreme Court in a
20 narrow ruling, stayed implementation pending litigation.
21 The full D.C. Circuit Court of Appeals heard the CPP case
22 last fall.

23 For now, the case is on hold as U.S. EPA
24 considers what to do next. Meanwhile, in March of this
25 year, President Trump issued an Executive Order which

1 directs EPA to review, and, if appropriate, initiate
2 reconsideration proceedings to suspend, revise, or rescind
3 the rule.

4 On April 4th, 2017, U.S. EPA announced it is
5 reviewing the CPP, and, if appropriate, will as soon as
6 practicable and consistent with law, initiate proceedings
7 to suspend, revise, or rescind this rule.

8 California is ready to continue to defend the CPP
9 and its goals in all of these venues. Meanwhile, the CPP
10 again remains the law of the land. If the Board approves
11 our CPP compliance plan, we will move forward to submit
12 the plan to U.S. EPA in part as a demonstration that
13 compliance with the CPP is very possible and appropriate
14 for other states to pursue.

15 --o0o--

16 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: In
17 California, we are very well placed to comply with the
18 CPP. Thanks to our effective energy efficiency and
19 renewable energy programs, and our successful emission
20 control efforts, California is one of the cleanest power
21 sectors in the country. Although, there is much work to
22 do to continue to reduce electricity emissions, we are on
23 track to be well below federal targets and will remain
24 that way.

25 In addition, State policies, including our

1 rigorous 2030 emission reduction targets, are what drives
2 further reductions, not the federal program. But note,
3 the federal program reductions are needed throughout the
4 U.S.

5 Accordingly, staff focused on integrating CPP
6 compliance with a suite of amendments we are exploring for
7 post-2020 programs. We developed a compliance plan that
8 integrates with the mandatory reporting regulation and the
9 Cap-and-Trade Regulation, and which work respectively to
10 measure and reduce emissions across the economy, including
11 the power sector. The post-2020 amendments also support
12 CPP compliance as part of the unified program.

13 This is the third time the Board has heard about
14 the CPP reflecting our extensive public process. We first
15 updated the Board on the CPP in November 2015, and
16 returned for a first hearing on this compliance plan in
17 September 2016. We've also held several public workshops,
18 taken public comment formally, and incorporated
19 discussions of the CP[sic] into an ongoing public
20 conversation around the scoping plan and Cap-and-Trade
21 Program amendments, including presentations to the
22 Environmental Justice Advisory Committee, and other
23 advisory bodies, air districts, electricity sector
24 balancing authorities and stakeholders.

25 --o0o--

1 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:

2 Pursuant to the federal definition of affected
3 units, we worked with air districts, plant owners and
4 operators, and U.S. EPA to ensure we had an accurate and
5 complete list of affected units.

6 This effort resulted in identifying 249 affected
7 EGUs being subject to the regulation in California. These
8 EGUs are concentrated in the South Coast, San Joaquin, and
9 Bay Area districts, but are present throughout the State.
10 As federal targets, slated for the 2022 to 2029 interim
11 period and a final period beginning in 2030 are based upon
12 list of affected units, staff also calculated the mass
13 emission limit federal target.

14 --o0o--

15 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:

16 Those emission limits are described in this
17 table. They are divided by compliance period, starting
18 with the "bridge" compliance period connecting the
19 existing Cap-and-Trade Program to the CPP's compliance
20 periods in 2022. For each compliance period, we
21 calculated and illustrative "glide path" target describing
22 the emissions we expect in a given year, and legally
23 binding target for the compliance period as a whole.

24 We also calculated a back-stop trigger target -
25 the figure 10 percent above the federal target at which a

1 back-stop program would kick in to restore EGU emissions
2 to the federally required levels.

3 It is important to note, as I will discuss in
4 more detail in a moment, that all of these targets are
5 well above California's EGU emissions today, and will
6 remain well above them as we -- with the emissions we
7 project.

8 --o0o--

9 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: To
10 show that California programs will deliver compliance with
11 these targets, we worked with the -- we worked with an
12 interagency modeling team, including the CEC and the CPUC.
13 I want to take this opportunity to thank the CEC and the
14 CPUC staff for their hard work which is invaluable in
15 developing the compliance plan.

16 The modeling was conducted based on the
17 Integrated Energy Policy Report, the CEC's extensively
18 publicly vetted energy forecast, and used the CEC's
19 industry standard PLEXOS production cost model. That
20 model allows CEC to forecast sector emissions with rigor.

21 We tested compliance with two scenarios. First,
22 the reference case essentially continues California
23 compliance policies at their current level of stringency,
24 maintaining 2020 emission levels. This was intended as a
25 conservative business-as-usual case.

1 Second, the stress case pushes the system towards
2 higher power emissions by, among other things, lower
3 hydroelectric generation, raising electricity demand,
4 lowering CO2 prices, and retirement of the Diablo Canyon
5 nuclear facility.

6 The modeling projected emissions from affected
7 EGUs was also used to test whether emissions leaked to
8 other facilities in the western grid or to new sources
9 unregulated by the CPP, including biomass facilities.

10 It is important to emphasize that a State climate
11 policy becomes ever more rigorous in accordance with SB
12 32, SB 350, and AB 398, actual power sector emissions are
13 likely to be well below model emissions.

14 Our compliance modeling is designed to show that
15 the State will achieve compliance with existing programs,
16 meaning that further State level policy improvements will
17 only enhance federal compliance.

18 --o0o--

19 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: Our
20 plan supports this clear compliance trajectory while
21 meeting U.S. EPA's legal requirements for State plans.
22 The state measures plans to design is the best approach to
23 do so, because it allows us to continue to rely on
24 successful State programs with limited modifications to
25 ensure federal compliance as well.

1 Our proposed compliance plan is, accordingly,
2 based on the continued operation of the cap-and-trade and
3 mandatory reporting regulation with proposed amendments to
4 indicate CPP compliance. If approved, this would mean
5 that compliance with these State regulations would also
6 allow effected EGUs to comply with the federal program.

7 They can use all the compliance instruments now
8 available, and the program's overall economy-wide system
9 linkages are maintained. Affected EGUs will be required
10 to comply as a federally-enforceable matter, but other
11 program participants will continue to face only State-law
12 requirements.

13 Affected EGUs will also be subject to a
14 trading-based back-stop program allowing them to trade
15 down to federal compliance levels in the extremely
16 unlikely event that a federal back-stop requirement is
17 triggered.

18 As the CPP program develops, and if and when
19 other States develop State plans, we can evaluate how or
20 whether to connect with those systems.

21 Stringency evaluations under State law would be
22 required, and used to ensure the environmental integrity
23 of any proposed linkage. California welcomes the
24 opportunity to collaborate with other states to support
25 greenhouse gas reductions from this sector, in an

1 environmentally responsible way.

2 These amendments would take effect upon U.S. EPA
3 approval of the compliance plan. As a result, our
4 compliance plan will not affect California programs during
5 this period of federal uncertainty, but will be ready to
6 support compliance, if approved.

7 --o0o--

8 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: As
9 you approved last month, to support this program design,
10 there are three sets of amendments to the mandatory
11 reporting regulation. The MRR already collects most of
12 the information the CPP requires, and covers CPP affected
13 EGUs. The amendments make this coverage clear as a
14 federal requirement, and ensure that reporting and record
15 keeping aligns with technical federal requirements.

16 --o0o--

17 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: The
18 Cap-and-Trade Program also requires a limited number of
19 amendments to support CPP compliance. These include,
20 first, amendments making clear that all CPP affected EGUs
21 must participate in the program as almost all already do.

22 Next, we're including amendments to align the
23 cap-and-trade compliance periods with the compliance
24 periods for the CPP to ensure that California can show
25 compliance consistent with federal deadlines. Compliance

1 is also assured by building the CPP targets into the
2 Cap-and-Trade Regulation as required for affected EGUs.

3 Finally we included a back-stop program in the
4 Cap-and-Trade Program. This back-stop is very unlikely to
5 be triggered, but is legally required. If the back-stop
6 work to be triggered, ARB would generate, and freely
7 allocate based upon historic emissions, CPP allowances in
8 a quantity limited to that necessary to restore EGU
9 emissions to federally required levels.

10 In addition, to their ordinary cap-and-trade
11 compliance obligations, affected EGUs would be required to
12 surrender back-stop allowances consistent with their
13 emissions and could not legally emit above that quantity,
14 thereby restoring emission levels to federal limits.
15 After emissions were restored, the State programs would
16 operate as normal.

17 --o0o--

18 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:

19 California is committed to decarbonizing the
20 electricity sector. This is a part of California's
21 ongoing commitment to action on climate change. In
22 addition to pressing the federal government to fulfill its
23 responsibilities, we are working with states, cities, and
24 other countries where we can to ensure that we continue to
25 make progress towards the goals of the Paris Accords. Our

1 efforts on the power sector are an important part of this
2 work.

3 In the west, this trend is accelerating. Across
4 the region, states continue to install large amounts of
5 renewable power to further strengthen energy efficiency
6 programs and to retire aging cold-fired power plants.
7 Efforts to develop more efficient western energy markets
8 are furthering this work.

9 State renewable energy mandates and carbon
10 pricing efforts will continue to move the power sector
11 towards a cleaner future, even if the Clean Power Plan is
12 revisited at the federal level.

13 --o0o--

14 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:

15 Within California, many legislative efforts are
16 strengthening our focus in this area. SB 350 is part of
17 the cornerstone to decarbonize the electricity sector. It
18 requires that renewable integration increase to 50 percent
19 by 2030. It requires that the energy efficiencies in
20 electricity and natural gas double. It also requires an
21 evaluation, development, and deployment regionalization of
22 the grid and integrates renewables by regionalism of the
23 CAISO.

24 In California, several bills, including SB 350,
25 SB 32, AB 197, and AB 398 will guide this push towards

1 cleaner, renewable energy. And as the energy sector
2 continues to evolve and decarbonize, both the behavior of
3 the individual facilities and the design of the grid
4 itself will change with important distributional affects.

5 Some power plants may operate with more
6 flexibility to balance renewables. Emerging technologies,
7 including storage, smart inverters, renewably-fueled fuel
8 cells, and others will become more prevalent, and the
9 aging facilities may retire and be replaced.

10 Because many existing power plants are in or near
11 disadvantaged communities, it is of particular importance
12 to ensure that this transition to a cleaner grid does not
13 result in unintended negative impacts to those
14 communities. Recently enacted AB 617 will help ensure we
15 sharpen our focus on these issues.

16 --o0o--

17 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: ARB
18 staff completed a draft environmental analysis for this
19 plan. It was released for public comment, and the final
20 EA and written response to comment have been presented to
21 the Board. The majority of environmental impacts are
22 attributable to cap and trade, because the CPP targets are
23 well above the levels of the control required by
24 California, and so do not drive independent environmental
25 impacts.

1 --o0o--

2 STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: For
3 all the reasons listed above and to demonstrate that it is
4 possible to reduce the GHG emissions from the fleet of
5 electrical generation, that we can protect our fragile
6 environment, and that if it can be done in California, it
7 can be done in the rest of the U.S., we present the Clean
8 Power Plan to the Board for approval.

9 Madam Chair, that concludes our presentation, and
10 we look forward to dialogue with the Board.

11 CHAIR NICHOLS: Thank you for that overview of
12 the electricity sector and what's going on, as well as of
13 the plan that we would submit if the Board agrees to
14 approve it.

15 I do think it's important to recognize that
16 there's been tremendous progress in this sector, and that
17 it's really happened as a result of many different forces,
18 but certainly California's policies, legislative policies,
19 including -- including cap and trade have played a role,
20 as has the fact that the industry itself has been very
21 forthright and active in terms of trying to address its
22 own future. So I think it's a -- it's a good milestone,
23 and I think probably it's a good idea just to pass it and
24 move on.

25 (Laughter.)

1 CHAIR NICHOLS: So any other comments, questions
2 about this item?

3 If not, I think we could have a motion and --

4 BOARD MEMBER RIORDAN: Madam Chairman, I would
5 move then that we approve the resolution that is before us
6 for Item 17-8-2.

7 BOARD MEMBER DE LA TORRE: Second.

8 CHAIR NICHOLS: Any discussion?

9 CHIEF COUNSEL PETER: I have on observation,
10 Chair Nichols.

11 CHAIR NICHOLS: Yes. Sorry. Yes, Ms. Peter.

12 CHIEF COUNSEL PETER: It was noticed for comment,
13 and there was nobody signed up. I just wanted to make
14 that note for the record.

15 CHAIR NICHOLS: Yes -- yes, it is -- it is a
16 public hearing officially, and no one signed up right. I
17 should have made that note.

18 BOARD MEMBER RIORDAN: They all agree with us.

19 CHAIR NICHOLS: Well, all the opposition has gone
20 away.

21 Okay. So without further ado.

22 All those in favor please say aye?

23 (Unanimous aye vote.)

24 CHAIR NICHOLS: Opposed?

25 Abstentions?

1 Okay. That's great.

2 Mr. Segall, your work is done on this one.

3 (Laughter.)

4 ASSISTANT CHIEF COUNSEL SEGALL: There will be
5 more tasks ahead. Thanks.

6 CHAIR NICHOLS: Now, you can move on.

7 Thank you. All right. We will break then and
8 get back here at 1:00 o'clock.

9 (Off record: 11:50 a.m.)

10 (Thereupon a lunch break was taken.)

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1 A F T E R N O O N S E S S I O N

2 (On record: 1:05 p.m.)

3 CHAIR NICHOLS: Good afternoon everybody, if we
4 could get back to your seats again.

5 Good job.

6 Good job. Yes. Before we begin the next
7 scheduled item, I want to ask Dr. Ayala to come forward.
8 Here he is. Forward. Okay. You can stand up at the
9 podium, I guess.

10 So Alberto you escaped before we were able
11 to -- before we were able to properly recognize you and
12 your service to ARB. And even though you've now crossed
13 over to the realm of CAPCOA members, and we'll be dealing
14 with you in a whole different capacity, I'm sure you'll be
15 coming in to protest and complain and --

16 (Laughter.)

17 CHAIR NICHOLS: -- demand money and whatnot --

18 (Laughter.)

19 CHAIR NICHOLS: -- nevertheless, we still think
20 of you as -- always, first and always, an Air Resources
21 Board alumnus. And in particular really want to recognize
22 your amazing service to not only the people of the State
23 of California, but really to the entire world of people
24 who are impacted by motor vehicles and transportation.

25 And so there is a resolution here. And it's

1 signed by all the Board Members. And I think I should
2 probably read it just because it's pretty good.

3 (Laughter.)

4 CHAIR NICHOLS: If I do say so myself.

5 "Whereas, Alberto Ayala has dedicated his career
6 to improving air quality, building from his Bachelor of
7 Science, Master of Science, and Doctor of Philosophy
8 Degrees in mechanical engineering from the University of
9 California Davis to his Adjunct Assistant Professor
10 appointment at West Virginia University focusing on
11 vehicle testing to the hundreds of journal publications
12 he's authored or co-authorized;

13 "Whereas, Alberto has had 17 years of outstanding
14 and meritorious service to the State of California at the
15 Air Resources Board, where he oversaw mobile source
16 policy, regulatory and research efforts, improved
17 California's state of the art air and climate monitoring,
18 guided a widely recognized motor vehicle emissions and
19 fuels testing program, and provided extraordinary
20 leadership for California's air pollution emission
21 reductions and goals for clean zero emission and
22 low-carbon transportation; and,

23 "Whereas, as Deputy Executive Officer for the
24 past five years Alberto brought innovative, data driven,
25 and unconventional ideas and approaches to addressing

1 California's air quality issues, and liked to quote
2 "Blowup Silos", unquote, both figuratively, as a
3 facilitator of collaboration, as well as literally, as a
4 former ordinance system design engineer Teledyne-Ryan
5 Aeronautical; and,

6 "Whereas, Alberto's tenacious quest for the truth
7 uncovered the largest emissions cover-up in history, and
8 led to the Sacramento Bee dubbing him the Volkswagen
9 Emissions Fraud Sleuth; and,

10 "Whereas, Alberto is a well respected
11 environmental champion, nationally and internationally,
12 who frequently is invited to share his experiences with
13 the scientific community in both English and Español, and
14 who has heightened the Air Resources Board's global
15 presence by actively participating in the development of
16 environmental policy in China, Mexico, and other nations;
17 and,

18 "Whereas... -- this is last whereas. "And
19 Whereas, Alberto has decided to use his knowledge,
20 experience, and abilities to improve the lives of
21 Sacramento residents with his move to the Sacramento
22 Metropolitan Air Quality Management District, which allows
23 this avid Dodgers fan to distance himself 0.2 miles
24 further from AT&T Park..." --

25 (Laughter.)

1 CHAIR NICHOLS: Good work.

2 (Laughter.)

3 CHAIR NICHOLS: "Now therefore, be it resolved,
4 that while we will miss the pleasure of working with
5 Alberto..." -- I'm not going to read all those be it
6 further resolveds.

7 We wish you the best. We thank you. We thank
8 your wife for sharing you with us, and we appreciate you,
9 and we hope you will live long and prosper. So with that,
10 I'm going to come present this to you.

11 (Applause.)

12 CHAIR NICHOLS: Your allowed to say a few words,
13 but less than three minutes.

14 DR. AYALA: Two minutes. Two minutes, Chair
15 Nichols. I just want to say thank you. This is very
16 gracious. You have some really important decisions to
17 make today. And the fact that you're doing this means a
18 lot to me. This is very, very special for me, because I
19 can sense the Board in the resolution, but most
20 importantly, I know that you have plenty of input from
21 staff, and I really value that.

22 I do want to establish, Chair Nichols, that you
23 have my commitment that in my new capacity, I am going to
24 try to be as constructive, and as positive, and as
25 engaging as possible. And I will do what I can to work

1 with my now colleagues at the air districts to continue to
2 build on the strong partnership and collaboration that the
3 Air Board and the air districts have gotten to. So
4 hopefully, you will not see me here too many times
5 complaining and asking for things, because I have to
6 remind myself often, and I want to share this with you,
7 we're still on the same team, and the fight goes on.

8 And the reason I took this opportunity, not
9 because I wasn't in the best job in the world, because I
10 do think that Sacramento has got the right elements and a
11 new energy, and the commitment, and the critical mass to
12 become a model. And I want to be part of that. We're
13 going to try some things. Not everything is going to work
14 out. But the things that will work, hopefully they will
15 be models for our State, our country, and maybe the world.

16 And I take ARB in my heart. I dedicated, as you
17 said, 17 years of my professional life. I've done a few
18 things over my career. This is by far thus far the most
19 important one. And I take everything that ARB stands for
20 to the local air district to try to help our State, our
21 nation and our world to fight this battle that we have
22 against greenhouse gases and air pollution.

23 So I do want to thank you for taking the time. I
24 very much appreciated serving the Board, this Board,
25 working with my colleagues. And like I said, we're still

1 on the same team, the fight goes on, so I'm still as
2 strong a supporter of ARB as I ever was. So thank you
3 again.

4 CHAIR NICHOLS: Thank you. Thanks from all of us
5 Alberto.

6 (Applause.)

7 CHAIR NICHOLS: You know, overall, the -- I think
8 that the relationship between ARB and the districts is a
9 healthy one. The fact is we all have more than enough
10 work to do, so we're -- I wouldn't say that when I first
11 heard the news, I was happy about it, but I reconciled
12 myself --

13 (Laughter.)

14 CHAIR NICHOLS: -- to the idea, since in fact
15 it's already happened. But no seriously, I --

16 (Laughter.)

17 CHAIR NICHOLS: We think -- we think that your
18 presence among the -- among the group is going to be good.
19 And we also just think that Sacramento is a region that's
20 worthy of your attention and your skill. And we're hoping
21 that under your leadership it really will be a model for
22 other places around the world. So thanks for everything.

23 We now have the agenda item of considering
24 Volkswagen's zero-emission vehicle investment plan, so
25 this is a good segue. I want to say a couple of words

1 about the background of all of this. The investment plan
2 that we're hearing today is part of one of a number of
3 different settlement agreements that all flow from the
4 same set of violations that were committed by this
5 company. It's the one that's received by far the most
6 attention, certainly the most press, because of the fact
7 that it presents an opportunity for some very significant
8 funds to be put into an important area of interest to us.

9 But I want to make sure that people understand
10 that under these settlements, Volkswagen was required to
11 buy back or fix, if EPA approved the fix, cars that had
12 the defeat devices on them. They're required to pay money
13 to the consumers who bought or leased those cars, and to
14 pay almost \$423 million into a mitigation trust to be used
15 in California to buy emissions reductions, pay for
16 emissions reductions to offset or make up for the excess
17 emissions that were put into the atmosphere, and in
18 addition, pay another \$25 million for low-income
19 Californians to get access to ZEV vehicles.

20 And then in addition to that, completely
21 separately, they are also paying \$153.8 million to ARB for
22 penalties and costs. So for the actual violations, there
23 were penalties. They paid for our costs of doing the
24 investigation, and prosecuting the case. They paid the
25 reparations for the excess NOx emissions, and they pay the

1 consumers, first and foremost, who were the people who
2 received these cars that were not, in fact, built
3 according to what they were supposed to have done.

4 The investment plan for zero-emission vehicles is
5 different, because Volkswagen, through its Electrify
6 America subsidiary, is investing a total of \$800 million
7 over a decade to promote brand neutral zero-emission
8 vehicles, provide access to zero-emission vehicles, and
9 expand the badly needed infrastructure for zero-emission
10 vehicles.

11 And the theory behind this is that all
12 manufacturers, including Volkswagen, who produce these
13 vehicles, will benefit as a result of these investments,
14 the market as a whole will benefit, the State of
15 California will invest -- will benefit. But the rationale
16 is that because of their -- because of their multi-year,
17 multi-generational violations, the company was, in effect,
18 whether intentionally or unintentionally - but I think we
19 have to say intentionally - promoting a technology, which
20 was designed to be, or billed as being, equivalent to
21 electric vehicles, equivalent to ZEVs. And, in fact --
22 that is their diesel technology. And, in fact, it in no
23 way was equivalent, and it therefore sort of helped to
24 hold back what would have been an even more vibrant market
25 than the one that we're seeing today.

1 So there's an element of penalty involved here in
2 the sense that they wouldn't have been in a position where
3 they needed to do something like this, but for the
4 violation. But at the same time, it's not the penalty
5 itself. It is an investment plan, and so it operates in a
6 different way.

7 Electrify America submitted their first draft
8 plan on March 8th of 2017. At the March 24th Board
9 meeting, staff presented a description of the staff -- of
10 the draft plan. And at that time, our members, and many
11 stakeholders, expressed concerns. Some comments focused
12 on the plan's lack of detail regarding particularly how it
13 would be targeted towards underserved and disadvantaged
14 community investments, how it would be brand neutral, and
15 the breakdown between infrastructure and education, and
16 long-term planning. In other words, we needed to see a
17 real plan.

18 Subsequent to that March meeting, ARB requested
19 that Electrify America submit a plan supplement, which
20 would provide more information on these issues. And that
21 supplement was received on June 27th, and it definitely
22 moved a long way from the original version.

23 I look forward to hearing more about this
24 supplement and how the plan aligns with the requirements
25 of the consent decree, as well as the guidance document

1 that ARB produced as a result of our own outreach to the
2 public. I have received many letters, not just the formal
3 comments that have been submitted, but I know all of us
4 since the comment period closed have received
5 communications from legislators, from stakeholders, from
6 interested parties. And that will probably come forward
7 in the -- in the conversation after we hear the
8 presentation.

9 We've also got over 20 witnesses that have signed
10 up to speak on this item. So we're going to be devoting a
11 substantial amount of time to the discussion.

12 With that, I think I should turn the microphone
13 over to Mr. Corey.

14 EXECUTIVE OFFICER COREY: Thanks, Chair Nichols.

15 And as noted, Appendix C of the two liter partial
16 consent decree requires Volkswagen to invest \$800 million
17 in eligible ZEV projects in California over four
18 consecutive 30-month periods.

19 Under the consent decree, Electrify America, the
20 Volkswagen subsidiary tasked with implementing the
21 investment commitment must develop a ZEV investment plan
22 for ARB to review and approve for each of the four
23 30-month periods.

24 And as noted, on June 27th, 2017, in response to
25 ARB comments, as well as the comments by the Board, the

1 legislature, and others, Electrify America submitted a
2 supplement to the investment plan. Staff posted that
3 supplement on ARB's website for a 15-day comment period.

4 Today's presentation to the Board summarizes key
5 provisions of the Electrify America investment plan,
6 including its supplement and provides an assessment of the
7 plan's adherence to the requirements of the consent
8 decree.

9 And although, this is a non-regulatory item,
10 State law requires the Board to act on each of the ZEV
11 investment plans. And going forward, staff will continue
12 to update the Board on the ZEV investment progress.

13 And with that, I'll ask Jeffrey Lidicker of the
14 Emissions Compliance Automotive Regulations and Science
15 Division to give the staff presentation.

16 Jeff.

17 (Thereupon an overhead presentation was
18 presented as follows.)

19 AIR RESOURCES ENGINEER LIDICKER: Thank you, Mr.
20 Corey. Good afternoon, Chair Nichols and members of the
21 Board. Today, I'll be presenting to the Board a staff
22 assessment of the VW ZEV investment plan and supplement to
23 the plan submitted by Electrify America, the subsidiary
24 representing VW pursuant to appendix C, the ZEV investment
25 commitment portion of the Settlement agreement between VW,

1 U.S. EPA, U.S. DOJ, and the California Air Resources
2 Board.

3 --o0o--

4 AIR RESOURCES ENGINEER LIDICKER: This slide
5 shows the presentation outline. First, some basics about
6 the process and a review of the current status of the
7 Electrify America ZEV investment plan will be covered.
8 Then, the ZEV investment plan itself including the
9 recently submitted supplement to the plan will be
10 summarized.

11 Once the plan and supplement are familiar to the
12 Board, an evaluation of how the plan and supplement comply
13 with the consent decree will be presented. A summary of
14 the supplement analysis, the public comments, and the
15 plan's benefits to California will precede the California
16 Air Resources Board, or CARB, staff recommendation on
17 Resolution 17-23, which is regarding the Electrify America
18 ZEV investment plan and supplement.

19 --o0o--

20 AIR RESOURCES ENGINEER LIDICKER: This slide
21 serves to review all of the VW settlement agreements
22 resulting from VW's admission of emission testing defeat
23 devices installed on diesel vehicles. As the Board is
24 aware, the diesel engine defeat device settlement is
25 comprised of the two liter partial consent decree, the

1 three liter partial consent decree, a California-only
2 three liter partial consent decree, and a California-only
3 civil penalty agreement.

4 The two liter partial consent decree is further
5 delineated by its appendices A, B, C, and D. The two
6 liter consent decree was approved by the federal court on
7 October 2016, and the three liter and California-only
8 three liter consent decrees were approved by the court in
9 May of this year. The California specific civil penalty
10 agreement was approved by the judge last week.

11 These agreements together settle all civil claims
12 the U.S. and California governments have against VW for
13 violations of federal and State law related to the use of
14 defeat devices on certain VW diesel vehicles. Further,
15 these agreements working together serve to mitigate all
16 environmental harm caused by these vehicles with the civil
17 penalty agreement penalizing the company.

18 Today, the report we are providing only covers
19 the appendix C portion of the two liter consent decree,
20 which embodies VW's zero-emission vehicle, or ZEV,
21 investment commitment. This ZEV investment commitment
22 requires VW to invest \$800 million in California over a
23 10-year period through four 30-month investment plans that
24 must be reviewed approved by CARB consistent with the
25 terms and goals of the consent decree.

1 Electrify America, LLC, the subsidiary of VW,
2 charged with carrying out the ZEV investment commitment
3 submitted to CARB a draft investment plan and later a
4 supplement to that plan.

5 First, I will quickly review the milestones to
6 date for appendix C and to begin the summary of the VW ZEV
7 investment plan supplement.

8 --o0o--

9 AIR RESOURCES ENGINEER LIDICKER: Depicted here
10 is a timeline of all major appendix C events to date.
11 Recall that the two liter partial consent decree was
12 approved by a federal judge in October of last year.
13 Subsequently, CARB held a public workshop, a public Board
14 hearing, and a public open comment period last year for
15 use in developing the guidance document CARB submitted to
16 VW on February 10th of this year.

17 The guidance document represents a summary of
18 California's priorities and advice, based on public input
19 and the December Board hearing, regarding ZEV investment
20 opportunities consistent with the objectives and criteria
21 set forth in appendix C for VW's use in crafting its first
22 investment plan.

23 On March 14th, VW's first draft investment plan
24 submitted to CARB was posted on-line for public review and
25 comment. The submitted plan was the first of four

1 30-month spending cycle plans that will span 10 years.

2 A public Board hearing updating the Board on the
3 plan was held on March 24th. Reflecting the public
4 feedback, comments from the March 24th Board hearing, and
5 the legislature, and direction from the Board, CARB sent
6 Electrify America a letter in May of 2017. The letter was
7 posted on-line requesting a ZEV investment plan
8 supplement. The supplement was to contain more
9 information on how Electrify America's plan met certain
10 requirements of the consent decree. In response,
11 Electrify America submitted a supplement to CARB on June
12 29th, one month later. On the same day, CARB posted the
13 supplement on its web -- public website for a two-week
14 comment period. Electrify America also posted the
15 supplement on its website.

16 Just days prior to the submission of the
17 supplement, the California legislature passed SB 92, which
18 put into law specifics on the handling of the Electrify
19 America ZEV investment plan.

20 And the last item on the timeline is the Board
21 hearing today.

22 --o0o--

23 AIR RESOURCES ENGINEER LIDICKER: This
24 presentation to the Board partially satisfies the terms
25 newly enacted by the California legislature in Senate Bill

1 92. SB 92 specifies that each of the VW ZEV investment
2 plans must be approved by the Board in a public hearing;
3 that each plan be posted for public comment by CARB; that
4 Electrify America will report to CARB periodically on the
5 ZEV investment plan implementation progress; that CARB
6 will report to the legislature annually on the plan and
7 the implementation progress; and that in the approval
8 process of each investment plan proposed by VW, and to the
9 extent possible, under the consent decree CARB will strive
10 to ensure at least 35 percent of investment funds benefit
11 low-income or disadvantaged communities disproportionately
12 impacted by air pollution.

13 Note that the federal court retains continuing
14 jurisdiction over implementation of the decree including
15 appendix C.

16 --o0o--

17 AIR RESOURCES ENGINEER LIDICKER: This slide
18 contains a review of the initial ZEV investment plan
19 submitted by Electrify America in March of this year.
20 Chargers provided by the supplement -- changes provided by
21 the supplement will be presented shortly.

22 The plan budgets \$200 million for the first of
23 four spending cycles spanning 10 years. Consistent with
24 the consent decree, there are three major spending
25 categories in the plan. For ZEV infrastructure

1 investments, Electrify America will spend \$120 million to
2 install 350 community EV charger stations in five major
3 metropolitan areas and 50 EV fast-charger stations that
4 will cross the entire state.

5 For the ZEV awareness investments, Electrify
6 America will spend \$20 million to launch a multi-media,
7 multiple stage brand neutral awareness campaign that is
8 designed to change the perception of Californians on
9 zero-emission vehicles.

10 For the ZEV access investments, Electrify America
11 will spend \$44 million to install the building blocks for
12 a green city bringing ZEV access to those Californians
13 that may not be able to afford to lease or buy a new ZEV.
14 There will be two green cities in the 10-year investment
15 period with Sacramento proposed as the first green city.
16 A second green city must be comprised of primarily
17 disadvantaged communities.

18 --o0o--

19 AIR RESOURCES ENGINEER LIDICKER: This is the
20 first slide presenting the ZEV investment plan supplement.
21 CARB's Executive Officer directed Electrify America to
22 provide a supplement to its initial ZEV investment plan to
23 clarify projects and provide additional detail.

24 Requested content for the supplement included:

25 A 10-year long-term vision, and how this first

1 investment plan fights into it; more detail on how
2 disadvantaged or low-income communities will be served;
3 more detail and specifics on hydrogen investments; and
4 more transparency, accountability, and coordination
5 details.

6 In response, Electrify America submitted a
7 37-page plan supplement on June 29th, 2017. On the same
8 day, the supplement was posted publicly and a notice sent
9 to the listserve officially opening a two-week public
10 comment period.

11 --o0o--

12 AIR RESOURCES ENGINEER LIDICKER: In evaluating
13 the first of four spending cycle plans, it became clear to
14 staff, Board members, and the legislature that VW needed
15 to take a step back and describe how this first plan fit
16 into a larger more long-term vision.

17 For example, a long-term vision statement could
18 potentially clear up missing detail on how each ZEV
19 investment satisfies the goals of the consent decree.

20 Other unanswered questions were: How does the
21 first spending cycle fit into a 10-year vision?

22 How will the first metropolitan areas be expanded
23 upon in subsequent plans?

24 How does this first plan lay a foundation
25 subsequent plans?

1 This slide shows a conceptualization of the
2 10-year vision provided by Electrify America in the
3 supplement. Starting on the left, a national EV charger
4 network, where an EV driver can traverse the nation from
5 north to south and east to west will reduce range anxiety
6 for potential EV purchasers. This highway network of DC
7 fast chargers will be compatible with all non-proprietary
8 charger types, and vary from today's fast-charger power to
9 future proofed versions with six times more power enabling
10 200 mile refueling in approximately 10 minutes.

11 The Electrify America plan indicates that
12 community EV chargers in the first major metropolitan
13 areas within California, when -- will enable the use of
14 ZEVs as primary vehicles. Community chargers varying in
15 power from Level 2 to DC fast chargers will be located at
16 multiple unit dwellings, workplaces, retail location --
17 locations, tourist destinations, and community charging
18 depots.

19 The community charging depots are an innovation
20 designed to be an electric version of a gas station, which
21 will serve residents who don't have access to a charger at
22 home.

23 In a simultaneous effort, a brand neutral
24 zero-emission vehicle awareness campaign will launch
25 across the nation and in California designed to change

1 perceptions of Americans on zero-emission vehicles, their
2 benefits and their performance.

3 The ZEV awareness campaign will include
4 culturally diverse components that will include a language
5 other than English, and also have components that promote
6 vehicles powered by hydrogen.

7 The Electrify America plan claims that ZEV access
8 programs in the form of a green city will provide ZEV
9 mobility services to those who may not be able to afford
10 to lease or purchase a new ZEV. These programs will
11 expose residents to ZEVs who would ordinarily not have
12 access to them. These experiential programs have been
13 shown to be among the most effective in promoting ZEV
14 adoption.

15 Further investment cycles 2, 3, and 4 will
16 include network coverage of more routes, more metropolitan
17 areas, stations that are closer together and a second
18 green city comprised primarily of disadvantaged
19 communities. The awareness campaign will shift over time
20 to providing more detail and specifics about the benefits
21 of ZEVs as the knowledge base of citizens continues to
22 mature.

23 Green city services will expand into freight or
24 possibly commercial services as the concept of a green
25 city continues to develop.

1 In summation, the multi-pronged investment
2 program designed by Electrify America will, and I quote,
3 "Expose Californians from all walks of life to the
4 benefits and utility of ZEV technology, resulting in
5 widespread growth and depth of awareness and interest in
6 ZEV technology among the general public", end quote, as
7 well as leaving in place quote, "A long-term,
8 economically-sustainable network that provides services
9 beyond the 10-year consent decree window", end quote.

10 --o0o--

11 AIR RESOURCES ENGINEER LIDICKER: The plan
12 supplement also responded to the State's letter requesting
13 more clarity and detail on the ZEV investment plan'
14 incorporation of disadvantaged and low-income communities.

15 The plan supplement indicates that Electrify
16 America anticipates but does not guarantee that more than
17 35 percent of the first cycle investment plan funds will
18 go into disadvantaged or low-income communities.

19 As a vehicle to this goal, Electrify America has
20 added Fresno as a sixth metropolitan area for community EV
21 charging station investments. They committed to spending
22 at least \$1 million in Fresno, which is a dollar amount
23 consistent with the results of their EV charger gap
24 analysis for each region. Electrify America has further
25 committed to moving two to three million dollars from the

1 \$20 million awareness campaign to new partnerships with
2 entities that have particular access and credibility
3 within California's disadvantaged and low-income
4 communities.

5 Electrify America will explore through these
6 partnerships a culturally appropriate awareness campaign
7 that may include use of a language other than English and
8 which may also include development of an educational
9 curricula for kindergarten through 12th grade students.

10 --o0o--

11 AIR RESOURCES ENGINEER LIDICKER: This is an
12 image of the State of California with its disadvantaged
13 communities identified by CalEnviroScreen indicated in
14 orange. You can see an approximation of the six
15 metropolitan areas selected for community charger
16 investments in the black bordered areas.

17 --o0o--

18 AIR RESOURCES ENGINEER LIDICKER: Electrify
19 America intends to extend access programs to disadvantaged
20 or low-income customers. Currently, Electrify America has
21 approached several vehicle manufacturers to explore
22 partnerships through which purchasers of new vehicles
23 would have packaged deal access to the Electrify America
24 network. To address the equity concerns of disadvantaged
25 or low-income communities, these partnerships are being

1 AIR RESOURCES ENGINEER LIDICKER: The supplement
2 request letter asked for better transparency on key
3 decisions and planning processes, such as Electrify
4 America's EV charger gap analysis and the green city
5 selection process. In response, Electrify America
6 provided more detail about its analysis data sources,
7 assumptions, and partners.

8 For example, its EV charger gap analysis is based
9 on models jointly developed with National Renewable Energy
10 Laboratory, and on data from the Department of Energy and
11 PlugShare. Electrify America estimates its first
12 investment to be only four to eight percent of the
13 projected gap in needed charger infrastructure for 2020.

14 For the green city selection process, more
15 information on assumptions and methods was provided. For
16 example, commute flow patterns were used to identify
17 connected centers of high transportation flows within a
18 metropolitan area. Areas with commute flow patterns
19 amenable to ZEVs were prioritized over other areas that
20 may have had flow patterns with too much distance between
21 destinations.

22 --o0o--

23 AIR RESOURCES ENGINEER LIDICKER: The supplement
24 request letter asks for more accountability from Electrify
25 America and that Electrify America acknowledged public,

1 Board, and stakeholder input.

2 In response, Electrify America provided a summary
3 of the comments it received and its resulting actions in
4 each case. An example of a response to public input is
5 the case of green city selection comments. Electrify
6 America responded to comments suggesting that Los Angeles
7 be the green city by meeting with the Los Angeles Mayor,
8 Los Angeles local utilities, and Green City Coalition in
9 Los Angeles producing contacts, dialogue, and excitement
10 that are expected to result in better coordination of
11 investments in Los Angeles.

12 As half of the Electrify America community
13 charger investment will be in Los Angeles, these contacts
14 and initial dialogue will be valuable moving forward.

15 In a further statement of accountability,
16 Electrify America made a commitment to go beyond the terms
17 of the consent decree and provide regular updates,
18 targeted as quarterly, that can be publicly posted on a
19 website.

20 --o0o--

21 AIR RESOURCES ENGINEER LIDICKER: The supplement
22 request letter asked that Electrify America include
23 hydrogen-powered fuel cell vehicles in its ZEV awareness
24 campaign; that it consider heavy-duty hydrogen
25 applications in future stages of the 10-year plan, and

1 consider EV charger sites that can also be permitted for
2 hydrogen fueling.

3 In the supplement quote, "Electrify America plans
4 to incorporate information on attributes of ZEVs powered
5 by both batteries and hydrogen fuel cells in its Cycle 1
6 California-specific brand-neutral public education and
7 outreach activities", end quote.

8 They further agreed to consider heavy-duty
9 opportunities for hydrogen investment in subsequent plan
10 cycles in particular for green city applications.

11 Lastly, Electrify America is willing to engage
12 with hydrogen fueling station providers to install EV
13 chargers.

14 --o0o--

15 AIR RESOURCES ENGINEER LIDICKER: The next
16 section of slides will detail how the ZEV investment plan,
17 when considered together with the supplement, compares to
18 a appendix C of the consent decree the guidance provided
19 to Electrify America in the guidance document, and the
20 letter requesting the supplement.

21 CARB's review also took into account public
22 comments received on the plan, and the supplement, and
23 legislative and Board direction consistent with the terms
24 and goals of the consent decree. A more detailed analysis
25 is presented in the document: Staff analysis of Electrify

1 America's first zero-emission vehicle investment plan,
2 which was posted on the VW information page of the CARB
3 website.

4 --o0o--

5 AIR RESOURCES ENGINEER LIDICKER: CARB analysis
6 of the VW ZEV investment plan is based on the terms and
7 goals of the two liter partial consent decree,
8 specifically in appendix C. This slide shows how selected
9 conditions on the ZEV investment plan spending that must
10 be followed during the implementation stage of the plan.

11 All spending under the plan must be within the
12 eligible spending categories of ZEV infrastructure, ZEV
13 awareness, and ZEV access or green city. ZEV awareness
14 campaigns must be brand neutral and all installed ZEV
15 infrastructure must support both of the non-proprietary
16 charging technologies.

17 The original Electrify America ZEV investment
18 plan, in conjunction with the plan supplement describe a
19 set of projects that conform to these terms.

20 --o0o--

21 AIR RESOURCES ENGINEER LIDICKER: These are
22 selected requirements of the consent decree for the
23 contents of the proposed ZEV investment plan itself and
24 help define what the text of the plan must cover. The
25 plan must provide a description of all ZEV investments.

1 It must contain an explanation of how each investment
2 makes progress toward and/or meets one or more of the
3 goals identified in the consent decree.

4 It must contain an estimated schedule for
5 implementing each investment and milestones of each
6 project in six-month intervals. It must include a variety
7 of geographic regions, and types of regions, so as not to
8 only invest in one region.

9 It must contain projections of anticipated
10 credible costs associated with each investment broken out
11 by 12 stipulated accounting categories.

12 The ZEV investment plan, in conjunction with new
13 details in the plan supplement, addressed each of these
14 requirements. It must be noted, however, that future plan
15 cycles will be held to a higher level of detail and
16 specificity that wasn't possible for the first cycle.

17 --o0o--

18 AIR RESOURCES ENGINEER LIDICKER: The guidance
19 document that was sent to Electrify America with the
20 purpose of advising on the original ZEV investment plan
21 contained these key themes. The State of California
22 wanted early and visible progress for the first spending
23 cycle.

24 The investment should be complimentary and
25 additional to other investments already made or that are

1 pending. The plan should be transformational to the
2 transportation system in the State. The plan should
3 accommodate good business competition and conduct while
4 providing stimulus to the EV charger industry, and the
5 plan should support hydrogen technology or infrastructure.

6 Electrify America has accommodated all of these
7 key themes in its original ZEV investment plan submitted
8 in March in combination with its supplement submitted in
9 June.

10 Early and visible progression is the theme of the
11 first investment plan, which Electrify America emphasizes
12 with a large portion of the budget going to EV
13 infrastructure and green cities. In its first spending
14 cycle, a network of EV chargers will be installed that
15 will provide for cross-state EV travel from north to south
16 and east to west.

17 The network eventually connect with the Electrify
18 America national plan in neighboring states to provide
19 interstate EV travel to literally all of our neighboring
20 states and beyond.

21 The Electrify America investments will be
22 complimentary and additional to existing California
23 investments in EV charging, ZEV awareness, and ZEV access
24 by virtue of a state-of-the-art supply and demand
25 infrastructure analysis and ongoing coordination with key

1 State and local agencies.

2 The three-pronged first-cycle investment plan
3 will be transformational by changing both the physical
4 characteristics of California's EV infrastructure, and
5 also the awareness of its citizens. To ensure ZEV
6 awareness reaches all Californian, specific funds have
7 been set aside to target awareness and education programs
8 for disadvantaged or low-income communities.

9 The plan lays out a spending plan designed to
10 optimize investments in specific regions for a balance
11 between impact and coverage across the State. Business
12 conduct and competition considerations are well developed
13 by the plan and supplement. Electrify America intends to
14 fund contracts with many major companies in the EV charger
15 industry. A majority of EV charger and EV charger
16 industry associations have detailed how important the VW
17 investments are to their industry and exactly how the VW
18 investments will stabilize and solidify their industry.

19 They point out how the VW investments will
20 provide market certainty and send clear signals to other
21 investors that will promote every aspect of the EV charger
22 industry from supplier product development and supplier
23 chain fulfillment to property owner buy-in for EV charger
24 installation locations.

25 Lastly, Electrify America has provided additional

1 detail on its inclusion of hydrogen fuel cell electric
2 vehicles for its brand neutral awareness program, and its
3 willingness to investigate heavy-duty hydrogen
4 opportunities in future investment cycles.

5 --o0o--

6 AIR RESOURCES ENGINEER LIDICKER: This slide
7 summarizes the public comments we have received on the
8 original plan and the supplement during the respective
9 open comment periods. You may recall from the March Board
10 hearing that these comments received on the original ZEV
11 investment plan centered around disadvantaged or
12 low-income communities, hydrogen Investments, and a need
13 for more transparency and detail.

14 The comments directly informed the content of the
15 supplement request letter sent to Electrify America in May
16 of this year. Upon receipt of the supplement from
17 Electrify America, it was posted for two weeks of public
18 comment. In total, CARB received approximately 70
19 comments on the supplement, most expressing support or
20 urging approval.

21 Seven of the eight comments from the EV charger
22 industry detailed why Electrify America's investment is
23 important to the industry at large and urged swift
24 approval, indicating how additional delay is hurting the
25 market.

1 Fewer than a dozen comments were critical of the
2 supplement's handling of hydrogen investments. They
3 indicated that the brand neutral requirements for the
4 awareness campaign is not satisfied without hydrogen
5 representation, and that the gap analysis on hydrogen
6 infrastructure should not apply to only the first 30-month
7 investment as these investments have a long project lead
8 time.

9 Lastly, the International Brotherhood of
10 Electrical Workers had several asks with the main one
11 being that the Electrical Vehicle Infrastructure Training
12 Program Certification be a requirement of contractors
13 performing EV charger installations.

14 --o0o--

15 AIR RESOURCES ENGINEER LIDICKER: This slide
16 summarizes the CARB staff evaluation of the ZEV investment
17 plan in conjunction with the plan supplement. The
18 original ZEV investment plan submitted in March by
19 Electrify America largely addressed all of California's
20 concerns and requirements of the consent decree. Four
21 main categories of topics were such that CARB requested
22 additional clarification, detail, or justification.

23 In response, Electrify America presented a plan
24 supplement to CARB. In the supplement, Electrify America
25 did provide additional clarification, additional detail,

1 and justifications bringing the ZEV investment plan and
2 supplement to be consistent with the consent decree,
3 including legislative direction and State priorities.

4 --o0o--

5 AIR RESOURCES ENGINEER LIDICKER: Expectations
6 for future ZEV investment plan cycles are being
7 identified. Future plans are expected to have a second
8 green city of primarily disadvantaged communities. Future
9 plans are expected to have investments in a larger number
10 of metropolitan areas and have investments that expand
11 further into disadvantaged or low-income communities.

12 They should include consideration of hydrogen
13 investment opportunities. And future plans will be held
14 to a higher standard of detail and specifications that
15 were not feasible for the first plan. The higher level of
16 detail and specification will apply to topics that include
17 business plans, named partners, cost estimates, cost
18 allocations, and timelines.

19 --o0o--

20 AIR RESOURCES ENGINEER LIDICKER: This slide
21 summarizes the ongoing oversight and coordination efforts
22 for this first cycle and all subsequent cycle ZEV
23 investment plans.

24 Electrify America will present to CARB staff
25 every three to six months on its progress, and has agreed

1 to additionally supply written updates that can be posted
2 publicly on-line. As per the requirements of the consent
3 decree, Electrify America will provide written
4 implementation progress reports to CARB annually.

5 As mandated by SB 92, CARB is now required to
6 report to the legislature annually on the plan
7 implementation progress.

8 Electrify America has requested ongoing
9 coordination with the State and local agencies. The goal
10 is to collaborate on site selection, dialogue with
11 utilities, and help with permitting and easement
12 efficiencies.

13 Working with these State agencies will provide
14 additional oversight and ensure that projects complement
15 the State's investments and afford the opportunity to
16 ensure that project implementation meets the State's
17 goals, especially for investment in disadvantaged or
18 low-income communities. CARB's Assistant Executive
19 Officer for Environmental Justice is expected to be part
20 of this coordination group.

21 Additionally, as specified in the consent decree,
22 an independent third-party auditor will provide annual
23 reports to CARB on spending and accounting for all
24 projects related to the plan. The auditor will also
25 perform spot checks at project facilities to validate

1 growth and increase public awareness of ZEVs in support of
2 California's ZEV market growth. ZEV industry competition
3 will be stimulated with an increasing business and skilled
4 labor pool.

5 The agreement was designed to be consistent with
6 the Governor's 2016 California ZEV Action Plan. The key
7 recommended actions of the ZEV Action Plan are: ZEV
8 infrastructure investments, ZEV awareness campaigns, and
9 ZEV access programs.

10 Other goals of the ZEV Action Plan that are
11 addressed directly by this Electrify America ZEV
12 investment plan are to increase ZEV employment and to
13 bolster ZEV adoption in the rest of the United States.

14 Lastly, the ultimate goal is to improve air
15 quality and thus public health for all Californians.

16 --o0o--

17 AIR RESOURCES ENGINEER LIDICKER: In conclusion,
18 CARB staff recommends that the Board approve Resolution
19 17-23. With approval of this resolution, Electrify
20 America will be able to execute its spending plan in the
21 State of California and begin the benefits to California.

22 Thank you for this opportunity to brief the
23 Board.

24 CHAIR NICHOLS: Thank you. We have 60 witnesses
25 who have signed up to speak on this item. If everyone of

1 them actually took the full three minutes, which we
2 normally give, we would be here for many hours. And
3 although I think we're prepared to -- we're prepared to
4 sit and listen, but we also want to take action today.
5 And I think those who are here because they think there's
6 something better that could be done other than electric
7 vehicles, or who simply want to express kind of general
8 views about Volkswagen and -- or any other issues really,
9 not directly germane to the plan, should think about
10 editing their remarks. I'm not prepared to impose a
11 shorter limit yet, but I do think that that would be
12 important.

13 What I do want to do though is to hear from the
14 witnesses at least first before we engage in discussion.
15 I know a number of members of my Board have been very
16 involved, including myself, in meetings and talking to
17 people about this, and have views, but I think it would be
18 good for all of us if we could go -- if we could go to the
19 witnesses first.

20 And so I would like to begin with the Honorable
21 Mayor of the City of Sacramento Darrell Steinberg.

22 Hi.

23 SACRAMENTO MAYOR STEINBERG: Thank you very much.

24 Thank you very much, Madam Chair and members of
25 the Board. Having sat in your seat, I'm going to try to

1 do this 60 seconds.

2 (Laughter.)

3 SACRAMENTO MAYOR STEINBERG: I want to thank the
4 Board. I want to thank the staff. I want to especially
5 thank Supervisor Serna and Board Member Serna for his
6 excellent work on this. To say very simply that
7 Sacramento is excited about the opportunity to be
8 designated as the green city. We fully embrace the
9 responsibility that goes with that, and we will implement,
10 if we are awarded this designation, this investment with
11 three key principles.

12 Number one, we will increase access to ZEVs by
13 low-income residents who live in our disadvantaged
14 communities. Secondly, we will strengthen first-mile
15 last-mile connections to transit. We have a strong
16 backbone. We'll improve upon it. Third, we will try to
17 create an economic development opportunity as we envision
18 Sacramento as a hub for alternative fuel technology. And
19 fourth, underlying everything we do is the idea of
20 providing ladders of opportunity for our most vulnerable
21 and disenfranchised residents.

22 That's my platform, if you will, as the new Mayor
23 of Sacramento. And I promise you that we will not waste
24 this opportunity and make you proud.

25 Sixty seconds. Thank you very much. Appreciate

1 it. Thank you.

2 CHAIR NICHOLS: Well done. Thank you. Spoken
3 like a pro.

4 Mr. Jared.

5 MR. JARED: Hello. I'd like to thank you all for
6 the letting me -- for giving me the opportunity to address
7 you today. My name is Michael Jared, and I'm here to read
8 a statement on behalf of Assembly Member Cristina Garcia,
9 Chair of the Assembly Natural Resources Committee.

10 I would like to thank the Air Resources Board for
11 its leadership in catching the VW's emissions cheating,
12 and bringing them to justice. I would also appreciate the
13 regular updates the Board's legislative staff has provided
14 me, and on the VW settlement, and also on the ZEV
15 investment plan specifically.

16 On February 16th, 2017, 13 members of the
17 legislature wrote VW and the Air Board asking for at least
18 35 percent of the ZEV investment plan investments to be in
19 low-income and disadvantaged communities. SB 92, which
20 was recently signed by the Governor directed ARB to strive
21 to ensure the ZEV investment plan spends at least 35
22 percent of funds in low-income or disadvantaged
23 communities.

24 The recent ZEV investment plan supplement
25 anticipates, but does not guarantee that more than 35

1 percent of the ZEV investments proposed in the Cycle 1 ZEV
2 investment plan be in low-income or disadvantaged
3 communities.

4 There is also a commitment to spend two to three
5 million dollars to increase awareness about ZEVs in
6 low-income and disadvantaged communities, and to also
7 align investments with components of the Charge Ahead
8 initiative.

9 If these additional commitments occur, it will
10 improve the outcome of the ZEV investment plan, and it
11 will improve it for the communities which Assembly Member
12 Garcia represents.

13 If the Board wishes to move forward on approving
14 Cycle 1 of the ZEV investment plan, I urge the Board to
15 get clarity on what it anticipates, but does not guarantee
16 means.

17 In addition, I request the Board to ensure that
18 the additional commitments to benefit low-income or
19 disadvantaged communities are carried out through the
20 annual -- semiannual project status update.

21 Thank you again for your time. Have a good
22 afternoon.

23 CHAIR NICHOLS: Thank you very much.

24 Roger Dickinson. Hi.

25 MR. DICKINSON: Madam Chair and members, thank

1 you for the opportunity to comment this afternoon. At the
2 outset, let me note, contrary to the indication, I'm not
3 here in my capacity as the Executive Director of
4 Transportation California, but rather simply as a citizen,
5 as a resident of Sacramento, and someone who has a little
6 experience in government in this region.

7 I am here to support the staff recommendation and
8 to thank Supervisor Serna for his good work and the
9 staff's good work. Designating Sacramento as a green city
10 is not only significant for the city itself, but for our
11 entire region, and I would argue for the entire State of
12 California. Sacramento is perfectly positioned for this
13 designation and to implement this grant.

14 Firstly, we are able here to build upon a
15 long-standing foundation of investment in cleaner
16 transportation technology. I was pleased as a member of
17 the board of supervisors over the years to play a role in
18 making sure that we moved in the direction of cleaning up
19 our emissions generally speaking, but specifically in the
20 transportation sector. And we have that solid foundation
21 to build on here.

22 Secondly, as you know, Sacramento is one of the
23 most diverse and then celebrated as the most integrated
24 community in the United States of America. As this
25 program focuses on assistance to disadvantaged communities

1 and investment in those communities, Sacramento presents a
2 perfect forum for that kind of investment. So I think it
3 fully meets the expectations and the requirements that you
4 have for this program, and I strongly support your taking
5 positive action on the staff recommendation.

6 Thank you.

7 CHAIR NICHOLS: Thank you.

8 Larry Greene, and then I believe your supervisor
9 is going to follow you, Supervisor Nottoli. Yes. Great.

10 Okay.

11 MR. GREENE: Madam Chair, members of the Board,
12 I'm Larry Greene, the former Sacramento Air Quality
13 Management District Executive Director.

14 (Laughter.)

15 CHAIR NICHOLS: I was late, but that's not right,
16 retired, anyway, yes.

17 MR. GREENE: Not quite retired yet, but I'm
18 getting in that direction.

19 (Laughter.)

20 MR. GREENE: The -- our district has long been a
21 partner with the Air Resources Board, and many other
22 agencies in accessing and managing programs to fund
23 incentives for clean technology and equipment to reduce
24 air pollution and it's impact on the public.

25 Since 1998, Sacramento and other regional

1 districts have provided over \$250 million in such
2 programs, including a over 7,000 different projects. Over
3 20 years, we have averaged north of \$12 million a year in
4 incentive programs each year throughout that time period.

5 We're currently implementing the largest electric
6 school bus program in the U.S. supporting disadvantaged
7 school districts here, as well as pilot electric car-share
8 program at three low-income communities, and the regional
9 multi-modal center.

10 We're looking forward to implementing the EFMP
11 Plus-Up Program in the region over the next year also. In
12 all these programs we have relied on an extensive
13 collaboration network as we developed the project
14 proposals and rolled out projects. This network extends
15 throughout the region, it includes business, nonprofit
16 community, and stands ready to ensure the success of the
17 green city's plan.

18 We also intend to help ensure the plan is closely
19 integrated with many other regional programs already
20 underway to ensure maximum leverage of all funding, both
21 private and public.

22 Electrify America's investment will build on this
23 work allowing us to scale up our efforts and transform
24 zero emission transportation for our region. The plan has
25 been carefully developed over many months by VW, has been

1 vetted, and scrutinized by the Air Resources Board with
2 additional period of time beginning in March. We urge
3 your support of the plan.

4 SACRAMENTO COUNTY SUPERVISOR NOTTOLI: Good
5 afternoon Chair Nichols and members of the Air Resources
6 Board. I'm pleasure -- pleased to be here on behalf of
7 the Sacramento County, and Sacramento County Board of
8 Supervisors, and certainly acknowledge my colleague
9 Supervisors Serna, and all of you for your good work on
10 the Invest in America -- Electrify America ZEV investment
11 plan.

12 And today, I certainly stand here before you and
13 join about with my colleague Mayor Steinberg and certainly
14 the City Council of the City of Sacramento, but partners
15 throughout the region in asking and encouraging your
16 support for the plan and its supplement that's been
17 presented to you today. I would just note, and I'll be
18 brief as well, that Sacramento County has been working
19 with or regional partners, the City of Sacramento, and
20 other cities and counties throughout the region to advance
21 electric vehicle adoption through fleet conversion, public
22 electric vehicle charging, and permit streamlining for EV
23 charging infrastructure. Sacramento County has been
24 working hard to lead by example and work with other
25 leaders in the region and certainly throughout the State,

1 and we commend you for your work and that of you staff. I
2 believe your staff report was very, very thorough and
3 certainly you're well served in that regard. But we're
4 already positioned to support expedited investment and
5 believe this plan is one that will enjoy not only support
6 of regional partners, but be an example for other regions
7 throughout the State.

8 So with that being said, on behalf of Sacramento
9 county, certainly the people that we all represent, we
10 thank you, the Board, your staff for its work in this
11 investment plan, in bringing the information and
12 recommendation to you today. And we encourage your Board
13 to approve the ZEV Investment Plan, Electrify America's
14 plan to designate Sacramento as a green city initiative
15 amongst the other initiatives in this plan. So we thank
16 you for your work and look forward to your support.

17 Thank you very much.

18 CHAIR NICHOLS: Thank you.

19 Mr. Coates.

20 MR. COATES: Hello, Chair Nichols and Board. And
21 I'll acknowledge your admonition earlier. This is not
22 directly related to appendix C, but appendix D is
23 referenced in the resolution that's before you. And so I
24 just wanted to call your attention. I've presented some
25 material on behalf of the Diesel Technology Forum. I'm

1 Michael Coates. And I believe this is good information as
2 you consider the appendix D and look for cost effective
3 ways to reduce NOx emissions immediately.

4 Thank you very much.

5 CHAIR NICHOLS: Thank you. Thanks for your
6 submittal also. We do have that.

7 MS. BROWN: Good afternoon to the Board, and
8 thank you for allowing me to share my experience as A car
9 share user for the car share program. Before the, program
10 I was one of many who felt, for a variety of reasons,
11 trapped with no ability to get around. Living in poverty
12 requires so much energy, that is put into survival. And
13 due to certain limitations, I was unable to navigate the
14 public transportation due to my -- to do my errands. I
15 became isolated and depressed.

16 After hearing about the car share program, I was
17 one of the first to sign up and I could scarcely believe
18 my luck. Now I have my freedom back. And I share that
19 freedom with those who cannot drive, taking other
20 residents to see their doctors, and pick up their
21 medications.

22 I definitely need this program for both my
23 physical health and emotional well-being. I'm able to
24 make a difference in my small community, as well as the
25 larger community by not burning gas and oil. I developed

1 asthma, and -- due to poor air quality, and I can now say
2 that I no longer contribute to that.

3 I personally use the car share program to buy
4 groceries at all types of shops and farmers markets. I
5 get my hair done at the beauty college. I go to doctors
6 appointments, have tests run, maintain dental care. I can
7 now learn to navigate and enjoy Sacramento as a newcomer
8 from the Bay Area.

9 I believe in this program. I believe in living a
10 life that contributes to the well-being of others. I was
11 taught that it is our responsibility to leave a place in
12 better shape than we found it. Thank you for the funding
13 that is allowing me the opportunity. Please keep this
14 program going and expand it, to other -- so that others
15 may benefit from it as well.

16 Thank you.

17 CHAIR NICHOLS: Thank you.

18 MR. TOLLIVER: Good morning -- good afternoon,
19 Board. Yeah. My name is John Tolliver. I'm a 70-year
20 old man, and just like what Susan said, I mean this car
21 share it's a beautiful thing. And I hope it continues.
22 You know, I'm -- I mean, it's good for me to go grocery
23 shopping, to see, you know, my sisters and brothers. I
24 mean, it comes in really handy, and I love it.

25 And I don't have much to say, but I just want to

1 say I love it --

2 (Laughter.)

3 MR. TOLLIVER: -- and it's a good thing.

4 Okay. Thank you.

5 CHAIR NICHOLS: Thank you. Hope you enjoy
6 driving an electric car.

7 MR. TOLLIVER: Oh, I do. I do.

8 (Laughter.)

9 MR. TOLLIVER: I love it.

10 MS. SILBERFARB: I drive an electric car all the
11 time and I love it as well.

12 (Laughter.)

13 MR. SILBERFARB: My name is Ross Silberfarb. I'm
14 here representing myself as an EV driver, as well as
15 BTCPower which is a California based EV supply equipment
16 manufacturer, minority-owned business. And I just wanted
17 to make sure everybody knows that we fully support this
18 plan, and look forward to you guys implementing it as soon
19 as possible.

20 Thank you.

21 CHAIR NICHOLS: Thank you.

22 MS. SMART: Chairwoman, Board, My name is Anne
23 Smart and I'm the vice president of public policy at
24 ChargePoint, also a California based manufacturer of
25 charging stations. Thanks for the opportunity to provide

1 another round of comments on the VW proposed investment.
2 We appreciate the efforts by staff to ask for more details
3 and seek a supplement to the original plan.

4 In the supplement we were pleased to see Fresno
5 selected as a community, and we hope that CARB will
6 continue to work closely with VW to ensure that Fresno
7 gets its fair share of the community investment. Compared
8 to the other five communities, it has by far fewer
9 charging stations and deserves more of the funding.

10 We also hope that CARB will do all it can to make
11 sure that VW fully commits to its anticipated goal of 35
12 percent in the disadvantaged communities.

13 Overall, we were still, however, disappointed to
14 see a lack of details about VW's business plans with its
15 Investments, including how these sites will be selected,
16 how they intend to work with installers, with third-party
17 hardware vendors, network operators like ourselves, and
18 how they intend to procure equipment and set pricing to
19 drivers of all electric vehicles, not just VWs.

20 ChargePoint cautions again that a lot can happen
21 in 30 months. The impacts of this investment could
22 negatively impact other investments in the State for
23 charging stations. And we hope that CARB will exercise
24 its full oversight to work with all members of the
25 industry to ensure that this is complementary and

1 additional to the other investments currently in the
2 State.

3 We're committed to continuing to do our part to
4 expand the EV network in California, and to support EV
5 adoption in all communities. And we hope that CARB, VW,
6 and all stakeholders work collaboratively towards the same
7 goal throughout the ZEV Investment Plan.

8 Thank you.

9 CHAIR NICHOLS: Thank you.

10 MS. GALE: Good afternoon -- good afternoon Board
11 members. I will keep my comments short. I slashed a few
12 things out of my notes. But I came up from Fresno today to
13 thank you all for your due dil -- due diligence when
14 reviewing this draft investment plan, and asking for more
15 information. And I also appreciate the staff direction
16 that seeks to ensure continued coordination and oversight
17 over this plan.

18 And I also wanted to thank the Electrify America
19 representatives in this room for being open to dialogue
20 with both statewide and San Joaquin Valley advocates.
21 We've had continued discussions about how to make sure
22 there will be equitable implementation in Fresno County.
23 And so we plan to work with them as time goes on to ensure
24 that the most overburdened and infrastructure poor areas
25 within Fresno County will be focused on. A lot of

1 investment in Fresno usually goes to the northern more
2 affluent region. So we want to continue to work with
3 Electrify America to ensure that disadvantaged communities
4 are getting their fair share.

5 And as an advocate for the entire San Joaquin
6 region, I obviously see this plan as a great first step to
7 investing in the region. And we look forward to future
8 investment up and down and across the valley.

9 My last point would be that we hope to see not
10 only a 35 percent investment of total funds invested in
11 disadvantaged communities, but 35 percent in each region
12 targeted to ensure equitable distribution of funds. So if
13 this does not occur naturally, we suggest that the Board
14 ask for this during the next cycles.

15 So thank you very much.

16 MR. FARIAS: Good afternoon, Chair Nichols and
17 members of the Board. My name is Linus Farias. I'm with
18 Pacific Gas and Electric Company. And I'm speaking in
19 support of the Volkswagen zero emission vehicle incentive
20 plan -- investment plan, pardon me both cycle one and
21 cycle two, the supplement.

22 We eagerly look forward to EA beginning their
23 infrastructure build-out to meet California's electric
24 vehicle market needs as soon as practicable.

25 Accelerating adoption of EVs is necessary for

1 California to achieve its environmental goals in a timely
2 manner. And EA, the investment plan -- the implementation
3 of it is an important step in this direction.

4 We look forward to EA implementing its plan to
5 educate communities also about the value and benefits of
6 zero-emission vehicles. And finally, the work envisioned
7 by EA will complement infrastructure investments being
8 made and proposed by PG&E and other State investor-owned
9 utilities to improve access to charging and expand the EV
10 market.

11 Thank you for the opportunity to voice our
12 support of this plan.

13 CHAIR NICHOLS: Thank you.

14 MR. TILLMAN: Hello, Chairman Nichols and the
15 Board. My name is John Tillman with Nissan.

16 Nissan thanks the Board and Chairman Nichols for
17 its opportunity to speak in support for the Volkswagen ZEV
18 investment plan. Nissan supports the Electrify America
19 ZEV investment plan and the supplement as outlined in our
20 comments submitted to the Board on July 14th.

21 We fully support California's neutral approach to
22 the vehicle electrification, which includes the continued
23 deployment of both CHAdeMO and CCS high-powered electric
24 vehicle charging equipment. Nissan believe the proposed
25 ZEV investment by Electrify America and Volkswagen,

1 including the detailed outline in the supplement of the
2 cycle and California ZEV investment plan has the potential
3 to bring much needed funding to a nascent EV
4 infrastructure industry.

5 Thank you.

6 MR. HORVAT: Hello, Madam Chair, Board. My name
7 is Ashley Horvat. I'm the vice president in public and
8 private partnerships for Greenlots.

9 This investment plan comes at a critical time as
10 we're pushing for broader based adoption of EVs to achieve
11 California's climate and energy goals. We urge you to
12 consider unlocking this capital, so that it can begin to
13 spur additional investment effectively diminishing the
14 uncertainty that threatens to slow down market progress
15 and paralyze momentum.

16 California is in a severe infrastructure deficit,
17 although it may not seem like it, with an attach rate of
18 17 vehicles to one public charging port. L.A. is closer
19 to 20 to 1. While early adopters have been patient with a
20 lack of public infrastructure, widespread EV adoption
21 requires significant investment in public charging,
22 notably DC fast chargers.

23 The investment plan is certainly no panacea, but
24 it's certainly not a crop in the bucket. In this era of
25 uncertainty and division, it's an opportunity in

1 California to lead and help unite people throughout the
2 country towards a desperately needed mutual beneficial
3 common goal. The plan will help thousands of drivers to
4 get behind the wheel of an EV, while simultaneously
5 facilitating the increase electrification of California's
6 rapidly expanding car-share and ride-sharing fleet.

7 It will also create opportunities for California
8 cities like Sacramento to become national electrification
9 leaders. And in addition, this will create jobs and an
10 economic opportunity that will help to slow the effects of
11 climate change in already cash-strapped communities
12 throughout California. In places like Fresno, this
13 investment will have a direct effect on reducing air
14 pollution that inordinately impacts the health of its
15 citizens and economy.

16 The industry looks a lot different than it did in
17 2009. The experiences that we've had along the way, the
18 stronger and more tangible commitment across sectors, and
19 the vital infrastructure and consumer data that we've
20 amassed will help inform our direction in making this
21 large investment even more effective than previous large
22 investments.

23 Approving this will communicate that investing in
24 EVs is a key solution to the pressing problem of replacing
25 polluting legacy vehicles signaling to other automakers

1 that they also must compete and collaborate.

2 We wish to thank CARB for getting a good deal for
3 California and for the professionalism and diligence of
4 CARB staff to work with Electrify America to get it right
5 for all Californians. We encourage the Board's approval.

6 Than you.

7 MS. LUBAWY: Good afternoon, everyone. I'm
8 Andrea Lubawy with Toyota. I'm a long-time listener,
9 first-time caller.

10 (Laughter.)

11 MS. LUBAWY: And I'm finally able to drive the
12 technology that I've been working on for the last 15
13 years. So thank you for the opportunity to address you
14 today.

15 Now, onto the serious topics.

16 Toyota believes that the supplement does not
17 address our concerns regarding infrastructure and outreach
18 as they relate to hydrogen. In justifying the omission of
19 hydrogen infrastructure in this funding cycle, Electrify
20 America mischaracterizes the January joint agency report
21 projecting seven percent excess capacity in 2020, the year
22 after the Cycle 1 30-month plan ends. I'd like to make a
23 few points on this.

24 First, that assumes 100 percent on-time station
25 completion. Considering that less than 60 percent of the

1 fueling stations that were funded to be opened by the end
2 of last year are retailing now, it's not hard to imagine
3 that far less capacity will actually be available in 2020
4 than anticipated.

5 Second, the report quoted then goes on to project
6 that 2020 will be the beginning of a rapidly growing
7 capacity deficit that existing AB 8 funds will be
8 insufficient to cover. Considering the fact that stations
9 opening this year were funded in 2014, and that station
10 development time is currently two years from the time of
11 contract execution, now is precisely the time to begin
12 funding additional stations.

13 With regard to outreach, ARB's direction to
14 Electrify America was to be brand neutral. Electrify
15 America noted that this was not the same as technology
16 neutral. Toyota believes that if outreach activity
17 focuses exclusively or in large part on technologies
18 within the core of the settling defendant's vehicle or
19 services, it inherently does not fulfill the definition of
20 brand neutral.

21 CARB has long recognized that battery and fuel
22 cell vehicles are necessary to reach our climate goals, and
23 outreach should match that spirit.

24 In conclusion, appendix C states that investments
25 should support and advance the use of ZEVs in the United

1 States by addressing an existing need or supporting a
2 reasonably anticipated need. It's quite clear that there
3 is a need for additional resources beyond AB 8 for
4 hydrogen infrastructure and fuel cell education, and both
5 should be included in the first cycle of the investment
6 plan.

7 Now, we've seen the proposed resolution and we
8 know that time is of the essence. If CARB must approve
9 the current proposed investment plan, we request that CARB
10 considers this in the upcoming zero-emission
11 infrastructure investments by the State, and to compensate
12 for the lack of hydrogen investment in this plan.

13 Thank you.

14 MS. HOLMES-GEN: Good afternoon, Chairman
15 Nichols, Board members Bonnie Holmes-Gen with the American
16 Lung Association in California. And I'm a four-year ZEV
17 driver, and advocate.

18 And I just wanted to, first of, all make sure you
19 know the Lung Association has been a long-time supporter
20 of zero emission vehicles and remind you that we published
21 data demonstrating the billions of dollars in health
22 benefits from moving away from our fossil-fuel dependent
23 system in California, and throughout the country.

24 So we are long-time supporters and we are
25 supporting this Electrify America plan. We believe that

1 the additions have provided a lot more confidence to us
2 and others that this plan and these investments will
3 advance our air quality, our climate, and our equity goals
4 in California. We're especially pleased to see the
5 commitment to 35 percent of the investments benefiting
6 disadvantaged communities. We're pleased to see Fresno
7 added as a community focus.

8 And we support Assembly Member Cristina Garcia's
9 comments about the importance of follow up in the process
10 of documenting and assuring that we are getting the
11 assistance, and that -- the investment in disadvantaged
12 communities from this plan.

13 And I wanted to share our support also
14 specifically for the Sacramento designation as a green
15 city. We're very proud of what's been accomplished in
16 Sacramento, and you've heard from our Sacramento leaders.
17 The fact that Sacramento has the largest ZEV school bus
18 fleet in the country is a wonderful launching point here,
19 and we're really looking forward to seeing how these
20 investments will help to leverage what Sacramento has
21 already accomplished into a model for regional ZEV
22 deployment that can inform our work on ZEVs around the
23 State.

24 And we certainly are going to need more funding
25 than this. This is a good start, and we're looking

1 forward to another green city being designated in the next
2 round. We would like to see, as was mentioned, a green
3 city that will be -- have a focus on disadvantaged
4 communities in the next round. So I think that's really
5 important.

6 We support the investment plan. We're looking
7 forward to working together with Sacramento and all the
8 communities that are getting funding from this proposal.

9 Thank you.

10 MS. GOLDEN: Hello, Board members. My name is
11 JoAnne Golden. And I am here on behalf of LA n Sync. LA
12 n Sync is an initiative of the California Community
13 Foundation, which is committed to bringing Los Angeles
14 together to advance the region's vibrancy, diversity, and
15 creativity, especially in some of L.A.'s most forgotten or
16 disadvantaged communities.

17 LA n Sync has been working with the City of Los
18 Angeles, the Southern California Association of
19 Governments, better known as SCAG, LAEDC, the L.A.
20 Chamber, and over a dozen other organizations from
21 philanthropy, environmental justice, and business
22 communities to attract funding from this first initial
23 round to Los Angeles.

24 Not only -- it almost goes without saying that
25 not only does Los Angeles have a need from an air quality

1 standpoint, but it's much larger than that. We represent
2 a significant market opportunity for the future of
3 transportation electrification, and also the next
4 iteration of urban mobility. I had a bunch of stats in
5 here about the fact we have 7.7 million vehicles, and all
6 those pieces, but I'm not going to go into it for sake of
7 time, but L.A. is, by all accounts, large.

8 I think anyone who's ever been there can attest
9 to that, right?

10 (Laughter.)

11 MS. GOLDEN: But we're not unmanageable. There
12 is a reason why companies come to Los Angeles to scale.
13 Because if you can make it work in L.A., you can make it
14 work anywhere.

15 Electrify America recognizes this promise and
16 opportunity of Los Angeles, which is why we have dedicated
17 the -- which is why they have dedicated the largest amount
18 for infrastructure of any area in the State within this
19 plan to address the demand, the promise, and the gaps in
20 our existing electric vehicle charging infrastructure,
21 which I thank Greenlots for kind of already pointing out
22 those stats as well.

23 The EV market in Los Angeles is growing, but
24 sufficient investment is really lagging in this
25 infrastructure side of things. We need to see these

1 investments immediately. We really can't wait. We're
2 unable to keep pace with demands that are already there
3 right now.

4 I'll be honest, this first plan is not a panacea.
5 It does not resolve every single one of Los Angeles's
6 needs as it relates to infrastructure. But to be honest,
7 there's no way it would. We're looking to future plan
8 iterations, other Volkswagen settlement funding, CARB, and
9 other State programs, coupled with philanthropic, private
10 and community investments to really get us to where we
11 need to be.

12 We're committed to this path toward
13 transportation electrification, and the reduction of
14 emissions. And we are excited about working with
15 Electrify America to implement this plan and to support
16 them, and getting it done as quickly, and as effectively
17 as possible.

18 On behalf of LA n Sync, we urge your support of
19 this plan. We quite simply cannot afford to wait. These
20 investments and the benefits of our region are needed
21 immediately.

22 Thank you.

23 MR. DUGAN: Good afternoon, Chair Nichols, Board,
24 staff. I'm Robert Dugan. I'm the senior vice president
25 of public policy and economic development for the

1 Sacramento Metropolitan Chamber. And its really a thrill
2 to be here today, but I need to start by complimenting the
3 staff on the work that's been done to help put this
4 proposal together, and help bring us to this point.

5 So much of what you have to do is on defense, and
6 here's an opportunity, a genuine opportunity on offense.
7 And it's a tremendous project that you have in front of
8 you.

9 In the light of making sure my testimony is as
10 short as possible, I'm going to try to clip and just
11 really focus on two of the big issues that I'd like to
12 raise. As many of you know, the Sac Metro Chamber has
13 been around about 120 years. And it was created to
14 address issues and seize opportunities. And we're proud
15 of the history of seizing really what is economic
16 evolution at times, as the economy has changed throughout
17 our six-county region. And we're here in another one of
18 those moments. And we're here thrilled to support what's
19 before you, and specifically the designation for the City
20 of Sacramento.

21 The region we're in, the capital region, is knit
22 together with really strong partnerships. Those are
23 strong partnerships among government agencies, strong
24 partnerships among civic leaders representing different
25 communities, strong partnerships between our education

1 establishments. And we're really thrilled that we've got
2 an opportunity to support what we're looking at with the
3 urban core in this designation.

4 I want to bring one point up, and then I'll move
5 on. And as Mayor Steinberg so clearly pointed out, we're
6 poised and ready to make this vision a reality that we can
7 all point to as an example that we can proud of statewide,
8 and even a national model.

9 And our abilities here are not just limited to
10 the infrastructure piece, which is really critical, as has
11 already been stated. We got a dramatic disparity between
12 those that are using electric vehicles and the
13 infrastructure to support them when they get to work. But
14 we're able, in our region, because of the work that we've
15 been doing, we know that we can help continue to grow the
16 clean green manufacturing space, and the manufacturing
17 opportunities, and the assembly opportunities that come
18 with this industry and the surge that we anticipate seeing
19 and plan on helping fuel.

20 We're also confident that we can continue to grow
21 our research and development as we look at how we're going
22 to be a hub. But finally, and probably most importantly,
23 when we talk about underserved communities, the challenge
24 is we have a need in this region. And we have an
25 opportunity in this region to help those in underserved

1 communities get the education that they need to get those
2 career technical positions. And we're working hard
3 through our community college systems, our higher
4 education systems, to build those programs now. And with
5 this effort, we're going to be able to add even more of
6 that, so that we can reach out to folks that otherwise
7 didn't see education as an opportunity to get that
8 education, seize the American dream, get meaningful
9 employment, and do so in partnership with clean green
10 technology, and things that are going to clean our air so
11 they can be part of the future.

12 And that's pretty exciting, and that takes an
13 awful lot of people. So with that, I'll thank you for the
14 opportunity to testify today and encourage your support.

15 MS. BUI-THOMPSON: Good afternoon. Thank you.
16 My name is Nancy Bui-Thompson. And I'm an elected member
17 of the Sacramento Municipal Utility District, fondly known
18 as SMUD.

19 So we appreciate this opportunity to be here with
20 our community partners in support of this plan. We
21 believe this plan will move the needle truly to have deep
22 penetration of EVs throughout our region. SMUD has been a
23 leader in this space for almost 30 years, but we realize
24 we can't do it alone. Our grand plans are great for
25 Sacramento, but additional capital is needed to be able to

1 expand our footprint. We're currently investing over \$5
2 million a year in our electric vehicle transportation
3 network. We have great programs, such as charge free for
4 two years, which I took advantage of this past year. We
5 have workplace and multi-family electric vehicle service
6 equipment incentives, a strong community outreach
7 campaign, and DC fast charger public charging campaign,
8 but this is only the tip of the iceberg.

9 With the funds provided by the Electrify America
10 program coupled with our existing investments, we are
11 targeting to double our adoption rate of 44,000 vehicles
12 to 93,000 vehicles by 2030. By working with Electrify
13 America and other civic stakeholders that you've heard
14 from here today, we plan to leverage these investments,
15 our almost 30 years of experience, and our experience
16 working with partners in a collaborative space to be able
17 to effectively expand their ROI that you typically
18 wouldn't get. We've been a leader in this field. We are
19 the utility that people come to for subject matter
20 expertise. We feel we can hit the ground running with
21 these additional funds and expand the footprint that you
22 probably wouldn't be able to see in other parts of the
23 State.

24 But we won't leave behind the communities that
25 make Sacramento unique and strong, which is are

1 disadvantaged communities. We feel that supporting these
2 communities will be an essential part of this program.
3 And so we are in great support of the Sacramento
4 Metropolitan Air Quality Management's District EV car
5 share program, but also increase penetration of EV
6 charging vehicles.

7 So as one of the -- what we consider one of the
8 top community-owned utilities in the country with some of
9 the lowest rates in California, we can stretch that dollar
10 even further and help all communities in our region.
11 Thank you for giving me the time today.

12 MR. MONTGOMERY: Good afternoon. Pete Montgomery
13 on behalf of the Charge Everywhere Coalition, which is a
14 group of seven EVSE companies, which came together
15 specifically to support approval of this investment plan.
16 And I've scrapped around my testimony, in the interests of
17 time, just to make a couple of key points.

18 Number one, just to highlight the urgency of
19 approving this today. We can no longer afford to delay.
20 There are serious threats if this agreement gets --
21 gone -- goes back to the courts, goes back to the current
22 administration. And the industry is very concerned about
23 delay. So I would just urge with urgency to approve
24 today.

25 And one of the issues which I wanted to address

1 just because it was a subject of comments, it was a
2 subject of the presentation, I'm sure it will be a subject
3 of discussion later with -- when the Board discusses this
4 is our coalition members have worked with hundreds of
5 qualified electrical contractors, who all have -- not all.
6 I shouldn't say that. It's an overly broad statement --
7 with a highly qualified long history of installations in
8 California and a very strong record on safety. While we
9 have no specific position on the EVITP certification
10 process, we are very concerned that a requirement in the
11 agreement, that that be part of the process, would -- as
12 was recommended by some of the comments would have a
13 delaying effect on deployment, and disqualify hundreds of
14 highly skilled and very experienced electrical
15 contractors.

16 So again, we urge support today on behalf of the
17 leading fast charging network company and many other
18 strong and long history players EVSE market.

19 Thank you.

20 MR. BLOCH: Madam Chairperson and members of the
21 Board, I'm Steve Bloch, vice president of partnership
22 development and EV Connect, a California-based provider of
23 electric vehicle charging and management solutions. I'm
24 here today to voice our strong support of Electrify
25 America's California zero-emission vehicle investment plan

1 and to urge CARB to approve it as soon as possible.

2 Electrify America's investment plan reinforces
3 our strong belief that these types of investments are
4 critical to California in meeting its EV deployment goals
5 and will bring needed access to communities, particularly
6 those with moderate- to low-income populations across the
7 State.

8 In addition, it encourages growth in the EV
9 marketplace by removing infrastructure barriers and
10 supports technology-neutral solutions. Specifically, this
11 plan recognizes that supporting infrastructure is likely
12 to be the largest barrier to California reaching its goal
13 of 1.5 million ZEVs on the road by 2025, thus helping the
14 State reduce its dependence on oil, while dramatically
15 reducing emissions that endanger the health and welfare of
16 its citizens.

17 While the 800 million being spent is not enough
18 to meet all the needs, it is a substantial downpayment,
19 which will encourage further investment and set the State
20 on course for generating thousands of new jobs. A
21 technology-neutral solution is in the best interests of
22 consumer choice and continues to encourage future
23 innovations within industry.

24 Access to electric vehicles encouraged by local
25 infrastructure within the moderate- to low-income

1 communities, which the plan supports, is essential if all
2 Californians are able to participate in this evolving
3 transportation paradigm.

4 It is imperative that California expeditiously
5 finalize its decision regarding the Electrify America
6 plan. Given that California has the largest number of
7 electric vehicles on the road today, it would be
8 unfortunate at best, and irresponsible at worst, if the
9 State was not at the forefront in providing access to EV's
10 and their supporting infrastructure for all Californians.

11 EV Connect firmly believes the Electrify
12 America's investment plan, as supplemented, is in the best
13 interests of California's environment, economy, and
14 citizens.

15 Thank you.

16 MR. LI: Good afternoon, Madam Chair, members of
17 the Air Resources Board. My name is Henry Li. I'm the
18 CEO/general manager for Sacramento Regional Transit
19 District.

20 I'm here to support the Air Resources Board
21 approval of the EV investment plan for the Sacramento
22 community, especially the disadvantaged and low-income
23 communities within Sacramento. Sac RT is in the business
24 of providing mobility solutions in the capital region.
25 And we are actually in the planning stage to convert our

1 bus fleet to zero-emission vehicles as quickly as
2 possible, and we are also in the early stage of planning
3 for autonomous vehicles, including autonomous buses. We
4 want on front row of this trend.

5 This region has developed strong partnerships
6 dedicated to improving transportation options and
7 strengthening the public transportation systems, all of
8 which are essential in developing a robust green city and
9 green community.

10 As Mayor Steinberg mentioned earlier, first- and
11 last-mile trips are a critical part of providing
12 transportation solutions for Sacramento, especially for
13 the disadvantaged and low-income communities.

14 The ZEV investment plan addresses the first- and
15 last-mile needs by providing zero emission shared use
16 vehicles for the public transportation systems, which
17 disadvantaged and low-income communities heavily depend on
18 for their daily mobility needs.

19 These vehicles, when connected to the Sac RT
20 system, has three major benefits. One, it strengthens the
21 overall public transportation network by providing first
22 and last mile solutions or options for the citizens in the
23 community. Second, it reduces carbon emissions through an
24 increase in the use of public transportation. And lastly,
25 it reduces congestion on our local roads and freeways,

1 again through an increase in the use of public
2 transportation, therefore increase our air quality in
3 whole region.

4 Thank you very much.

5 MS. BOND: Good afternoon, Chair Nichols and
6 Board. My name is Elan Bond. And I'm with Nel Hydrogen,
7 the largest pure play hydrogen fueling and technology
8 solutions company in the world, providing electrolysers
9 that produce renewable hydrogen, light-duty, medium-duty,
10 heavy-duty bus and materials handling fueling solutions in
11 over eight countries since 1927.

12 We're currently developing light-duty stations
13 all over Northern California and are active members of the
14 California Fuel Cell Partnership, California Hydrogen
15 Business Council, and H2USA. Nel had submitted comments
16 to each iteration of the Volkswagen ZEV investment plan
17 and is very disappointed with the deliberate exclusion of
18 investments into hydrogen fueling infrastructure.

19 The FCEV market is taking off and a fueling
20 shortfall already exists at currently operational stations
21 within California. Demand will only continue to increase
22 throughout -- through 2020 as development needs outpace
23 the current funding mechanisms such as AB 8. The gaps
24 were clearly -- these gaps were clearly outlined in ARB's
25 2017 joint AB 8 report, yet were incorrectly utilized and

1 applied to the ZEV investment plan to preclude hydrogen
2 investments.

3 We strongly urge the ARB to ensure the necessary
4 expansion of hydrogen fueling infrastructure throughout
5 the State is supported by other funding resources, such as
6 the court decree mitigation fund.

7 Additionally, we urge both Electrify America and
8 the ARB to establish dialogues with the hydrogen and FCEV
9 stakeholders to better understand their clear blueprints
10 toward market sustainability and to focus efforts on
11 supporting hydrogen in the next ZEV investment plan, given
12 hydrogen equal and comparable treatment to that which EVs
13 were received in this round.

14 This will ensure that the ZEV investment plans
15 are truly technology and brand neutral.

16 Thank you.

17 MS. ESPINO: Good afternoon, Chair Nichols and
18 Board members. Thank you for the opportunity to testify.
19 My name is Joel Espino, environmental equity legal counsel
20 at the Greenlining Institute. We are a racial and
21 economic justice nonprofit, focused on bringing investment
22 and economic opportunity to communities of color who have
23 been historically red-lined and disinvested in.

24 Make no mistake, Volkswagen's law breaking and
25 cheating didn't harm everyone equally. Volkswagen's

1 actions hit low-income people of color the hardest because
2 they live in neighborhoods criss-crossed with high -- with
3 the highest concentrations of busy roads, highways, and
4 high-polluting vehicles.

5 As a matter of justice and fairness, Volkswagen
6 and its Electrify America subsidiary must remedy its harm
7 by prioritizing and deploying significant investments in
8 communities that hurt most. These investments must be
9 real and not token. The Greenlining Institute gives
10 thanks to the Air Resources Board, staff, the legislature,
11 and Electrify America representatives for elevating the
12 need to invest in California's poorest and most polluted
13 communities.

14 The plan and its supplement are a step in the
15 right direction. Many more steps are needed however to
16 ensure that at least 35 percent of Volkswagen's investment
17 plan dollars actually benefit low-income communities of
18 color. And more steps are needed to ensure that any jobs
19 and job training generated from this investment reach low
20 income people of color, who can benefit the most from that
21 economic opportunity.

22 Nonetheless, we support the Board's proposed
23 resolution to approve Volkswagen's plan, and we are
24 hopeful that with the strong transparency measures
25 highlighted in the consent decree, SB 92, and in the

1 proposed resolution. And with good faith engagement from
2 Electrify America, and ARB, we can collectively hold
3 ourselves accountable to the communities Volkswagen hurt
4 most.

5 We look forward to working with ARB Electrify
6 America and others to ensure that Volkswagen's ZEV
7 investments respond to the historical and structural
8 injustices communities of color face.

9 Thank you.

10 MR. WECKMAN: Hello Madam Chair and Board
11 members. My name is Craig Weckman. I'm a professor or
12 Los Rios Community College District. I instruct
13 automotive and diesel collision and heavy-duty equipment
14 repair.

15 Since 2007, we have trained students that are in
16 different stages of their life. These students come from
17 area high schools, disadvantaged communities, returning
18 veterans and more. The graduates from our program
19 definitely move to the employment, earning from forty to
20 sixty thousand dollars annually.

21 The broader adoption of the zero-emission
22 vehicles, via the green cities, will create opportunities
23 for expanded training and career choices for our students.
24 Our programs have already began exposing our students to
25 zero-emission vehicles. For example, we have funded the

1 installation of vehicle EV's charging stations at American
2 River College. And we are currently working with various
3 industries within our community to hire and create
4 internships for our students throughout our programs.

5 We'd like to expand on these opportunities to
6 create more for both our students and the local region
7 through ZEV training. This will create innovative
8 openings to expand our reach within the region for us to
9 build the additional interest for our employers in the
10 zero emissions training.

11 We are working with Twin Rivers Unified School
12 District in creating and building a program to assist
13 their drivers and mechanics in the training of their new
14 electric vehicle buses, that will be the largest EV bus in
15 the world.

16 We are currently scheduled to take a tour to the
17 Tesla Gigafactory in August. We hope to see the
18 opportunities for training and internships would be
19 established for growth for the electric vehicle industry
20 in Sacramento.

21 We strongly support the designation of Sacramento
22 as a green city, and the investment in zero-emission
23 vehicles in the structure for public and private use. We
24 look forward to supporting the training and education that
25 will be needed to bring this plan into the growth that is

1 necessary.

2 Thank you.

3 DR. KASIRYE: Good afternoon, Madam Chair and
4 members of the Board. My name is a Dr. Olivia Kasirye.
5 I'm the Public Health Officer for Sacramento County, and
6 for the incorporated cities within Sacramento.

7 The top three leading causes of death in the
8 region are heart disease and stroke, cancer, and
9 respiratory disease. As you know, burning fossil fuels
10 for vehicles is one of the largest contributors to air
11 pollution and greenhouse gas emissions which is warming
12 the earth's temperatures to dangerous levels. The
13 Sacramento region is experiencing hotter days, and the
14 additional poor air quality worsens asthma, impairs lung
15 function, and can increase the risk of heart attacks, and
16 other cardiovascular diseases.

17 Increasing access and use of a transportation
18 mode with zero emissions can make a big improvement for
19 clean air and for our region's health, especially for our
20 sensitive populations, and those living in disadvantaged
21 communities.

22 I am very excited about the Sacramento community
23 car share program that began in May, and the prospects for
24 improved health that Electrify America's new car share
25 program from the investment plan will bring.

1 Access to transportation is one of the major
2 barriers that people have for accessing health care, and
3 for being able to access other services in the community.
4 So this car share program will go a long way in meeting a
5 need in the community.

6 On behalf of the capital region's health
7 community, please approve this investment plan in
8 designating the Sacramento metropolitan area for the green
9 city initiative investment. This will be a big step in
10 improving the health of our communities.

11 Thank you.

12 MS. ROBINSON: Good afternoon, Board members. My
13 name is Judy Robinson. I'm the sustainability manager for
14 Sacramento County, and the chair of the Sacramento Area
15 Plug-in Electric Vehicle Collaborative. The City of
16 Sacramento is one of our partners in the PEV
17 Collaborative, along with the County, Sacramento Air
18 Quality Management District, SMUD, SACOG, Clean Cities,
19 Sacramento EV Owners Association, and Valley Vision.

20 We've been working together for quite a few years
21 to increase the deployment of electric vehicles and
22 related infrastructure. This dynamic collaborative was
23 responsible for preparing the Sacramento Area Electric
24 Vehicle Readiness and Infrastructure Plan, which outlines
25 the current and forecasted demand for charging

1 infrastructure and prioritizes their location across
2 Sacramento.

3 This information was used to inform the City of
4 Sacramento's green city application, and was provided to
5 Electrify America to inform strategic locations for
6 investment, particularly in our disadvantaged communities.

7 We appreciate the extensive deliberative process
8 that ARB has devoted to this, and we encourage you to
9 approve this investment plan and designate Sacramento for
10 green city initiative investment.

11 Thank you very much.

12 MR. ZULEWSKI: Good afternoon, Chair Nichols, and
13 fellow members of the Board. My name is Ryan Zulewski,
14 and I am representing SemaConnect, which is a developer,
15 manufacturer, and provider of plug-in ZEV infrastructure,
16 including commercial level 2 charging systems and
17 comprehensive network services. We support Electrify
18 America's investment plan and strongly urge CARB to
19 approve.

20 At present, SemaConnect is a leading smart
21 networked EV charging system manufacturer in North America
22 in business since 2008. We have offices in San Francisco,
23 Los Angeles, San Diego, as well as various locations
24 around the country. Our plug-in ZEV infrastructure is
25 deployed in a wide range of applications that include

1 multi-family, workplace, and public charging.

2 Approving this plan today will help grow EV
3 adoption throughout the State by having infrastructure in
4 place to encourage the ownership of ZEVs as each one is
5 dependent on the other. The plan would encourage
6 competition in the space for both EV manufacturers, and EV
7 charging solutions alike. Additionally, this plan will
8 contribute to job growth throughout the State in the EV
9 space and satellite industries within.

10 In short, SemaConnect is in favor of approval
11 today.

12 Thank you.

13 BOARD MEMBER RIORDAN: Thank you.

14 MS. DOOLEY: Hello. My name is Claire Dooley,
15 and I represent EVgo, the largest public EV fast charging
16 network in the United States, as well as here in
17 California.

18 EVgo continues to believe that any and all
19 funding that goes towards public infrastructure is
20 critical at this time in order to bring EV adoption to all
21 Californians of all income levels.

22 We have been supportive of the infrastructure
23 investments, as part of the cycle one plan, as well as all
24 infrastructure investments that are proposed or being made
25 by all automakers in order to accelerate transportation

1 electrification.

2 EVgo has already begun to see the impact that
3 these longer range electric vehicles are having on current
4 infrastructure, given that they take longer to fuel all
5 the way up, and so they're plugging in, and they are
6 overburdening the infrastructure that's out there right
7 now, at the current power levels that we see.

8 So because of that, we really think it's critical
9 to increase charging speeds at these public stations to
10 higher power, which is part of the cycle one plan, which
11 we do very much support. We think this will reduce the
12 charging times and relieve congestion.

13 In summary, we hope that CARB moves quickly to
14 approve this cycle one investment plan.

15 Thank you.

16 BOARD MEMBER RIORDAN: Thank you.

17 MS. ARNOLD: Good afternoon, and thanks for the
18 opportunity to speak to you this afternoon. My name is
19 Meg Arnold. I'm managing director of Valley Vision, which
20 is a Sacramento region nonprofit, for more than the past
21 20 years working on issues of importance within the region
22 and with a focus on deeply engaging multiple stakeholders
23 in the work on those issues.

24 Valley Vision strongly supports ARB's staff
25 recommendation of Sacramento as designated as the green

1 city. Green city work will require a foundation of close
2 and effective collaboration within and across the city and
3 the region, especially in service of the goal of early and
4 visible progress. That foundation of collaboration is of
5 along standing in Sacramento dating back ore than a
6 decade.

7 And because Valley Vision has had a role in many
8 aspects of that, I wanted to just cite a couple of those
9 examples as proof points for you, in addition to Judy
10 Robinson's mention of the Sacramento area PEV
11 collaborative.

12 First for more than a decade, Valley Vision has
13 helped to manage the region's Cleaner Air Partnership or
14 CAP. CAP is a partnership of the Sacramento Metropolitan
15 Air Quality Management District, Breathe California, and
16 Valley Vision, and brings together the public and --
17 sorry, the business and public health communities to find
18 air quality related solutions that they can jointly
19 support.

20 Next, as an example in 2008, nine years ago
21 Valley Vision helped to found and then managed the Green
22 Capital Alliance, which connected business, the public
23 sector, and education on topics related to the green --
24 the green and clean economy.

25 And most recently, those relationships that began

1 in the efforts cited earlier have continued to this day,
2 such that the newest partnership effort, the capital
3 Region Climate Readiness Collaborative, which is currently
4 chaired by SMUD, which -- and counts 30 public, private,
5 and nonprofit members all focused on shared contributions
6 to climate adaptation.

7 So I cite these examples to you as demonstration
8 of the foundation that already exists in this region of
9 regional partnership and collaboration that will help to
10 underpin, accelerate, and most importantly ensure the
11 success of the green city initiative in Sacramento, which
12 we strongly encourage you to adopt today.

13 Thank you.

14 MR. BOTSFORD: Chair Nichols, Board staff, I'm
15 Charlie Botsford with AeroVironment. I'm the project
16 manager for the West Coast Electric Highway which is 56 DC
17 fast-charging stations on the I-5 corridor and Highway 101
18 in Oregon and Washington.

19 AeroVironment is a charger manufacturer. We're
20 the oldest of the charger manufacturers. We go back to
21 the 1980s, when we developed the impact -- General Motors
22 Impact, which was the prototype for EV 1.

23 We support Board approval of the VW Calif -- VW's
24 California ZEV investment plan. The adjustments VW has
25 proposed in the supplement, in particular adding Fresno as

1 a metropolitan service area, significantly strengthen
2 their original submission.

3 We wish to comment on a third-party request to
4 include a requirement in the investment plan for an
5 electrical contractor certification program. This
6 requirement appears unnecessary from the perspective of
7 ensuring the safety and quality of EV charger
8 installations.

9 As an example, AeroVironment conducted a CEC
10 merit reviewed program for EV charger installations, and
11 for which we used 28 California small business electrical
12 contractors, all of them C-10 licensed electrical
13 contractors.

14 C-10 licensed contractors, per the California
15 State licensing board, are required to be trained for
16 critical skills necessary to install such devices as level
17 two EV chargers. Therefore, a certification program, as
18 noted by the commenters, is not necessary for this
19 approval process, at least we believe.

20 A C-10 contractor license suffices and ensures
21 the inclusion of highly qualified small business,
22 minority, disadvantaged, and veteran-owned electrical
23 contractors.

24 In short, we support the VW -- your approval of
25 the VW investment plan.

1 Thank you.

2 BOARD MEMBER RIORDAN: Thank you.

3 MS. DICKINSON: Chair Nichols and Board members,
4 I am Marjorie Dickinson, Assistant Chancellor of
5 Government and Community Relations at UC Davis. I'm here
6 to support Electrify America's updated zero emissions
7 investment plan, including most particularly the
8 designation of Sacramento as the first green city.

9 I want to reinforce UC Davis's commitment to work
10 as a partner with those represented here today to deliver
11 a transformational transportation program.

12 Finally, I will note that this investment in
13 Sacramento will leverage additional investment and
14 partnership opportunities that will make Sacramento not
15 only our State's Capital, long-standing, but a national
16 and international hub for transportation, research, and
17 development.

18 We look forward to being part of this first step
19 in forging this exciting future. And I'd urge your
20 approval.

21 Thank you.

22 BOARD MEMBER RIORDAN: Thank you.

23 MS. DICKINSON: And as a point of personal
24 privilege, I would like to acknowledge and thank my own
25 supervisor, Mr. -- Supervisor Serna, for his leadership on

1 this role.

2 Thank you.

3 (Laughter.)

4 MR. NAKASONE: Good afternoon, Board members. My
5 name is Ross Nakasone. I represent the Blue Green
6 Alliance. I wanted to thank you for this opportunity to
7 comment on the VW emissions vehicle investment plan.

8 We believe that if done effectively, the plan
9 would help California reach our greenhouse gas reduction
10 goals. And, of course, then we commend you all,
11 particularly staff -- also staff for a lot of the hard
12 work here to improve VW's plan.

13 However, we wanted to highlight two crucial areas
14 that we think should be addressed first. Electrify
15 America's investments should provide quality job
16 opportunities for veterans and residents of disadvantaged
17 communities. These are underserved populations that could
18 see real job benefits from these VW investments.

19 CARB's draft 350 low-income barriers report on
20 clean transportation, you know, includes a number
21 recommendations to address challenges for those from
22 disadvantaged communities. And while the barriers report
23 has not yet been approved by this Board, the VW plan
24 actually comports well with many of the efforts in the
25 barriers report.

1 That said, the barriers report also recognizes
2 that investments from clean transportation can and should
3 maximize economic opportunities for low income residents,
4 really with the goal of ensuring, and I'm going to quote
5 here that, "Access to economic opportunities is maximized
6 for low-income residents and disadvantaged communities as
7 a result of the investments being made in clean
8 transportation, including expanding local job and
9 workforce development".

10 So in accord with that, we really -- BGA really
11 strongly supports requiring that electricians -- that of
12 the electricians building VW's electric vehicle
13 infrastructure, that at least 15 percent be veterans, and
14 25 percent be residents from disadvantaged communities.

15 Secondly, we want to ensure that VW's electric
16 vehicle infrastructure is installed and maintained safely.
17 Obviously, it's Critical that the infrastructure work be
18 done by a qualified personnel. And to that end, we
19 actually support electricity -- electricians installing EV
20 infrastructure - excuse me - should be EVITP certified.

21 The EVITP is a national program featured by the
22 U.S. Department of Energy that provides the training
23 necessary to safely install and maintain electric vehicle
24 instructure -- infrastructure.

25 And the EVIT program is required already by the

1 California Public Utilities Commission in the installation
2 and maintenance of electric vehicle infrastructure by
3 SoCal Edison, San Diego Gas and Electric, and PG&E.

4 VW's plan should be consistent with these
5 important precedents. So combining the requirement for
6 best in class -- so combining the requirement for best in
7 class training and with employment opportunities for
8 veteran and disadvantaged communities we think is the
9 right thing to do.

10 So thank you.

11 BOARD MEMBER RIORDAN: Thank you.

12 MS. BONE: I was going to say greetings Chair
13 Nichols. It looks like she's done.

14 Hello. My name is Laura Bone. And I'm the west
15 coast business development manager for EV-Box. EV-Box
16 currently has the largest installed base of EV
17 infrastructure worldwide with over 48,000 charging
18 stations installed. We're Headquartered in the
19 Netherlands with offices in seven countries, and
20 installations in over 900 cities globally.

21 If you have the opportunity to visit Amsterdam,
22 you'll see one of our many 4,000 curbside charging
23 stations all throughout the city.

24 We've recently entered the North American market,
25 and we have offices in New York and Los Angeles. And

1 we're actively growing our team this year, and setting up
2 U.S. assembly possibly in California.

3 EV-Box has been the major charging player in
4 growing the Netherlands into one of the most productive EV
5 markets in the world, where vehicle to charger ratio is
6 one to four. Our European and Dutch experience teaches us
7 that the minimum charger to vehicle ratio needed to grow a
8 market is one in 10. The California market is currently
9 at one in 17. This imbalance is a deterrent to healthy EV
10 market growth.

11 We support swift adoption of the Electrify
12 America proposed settlement plan to address California's
13 urgent need for charging infrastructure.

14 Companies need more certainty to plan, produce,
15 and scale up their teams. This is essential both in
16 rolling out the plan, as well as keeping prices lower.

17 EV-Box strongly advocates for open standards to
18 increase competition, improve on service and avoid a
19 vendor lock-in. We believe this will lead to more
20 installed infrastructure, interoperability between
21 networks, and a better EV driver experience.

22 Many vehicle leases will soon expire. These used
23 vehicles can provide an affordable way for low and
24 moderate income people to drive electric. If there's
25 nowhere for people to charge, the vehicles won't get

1 purchased and will leave the State.

2 EV-Box is an active participant in the recently
3 signed partnership between California and the Netherlands
4 to work on electric vehicles an autonomous cars and
5 initiatives.

6 EV-Box would like -- in closing, we'd like to
7 thank CARB and Board and staff at Electrify America for
8 all your hard work in reaching the plan that you're voting
9 on today. It's our hope that today a consensus will be
10 reached. We're eager to join our fell charging vendors in
11 closing California's infrastructure gap.

12 We have a big year ahead of us. Thank you.

13 BOARD MEMBER RIORDAN: Thank you.

14 MS. BONE: And I represent an industry
15 partnership and coalition also in the Central Valley. And
16 we just want to say also thank you very much. We're very
17 excited about the inclusion of Fresno as beach head. And
18 we think that this is going to be a very effective market
19 driver for increasing electric vehicle adoption, and
20 addressing our infrastructure problem.

21 This is going to be a plan that's going to be
22 very easy for us to scale. It really closes the gap on
23 everything that we're missing in this valley to really
24 grow the market. We have incentives in place. We've got
25 great programs in place. And the last thing that we need

1 most of all is a baseline of charging and the public
2 education and outreach aspect is priceless. And that's
3 the missing link, and that's what we're going to get with
4 this plan. We're very excited about that.

5 Thank you.

6 BOARD MEMBER RIORDAN: Thank you.

7 MS. LITMAN: Madam Chair and members of the
8 Board, my name is Laurie Litman, and I'm here on behalf of
9 3507 Sacramento, a local grass roots organization working
10 to accelerate the transition to a low-carbon future and a
11 safe climate. We are pleased to support this plan and
12 also support Sacramento as the designated green city.

13 Thank you.

14 MR. SULLIVAN: Good afternoon, CARB Board and
15 staff. My name is Joseph Sullivan. I work with the
16 International Brotherhood of Electrical Workers and the
17 National Electrical Contractors Association. This
18 represent about 350 electrical contractors, which employ
19 approximately 10,000 electricians.

20 And I first want to start by saying thank you to
21 you all for the role you've played in this --
22 uncovering this, enforcing this, and also for writing
23 this plan agreement in such a short time frame. We know
24 you're under immense time pressure. But with that said,
25 we encourage you not to adopt the plan as is. We know

1 there's pressure with the tight frame and a desire to get
2 started, but we think it's imprudent to get started on the
3 wrong foot and wait for the second tranche to make some
4 key changes.

5 Specifically, there's three things that we would
6 like to see changed. One is a commitment to disadvantaged
7 communities. That is part of the worked out agreement,
8 and we would like to see 25 percent of the people working
9 on these projects come from disadvantaged communities. We
10 just don't want stations in disadvantaged areas off the
11 freeway, but the people from those areas doing the work.

12 We would like 15 percent of the people doing this
13 work to be veterans.

14 And then lastly, our request is around safety and
15 quality. We would like the electricians performing this
16 work to be Electric Vehicle Infrastructure Training
17 Program Certified. This standard has been adopted by the
18 PUC, Southern California Edison, San Diego Gas & Electric,
19 and PG&E.

20 So these jobs, when done properly, can change
21 lives and communities. We've seen it happen. Because of
22 the renewable portfolio standard, which is going up to 50
23 percent, and the federal tax credit, we seen communities
24 in Los Angeles County out in the Antelope Valley be lifted
25 up. Unemployment has moved down significantly because of

1 the required utility scale solar. Hundreds of
2 electricians have been hired and trained, and lives have
3 been changed as well.

4 And so these jobs, when done right, can make real
5 differences in the communities. We see it every day. So
6 we hope that that is taken into account and we're lifting
7 up the people who need it.

8 Thank you.

9 BOARD MEMBER RIORDAN: Thank you.

10 MR. KRUEGER: Good afternoon, members of the ARB.
11 Thank you very much for the opportunity for me to speak
12 today. My name is John Krueger. I'm the executive vice
13 president of the Greater Sacramento Economic Council. And
14 we wanted to first applaud staff and members of the Board
15 for the proposal, for the outcomes. I believe we're
16 really going to be strengthening California's both
17 environmental and I think our economic outlook as well.

18 I did want to say, first, that we were very
19 pleased to see the addition of other California
20 communities like Fresno receiving investments in this
21 settlement. I truly do believe that the strength of
22 California lies in the strength of all of our communities,
23 not a select few, so we're very glad to see that
24 additional investment spread through the rest of
25 California.

1 And I did want to say that I truly believe
2 Sacramento is poised, as a community and a region, to be
3 able to utilize the grant and the monies proposed as the
4 green cities initiative. We have the right collaboration
5 in place. We have the right community members in place to
6 really make this a successful outcome.

7 I think that the innovation, while that might not
8 have always been so over the last 10 years, I think the
9 innovation in the Sacramento market has really seen a lot
10 of momentum gained. And what that means for this proposal
11 and the green cities initiative is the right people and
12 the right place to make this successful.

13 And I think that -- that is what it's going to
14 take to make a green cities initiative successful is
15 innovation at its backbone. And I believe that we have
16 that here, as well as the spirit of the decree, which is
17 the long-term adoption of ZEV in our community and our
18 lives to be able to impact the environment. And I believe
19 we have the type of people and the community that we want
20 to see that ZEV adoption here in our community. So very
21 excited to be a part of that.

22 And lastly, what we would love to see as
23 appropriate after -- and I strongly encourage the approval
24 of the plan today by the Board. Love to see additional
25 conversations as this -- as this gets approved to how much

1 this can benefit our economy in terms of jobs and industry
2 creation, as much as it is poised to help our local and
3 statewide environment.

4 Thank you very much.

5 BOARD MEMBER RIORDAN: Thank you.

6 MR. TAYLOR: Members of the Board, my name is Tim
7 Taylor. Although I work at the air district now for Dr.
8 Ayala, the staff person that you've lost --

9 (Laughter.)

10 MR. TAYLOR: -- I'm here today representing the
11 Sacramento Clean Cities Coalition. I'm the vice
12 president. We are one of 13 coalitions in the State of
13 California, and nearly a hundred in the United States with
14 the goal of reducing the use of fossil petroleum in the
15 transportation sector.

16 In this area, our coalition has over two decades
17 of experience, very active work reaching out with
18 workshops and outreach materials including newsletters and
19 all kinds of different -- now with social media kinds of
20 strategies for reaching out to fleet operators and
21 businesses targeting them to encourage the use of
22 low-emission and zero emission vehicles. We've produced a
23 number of workshops, including one in August where we're
24 going to be doing heavy-duty low-emission/zero-emission
25 vehicles, and one in October where we will be doing the

1 same thing and having a electric vehicle ride and drive,
2 or zero emission, I should say, because it will include
3 hydrogen as well.

4 We're very active in the PEV Collaborative that
5 Judy Robinson talked about, and we've already had several
6 meetings because of our clean cities coalition connections
7 with members of Volkswagen and Electrify America, and we
8 are very anxious to continue working with them both to
9 reach out to fleets, and to help implement projects that
10 they -- that they're ready to put on the road.

11 So I guess it's kind of obvious we very strongly
12 encourage you to adopt this investment plan.

13 Thank you very much.

14 BOARD MEMBER RIORDAN: Thank you very much.

15 MR. GOMEZ: Good afternoon the Board. My name is
16 Dave Gomez. I am the executive director for the Los
17 Angeles Labor Management Cooperation Committee. I'm here
18 today representing Labor Management Cooperation Committee
19 around California. I'd like to thank the Board for the
20 time that has been made available for public comment.

21 The VW settlement is a very important to
22 California. While it involves hundreds of millions of
23 dollars in investment in electric vehicle infrastructure,
24 it represents much more than that. The VW settlement is
25 another demonstration of California's leadership and the

1 leadership of the Air Resources Board in cleaning our air,
2 reducing greenhouse gases, and setting an example for the
3 nation and the world.

4 The VW settlement, as proposed, is a good start,
5 but we feel that more should be accomplished in three
6 important areas: Safety, jobs for veterans, jobs for
7 members of disadvantaged communities.

8 To ensure that Electrify America's zero-emission
9 vehicle ZEV infrastructure is installed safely in
10 accordance with the State law best industry practices by
11 qualified personnel, and that Electrify America
12 investments provide quality job opportunities for veterans
13 and residents, and disadvantaged communities.

14 All ZEV infrastructures installations Electrify
15 America 10 years California ZEV investment plans shall be
16 done by contractors who hold a C-10 license, and are
17 Electric Vehicle Infrastructure Training Program, EVITP,
18 approved. The contractors shall use only EVITP certified
19 electricians on the job.

20 At least 15 percent of the electricians building
21 the Electrify America ZEV infrastructure shall be
22 veterans, and at least 25 percent electricians building
23 Electrify America ZEV infrastructure shall be residents of
24 disadvantaged communities. Residents of disadvantaged
25 communities shall be identified by zip code in accordance

1 with the California Environmental Protection Agency, SB
2 535, listed disadvantaged communities. Electricians may
3 qualify as both veterans and residents of disadvantaged
4 communities.

5 For purposes of meeting their requirements and
6 twice annually, Electrify America shall supply viable
7 records to the air -- the California Air Resources Board
8 to show compliance with these requirements.

9 I'd also like to thank the Board and the
10 time -- in the consideration of the proposal. Thank you.

11 Also, you should have -- accept the copies of the
12 distribution to the Board. You should have them in your
13 hands. Thank you.

14 CHAIR NICHOLS: We do. Thank you, Mr. Gomez.

15 MR. MODISETTE: Thank you Chair Nichols, members
16 of the Board. My name is Dave Modisette. And I'm
17 appearing before you today with a new affiliation.
18 Although, I think probably only the most long-standing
19 Board members and staff will recognize me as the former
20 executive director of the California Electric
21 Transportation Coalition, which I did for 18 years, and
22 more recently as the executive director of the California
23 Municipal Utilities Association.

24 But I'm here today as the brand new executive
25 director of the -- of Breathe California Sacramento.

1 We're a nonprofit, public health, and environmental
2 organization that not only advocates for beneficial
3 policies, but we also provide direct services to children
4 and adults in the area of asthma, lung health. We also do
5 education and provide services in the area of tobacco, and
6 we work in our public schools to try to educate youth on
7 air quality, tobacco, and lung health.

8 So that being said, we strongly support the ZEV
9 investment plan, and its supplement, and the designation
10 of green cities in California. We've submitted a written
11 rationale with the six reasons why we believe that that's
12 extremely important.

13 And let me just say thank you very much. I'm
14 happy to answer any questions.

15 CHAIR NICHOLS: Kevin Brown?

16 MR. MAGAVERN: If number 42 isn't here, then I'll
17 go next.

18 Bill Magavern with the Coalition for Clean Air.
19 We submitted a letter along with several colleague
20 organizations. And we support adoption of this plan. In
21 particular, we want to thank the Board and the staff for
22 paying attention to the feedback that we gave during the
23 process, including at the March meeting. And we very much
24 want to make sure that those levels of 35 percent at least
25 in disadvantaged communities are met.

1 We also agree with the comments of the Blue Green
2 Alliance and the IBEW about the importance of job
3 opportunities for disadvantaged communities, and also
4 certification requirements.

5 So we hope that, as the plan goes forward, we
6 will see this beneficial expansion of charging
7 infrastructure. Very glad to see that Fresno was added as
8 a charging community, and eager to see the investments get
9 started.

10 Thank you.

11 CHAIR NICHOLS: We're onto page three.

12 Good afternoon.

13 SERGEANT MAJOR KUFCHAK: Good afternoon, Chair
14 Nichols, distinguished members of CARB. My name is
15 Sergeant Major Mike Kufchak. I'm a 32-year veteran of the
16 United States Marine Corps and I've just recently retired
17 within the past four years.

18 With that being said, I've participated in three
19 major campaigns dating back to Desert Shield, Desert
20 Storm, three combat tours of OIF, which is Iraq, two in
21 Fallujah, one in Ramadi, and my final combat tour where I
22 spent a year of my life in Afghanistan away from my family
23 doing margin as I was the regimental combat team Sergeant
24 Major of the southern Helmand province.

25 So with that being said, obviously, I'm here to

1 advocate on behalf of veterans. I'm glad to note that
2 we've talked a lot about disadvantaged communities,
3 because that's very, very important. But also a part of
4 that social fabric is our veteran population who are in
5 those disadvantaged communities as well, too.

6 And also, I wanted to also help ensure inclusion
7 regarding the Volkswagen zero-emissions vehicle investment
8 plan, but more over ensuring Electrify America's
9 investments help provide good careers for our returning
10 veterans with place the -- veterans -- rather for veterans
11 who place their lives on hold in terms of transitioning
12 out of high school. They didn't seek higher education.
13 They didn't join the workforce. But rather, as a first
14 priority in their life, they wanted to represent this
15 nation, because they heard the sounds of the guns and they
16 wanted to defend democracy.

17 So with that being said, California alone
18 continually possesses some 56,000 unemployed veterans
19 and/or under-employed veterans.

20 These are men and women who could have -- as I
21 say, they could have pursued higher education, but chose
22 to support their nation as a first priority. We have the
23 nation -- we as a nation and this State, specifically this
24 Board, have a responsibility to help provide employment
25 opportunities for those veterans, which is a very specific

1 demographic, transitioning from a very regimented
2 lifestyle.

3 They bring with them credentialed traits of
4 reliability, responsibility, dependability, and, of
5 course, accountability as you well know.

6 Many of our veterans, while in the military, work
7 very technical jobs, which required high math and science,
8 aptitudes. These men and women would be a great
9 investment regarding EVITP, regarding the build-out of
10 infrastructure to ensure its correct installment as well
11 as adhering to all safety requirements and aspects of the
12 job. Veterans have benefits that can also afford them the
13 opportunity for training regarding this type of electrical
14 construction, such as vocational rehabilitation, the
15 post-911 GI Bill that can help assist them for the
16 credentials needed for the EVITP program.

17 The bottom-line up front is veterans do not have
18 a sense of entitlement, but we should have a sense of
19 responsibility to remember these veterans who are sewn
20 into the very fabric of California, more importantly
21 Sacramento.

22 You know, there's a lot of people that walk up to
23 me, and of course all veterans, and the veterans in this
24 audience right here, and thanks us for our service. Well,
25 I will tell you on behalf of all those veterans, it was

1 truly our honor to serve you and this nation. Let's not
2 forget our veterans.

3 Thank you very much.

4 CHAIR NICHOLS: Thank you, Mr. Kufchak, before
5 you walk away --

6 SERGEANT MAJOR KUFCHAK: Yes, ma'am.

7 CHAIR NICHOLS: -- it looks to me as though we've
8 got probably 15 or 20 individuals here who are all here
9 basically to make the same point, that is that they want
10 to see the jobs of -- that are associated with building
11 these stations --

12 SERGEANT MAJOR KUFCHAK: Yes, ma'am.

13 CHAIR NICHOLS: -- going to people who would be
14 trained and certified veterans in particular, and also
15 people from disadvantaged communities.

16 And I'm wondering if those people who are here
17 with that particular mission, that particular statement,
18 could at least holdup -- you know, put your hand up in the
19 air and show your support for that position.

20 Okay. There's a good group of you, and thank
21 you.

22 SERGEANT MAJOR KUFCHAK: That's great.

23 CHAIR NICHOLS: Thank you all.

24 I have met with both representatives of IBEW, and
25 other groups who are basically advocating on that same

1 point. And I know that Mr. McNabb from Electrify America
2 is prepared to say something about this point.

3 SERGEANT MAJOR KUFCHAK: Yes, ma'am.

4 CHAIR NICHOLS: From a legal perspective, my
5 understanding is that the Air Board cannot mandate
6 Volkswagen in terms of who they contract with, or how they
7 do their hiring, but we have a relationship with them,
8 such that they need our ongoing support and approval.
9 And, of course, you know, we need them to be successful.

10 So I really want them to hear this point, and I
11 want to urge them to take advantage of the talent and the
12 enthusiasm that you all bring to this. But I do want to
13 say up front that I don't think we're in a position as a
14 Board to actually take the action that I know you would
15 love to see us do, in terms of mandating that this
16 agreement must include the kind of provision that you're
17 talking about on hiring.

18 So I just -- I wanted to let people know that I
19 don't want to cut anybody off, but just --

20 SERGEANT MAJOR KUFCHAK: Yes, ma'am.

21 CHAIR NICHOLS: -- so you're aware of the
22 situation.

23 SERGEANT MAJOR KUFCHAK: But Chair Nichols, we
24 need to find a way to incorporate this language into a
25 standard though. We can only benefit from it ma'am as you

1 well know. And I'm certain that you understand that as
2 well as everybody in the room does.

3 Thank you very much for your time, Board. Thank
4 you.

5 CHAIR NICHOLS: Thank you for coming.

6 Okay.

7 MR. SMITH: Good afternoon. My name is Jeremy
8 Smith, and I'm an employee of PG&E. Recently, the CPUC
9 has approved the installations of thousands of charging
10 stations. What's great about this is the work being done
11 has be done by workers who have been EVITP trained and
12 certified. The EVITB -- the EVITP training is essential,
13 because it assures these stations will be working
14 appropriately and efficiently, but most importantly it
15 assures public safety.

16 As a PG&E employee, I'm thrilled with these
17 stations being installed and see how great that they have
18 worked out. Today, I recommend to the Board that this
19 work be done by IBEW EVITP certified workers.

20 Thank you.

21 MR. PUZANKOV: Good afternoon, my name is Ilya
22 Puzankov, and I am studying to be an electrician.
23 Although I'm not a veteran or from a disadvantaged
24 community, I support their efforts to find jobs. And I'm
25 concerned about how much work I'll have in the future.

1 And becoming a good electrician takes time, and I'm
2 prepared to do my part to ensure safety and quality.

3 And I've been reading about what Volkswagen has
4 proposed to the Air Resources Board. And in my opinion,
5 there seems to be something missing, especially the safety
6 training. And my understanding is that our State
7 government has said it wants a well-trained energy
8 workforce. And this is an opportunity to require that
9 EVITP safety training is required. Otherwise, the
10 Volkswagen projects will just go to companies that don't
11 invest in training, that don't Invest in us, and don't
12 invest in safety.

13 And the proposal for Volkswagen reporting on
14 certification hiring California veterans and disadvantaged
15 persons is a very good idea. And after what Volkswagen
16 has done, we need to be sure that they're making positive
17 contributions to our State.

18 Thanks so much.

19 AIR RESOURCES ENGINEER CASTELLANO:

20 MS. CASSI: Good afternoon, Board and staff. My
21 name is Emily Cassi, and I am a project manager for Con J.
22 Franke Electric. We are a California electrical
23 contractor.

24 And I'm commenting today because we think the VW
25 settlement is very important to California. We are happy

1 to see the potential to put more EVs on the road and
2 improve our environment. And these are some wonderful
3 goals that we will be able to accomplish here in
4 California. There are a few things that the settlement
5 falls short of. And many of our veterans are in need of
6 jobs.

7 I know you brought this up. I just wanted to
8 make a couple points. They served our country - excuse
9 me - well. And California has programs to help and serve
10 them, but this is an opportunity to give them even more
11 support and encouragement and work.

12 The VW settlement is a big opportunity to do
13 this, but it is not requiring it, and so that is a concern
14 of ours. Electrical safety. As an electrical contractor,
15 when you see the dangers in poor electrical work, we know
16 people can get hurt and property can be damaged if things
17 are not done properly.

18 EV batteries are getting larger and more
19 powerful. And charging loads are presenting greater
20 safety challenges. The answer is a comprehensive --
21 effective training to make sure that service to the
22 properties are adequate and cover all electrical loads.

23 To take -- take this knowledge, skill, practice,
24 and testing, we want to make sure it's done right. And
25 our company strongly supports the electrical vehicle

1 infrastructure training program. And we know how it
2 works, and the VA -- the current VW plan does not require
3 the training for certified electrical contractors. And
4 that is a shortcoming that we see to this initiative also.

5 We urge the Air Resources Board to require the
6 employment of the 15 percent of veterans, 25 percent of
7 workers to be from disadvantaged communities, and also
8 that all electrical workers working on the VW projects be
9 required to have the EVITP certification.

10 Thank you and have a good afternoon.

11 CHAIR NICHOLS: Thank you.

12 MR. COLE: Hello, Chairman Nichols, Board members
13 and staff. My name is Derek Cole, and I'm an electrician
14 in Contra Costa County. And I'm not a veteran or from a
15 disadvantaged community, but I do support the efforts for
16 them to obtain quality jobs.

17 I spent many years learning the electrical
18 training becoming certified. Now, nothing in the VW
19 settlement appears to require well-trained workers who
20 have proven to install charging stations safely. I
21 believe that should be changed.

22 And the proposal for VW reporting on
23 certification and hiring California veterans and
24 disadvantaged persons is a very good idea. After what VW
25 has done, we need to be sure that they are making positive

1 contributions to our State.

2 Thank you very much for your time.

3 CHAIR NICHOLS: Could I ask the people who are
4 next in line, if they would come down and just lineup,
5 just so we can save ourselves a little bit of time here,
6 as you -- it seems to take a while for people to get from
7 their chairs to the podium, if you wouldn't mind, if you
8 see you're coming up in the next number or two.

9 Okay. Thank you. Go ahead.

10 MS. ALTAMIRANO: Hi. My name is Angelica
11 Altamirano. I'm employed with PG&E, and who has been
12 approved to create thousands of charging stations. I do
13 support clear and definite requirements for VW to hire a
14 minimum number of veterans. The 15 percent proposed
15 earlier makes sense, and is the right thing to do. The
16 CARB Board should require VW to use contractors that hire
17 15 percent veterans and 25 percent from disadvantaged
18 areas. I do urge you to insert these minimums in the
19 plan. Thank you.

20 MR. TALAKAI: Good afternoon, Madam Chair, and
21 the Board. My name is Kasitalea Abraham Talakai, Jr.
22 I've been in the electrical industry for 12 years. I did
23 grow up in a disadvantaged community. I have not had the
24 privilege of serving our country in the military. Those
25 that have served our country should have an opportunity to

1 be part of this ZEV plan. The CARB Board should require
2 to use contractors that employ 15 percent of veterans, and
3 25 percent from disadvantaged areas. I recommend these be
4 added as a minimum to the plan.

5 Thank you.

6 MR. HERRERA: Good afternoon to the Board. My
7 name is Michael Herrera. I work for Contra Costa
8 Electric. I've been an electrician for 37 years. I think
9 there's one point that I should make, the charging systems
10 that you're installing -- that will be installed, I
11 believe. I've also worked for the federal government for
12 seven years. And back-up systems, either back-up
13 generators and/or solar might be implemented in this
14 project, because you have all these cars that are going to
15 get charged up, and you got no power, because like we
16 don't have no brown-outs, or power failures, or
17 earthquakes, right?

18 I think I made may point. Thank you.

19 MR. GUMATAOTAO: Good afternoon, all. My name is
20 Jason Gumataotao. I'm an electrician from Oakland, and I
21 wanted to talk a little bit about this disadvantaged
22 community. Folks, they keep talking about it.

23 On slide 9, there was mention of awareness
24 campaign. And it looks like some cities are highlighted
25 here. And then on slide 11, there was a mention of a

1 request for info. So in Oakland, you guys probably know
2 there was a development that burned down recently. And
3 half of that workforce is from out of State.

4 The two neighboring developments will see the
5 same thing, because we know who the contractor is. Those
6 developers claimed the same thing, that they would -- that
7 they would hire from Oakland. And when their project was
8 approved, I guess they changed their mind. So I just want
9 you guys to consider that. And I realize it's a challenge
10 to require people to hire from California, and to train
11 California. But I think the lawyers with CARB and the
12 State, I'm sure they can find a way to ensure that
13 Californians help build what's happening or the EV, and
14 require training for that. So thank you.

15 MR. KIRKPATRICK: Hi. My name is Earnest
16 Kirkpatrick, and I right now I'm a student -- I'm an
17 electrician student. I'm -- I would like to say that I
18 honestly think that the bill is a good idea, except for a
19 few things, one of them being that the training. I would
20 like to see the EVITP training. I think that that is a
21 very -- that's a very key step to it.

22 I would also like to see -- I'm also in favor of
23 the vets and disadvantaged communities being hired. But I
24 definitely, beyond a shadow of a doubt, I definitely want
25 to see them hired from here in California. I believe that

1 would be the best -- the best service for our communities.

2 Thank you.

3 MR. PEREDA: Hi. My name is Ivan Pereda. I'm an
4 eight-year employee with PG&E. Being an employee of PG&E,
5 we've always been taught that safety is our number one
6 factor. Feeling that safety is our number one thing, I
7 mean, the work that's going to be done for the
8 infrastructure, we do feel that with the EVTIP, you know,
9 training, if they're going to be doing the work, then we
10 know it's going to be done right. Doing the work right is
11 going to ensure public safety, ensure safe work
12 environments. I mean at the end of the day, we definitely
13 just want our workers to go home -- go home safely to
14 their families, because that's what we all go to work for
15 is to go home to our families. So as long as we have the
16 right people doing the right work, I think everything will
17 be good.

18 So thank you. Have a good day.

19 MR. KOTLIER: Good afternoon. My name is Bernie
20 Kotlier. I'm the executive director of the California
21 Labor Management Cooperation Committee. I'd like to thank
22 Madam Chair and the Board for this opportunity to speak
23 today.

24 You've heard what I'm going to say a few times,
25 but I think it needs to be said again and again until

1 hopefully it makes an impact. The VW settlement has many
2 positive attributes, but also has some serious
3 deficiencies.

4 First, it needs specific goals and requirements
5 to provide greater opportunities to disadvantaged
6 communities. Installing charging stations in
7 disadvantaged communities is fine, but not enough.
8 Members of these communities need jobs. And we
9 respectfully urge the Board to support the proposal that
10 requires 25 percent of the EV charging infrastructure to
11 be installed by residents of disadvantaged communities.

12 I can't say it as well as the Sergeant Major was
13 here, but he's absolutely right about supporting our
14 veterans. They have done very, very well for us.
15 Unfortunately with they come home, they don't always do so
16 well. This is an opportunity for a State agency to make
17 that requirement that 15 percent of those jobs go to
18 veterans and California residents who are veterans, and to
19 those 25 percent who are disadvantaged. This is a great
20 opportunity for a State agency to do something about this.

21 Just saying that a charging station is going to
22 go in the community is not enough respectfully.

23 Finally, you've heard a lot about EVITP. And I
24 don't know that I need to repeat all of that, but I can
25 tell you that this is a program that is now over four

1 years old. It's nationwide. It was reviewed and has been
2 featured by the Department of Energy, Clean Cities for
3 years. It has set a precedent in this State that I think
4 should -- needs to be considered and needs to be followed,
5 and that is, is that, once again, a California State
6 agency, the Public Utilities Commission has required that
7 all our electric utilities, who are putting in roughly
8 10,000 charging stations in this state, need to hire
9 contractors and electricians who have this certification.

10 There's a reason for that. And there's a reason
11 that has been supported by many organizations in this
12 state, including the Sierra Club, the National Resources
13 Defense Council, Honda, General Motors, Southern
14 California Edison, San Diego Gas and Electric, and PG&E.
15 In fact, I think that you may have already seen a letter
16 from Southern California Edison saying that they support
17 this program and they urge it to be utilized in the VW
18 settlement.

19 So this is good for a lot of people. It's a
20 great precedent. It has great support. VW needs to do it
21 too, and we urge and thank the Board and Madam Chair for
22 your support. Thank you.

23 MR. FOX: Hello. My name is Yuriy Fox. I am the
24 owner of Absolut Electric here in Sacramento, California.
25 With the number of electrical vehicles in California, and

1 many more to come, companies -- our company is concerned
2 that possible hazards that may be related to EV charger
3 installs. Some electricians learn these skills in trade
4 school. Many of those have forgotten them. Others have
5 had -- have not had the benefit of training at all.

6 We know electricians need this kind of training,
7 and they found it in the Electrical Vehicle Infrastructure
8 Training Program, or EVITP.

9 We are very impressed with the curriculum and the
10 exams, certification, and most important the outcome, safe
11 installation, non-operation of residential and commercial
12 charging systems.

13 We appreciate EVITP because it is not like the
14 training offered by manufacturers, charging network
15 companies. They don't train, assessment, and calculation.
16 They certainly don't test on those skills. Also, EVITP is
17 trying to push -- is not trying to push products on us.
18 It is just the training.

19 As a member, we hire electricians -- as an
20 employer, we hire electricians who are veterans, and those
21 who are from disadvantaged communities. They are
22 California workers who contribute to our State. We
23 support the request of CABR[sic] to require VW to do the
24 same. Thank you.

25 MR. GINI: Good afternoon. Thank you for the

1 opportunity of speaking today. My name is Brian Gini.
2 I'm a vice president and branch manager of Collins
3 Electrical Company. We have five offices up and down the
4 Central Valley in Sacramento, Stockton, Fresno, Monterey
5 and Dublin.

6 Currently, we employ over 300 electricians. As
7 technology changes and as new products come to market, we
8 realize that we have to train our people and ensure that
9 they specifically understand the electrical requirements
10 of each of these installations.

11 When solar work came out 25 years ago, we were
12 one of the first contractors to install electrical panels
13 for UC Davis for their testing program, which is still in
14 place today. We trained our people when that new
15 technology came available.

16 When lighting controls became a standard within
17 California, we ensured that our people were trained
18 specifically for lighting controls, so they were not
19 causing themselves or the general public any harm.

20 Now, with electric car charging stations, our
21 company was one of the first to install for the Chevy Volt
22 at American Chevrolet in Modesto, California over five
23 years ago. We specifically trained to ensure that our
24 people were certified and understood how that technology
25 was to be connected, so the general public and our

1 employees were safe.

2 Safety, safety, safety. In our industry of
3 electricity, that is the most important, even over profit,
4 that a contractor like myself is trying to ensure for our
5 employees are our public safety. Our reputation is
6 defined by how safe we are when we're on job sites. Our
7 capability of being in business over 90 years comes down
8 to how safe that we ensure that our people's workplace is
9 and the general public as well.

10 When you hear about car fires, there's dozens of
11 car fires, gasoline car fires every day. But when you
12 hear of one or two electric car charging stations or fires
13 from an EV car, that is national, if not world-wide news.

14 Why?

15 It's something new. It's something that people
16 haven't been trained on. They haven't been certified on.
17 And we need to make sure, as somebody mentioned
18 previously, that as the battery sizes become larger, they
19 become more dangerous, and these electrical installations
20 become that much more dangerous also. Specific training
21 such as the EVITP certification program, which our
22 contractor is one of, is absolutely necessary to ensure
23 the safety of the electrician and the general public.

24 Thank for your time.

25 MR. LEVINE: Madam chair, members Lloyd Levine

1 representing the Sacramento Electric Vehicle Association
2 in strong support of the proposal today. Sacramento
3 Electric Vehicle Association represents businesses, EV
4 drivers, car dealerships in the six-county Sacramento
5 region. We are the only organization in the region solely
6 devoted to the promotion of electric vehicle
7 infrastructure and electric vehicle adoption.

8 We host many events throughout the year to
9 promote the benefits of electric vehicles. We work with
10 electric officials, such as Supervisor Serna and others to
11 inform them of policies that will promote electric vehicle
12 adoption.

13 Sacramento is one of the most EV-ready
14 communities I have ever seen. As you know, I represented
15 Los Angeles when I was in the State legislature and have
16 been involved in electricity issues for many, many years.
17 The collaborative force in Sacramento has been incredible.
18 We also are part of the PEV Collaborative, seeing so many
19 different entities working together so well to prepare the
20 region the work we've already done.

21 I can honestly tell you we were ready for this
22 money before the money was available. Thank you very
23 much. Appreciate your support. Look forward to an eye
24 vote.

25 (Laughter.)

1 MS. TUTT: Hi. Eileen Tutt with the California
2 Electric Transportation Coalition. I just want to say
3 that we strongly support the Electrify America California
4 ZEV investment plan and supplement. This is just cycle
5 one, I want to remind everyone. There are going to be
6 three more tranches. And we've got to get started. We're
7 never going to have a plan that makes everybody happy,
8 sort of harkening back to this morning. And so I think
9 this comes pretty darn close, and we're very pleased with
10 it.

11 I want to say that Electrify America is already
12 investing in infrastructure in other states and not here
13 in California, which is a real shame. We should have been
14 first in my mind. We're six months into the first quarter
15 of investment and we haven't been able to spend a dime.
16 So we just need to get this plan started. We -- I also --
17 in our comments, we pointed tout there's a tremendous
18 shortfall in EV infrastructure. And I want to say as a
19 driver for the last 12 years, that EV public
20 infrastructure actually sells cars. It literally sells
21 cars. So it's really important that we try to catch up
22 with the demand for this charging as soon as possible.

23 I know Electrify America will help us do that
24 along with the utilities investment as well as the public
25 sector investment. I want to point out that we've met

1 numerous times with Electrify America, as has the
2 utilities. So we are eager to make the utility
3 investments, and the Electrify America investments, and
4 the public investments go further as we work together to
5 get this done.

6 I also just want to recognize that Electrify
7 America did go far in addressing the supplement questions.
8 There is now substantial investment in disadvantaged
9 communities, 20 million in outreach and education, which
10 is desperately needed, and they specifically carve out
11 some of that outreach and education for disadvantaged
12 communities.

13 So thank you for your time today, and I urge you
14 to support this plan.

15 CHAIR NICHOLS: Mr. McNabb, I know you had asked
16 to speak last, but two other people have come that had --
17 one who was missed, I guess. Do you mind waiting and then
18 you really will be the last. Okay. So we have James
19 Corless who was out of the room when his name was called.
20 And then we have Mark Voorhoeve. I'm sorry, I've got it
21 -- I'm mangling your name. Voorhoeve, I believe.

22 Okay. Go ahead.

23 MR. CORLESS: Chair Nichols, members of the
24 Board. Thank you for much for taking me. I am the CEO of
25 the Sacramento Area Council of Governments. I've been on

1 that job now for about three months and I've got three
2 quick points to make.

3 Number one is we are ready. We have been
4 planning for this for over a decade.

5 Number two, we have a great track record when it
6 comes to delivering. On federal transportation funds,
7 five years in a row, we have actually overprogrammed,
8 overspent all of our federal funds, in particular, air
9 quality funds that have significant air quality benefits.
10 So we're ready for this program.

11 And third, we are, I think, too often in the
12 shadow of the State Capitol, and we need to be in that
13 glow. We're the backyard test bed. We need and we want
14 to be that test bed. I actually just had to leave to kick
15 off a civic lab innovation project for our six-county
16 region. This settlement money, Electrify America, is
17 critical to making us one of the most innovative regions
18 in the United States.

19 Thank you so much for your time. I ask for your
20 aye vote.

21 CHAIR NICHOLS: Thank you.

22 MR. VOORHOEVE: Hi, everybody. Thank you for --
23 I don't know what happened with that, but I want to thank
24 you all for inviting us to speak for a moment. I'm Marc
25 Voorhoeve, and I'm with EFACEC. We have products in over

1 65 different countries. We employ over 2,700 people
2 worldwide. We also have about 850 chargers worldwide as
3 well.

4 We're definitely in favor of this PEV investment
5 plan. We have encourage you to make a decision today, and
6 as all of us would like obviously. And we're just here to
7 support you in whatever way we can. It's crucial that we
8 absolutely include Fresno, which has already been
9 established. We are a -- we expand our price all the
10 time. We work with different utility companies, all types
11 of businesses, and we are open for networking. We do not
12 assign ourselves to any particular one.

13 Thank you very much.

14 CHAIR NICHOLS: Okay. Thank you.

15 Now, Mr. McNabb it's your turn.

16 MR. McNABB: Good afternoon.

17 My name is Marc McNabb. I'm the CEO of Electrify
18 America. For those who don't know me, I've spent 30 years
19 in the automotive field, and most recently, have gone
20 electric. I've been involved in the development of
21 electric cars with different car companies. The majority
22 of my career I was at Nissan. I spent 20 plus years. I
23 joined Volkswagen four years ago, and I have been, for the
24 last two years, one of the authors, one of the
25 negotiators, and one of the implementers of the TDI

1 program for the last two years.

2 My vision is simple for this company. I want
3 this to be a sustainable business that outlives the
4 10-year consent decree. This is our legacy. This is what
5 we leave behind, and I am very, very focused on delivering
6 that legacy.

7 I want to thank all of you, and I want to thank
8 the CARB staff. I think the push that you gave us to come
9 back and refine the plan was a good push. And I've said
10 this to Richard Corey a number of different times. The
11 plan that we presented to you in the supplemental is
12 better than the plan that we had delivered to you
13 originally. And I thank the staff for the push.

14 With regards to some of the comments that I heard
15 today in regards to training, we agree. We think training
16 is vitally important. All of our contractors will have to
17 be certified -- California certified electricians, which
18 means that they have 8000 hours of training, and have to
19 pass a rigorous State exam. So that is a pre-requisite.

20 We also will not use installers that do not have
21 a record of installing. We want to make sure -- in the
22 beginning to make sure that we get installers who have
23 experience. They all have, and we will have a
24 pre-requisite of safety records, so we will require that
25 in our RFP to understand where their safety records are.

1 Obviously, with a poor safety record, they will be
2 disqualified from the bid moving forward.

3 Our vendors -- because this is new technology,
4 our vendors will train, and they will train, and train on
5 the new machines that we have going out there. And those
6 machines and those new technologies we'll have multiple
7 vendors supplying to us. So that all of those we will go
8 out to our contractors and train over the hours and hours
9 to make sure that they understand the new technologies.

10 With that said, in the comments that I hear
11 today, I would suggest -- and this is something new. And
12 I explained that -- I think I had several conversations
13 with some of the Board members the last couple days, I
14 would sit down with IBEW and understand the EVTIP plan. I
15 don't understand it -- EVITP. I think that it is
16 something relatively new. It came to us over the last few
17 days and we have furiously gone after to try and
18 understand what it is.

19 CHAIR NICHOLS: We'll extend your time given the
20 situation.

21 (Laughter.)

22 MR. McNABB: Wow. Just lastly, the last time we
23 appeared, I think Brendon was here, and appeared on my
24 behalf. Since that time, we had a staff of 13. We are
25 now staffed up to 50 people. We have a our own building.

1 We have our own IT now. We're starting to move and
2 develop as a company. We have backgrounds. One of the
3 pre-requisites I had joining this company was that we
4 needed to have diversity of thought. We have people from
5 different OEMs. I have BMW. We have Toyota. We have
6 people from different EV infrastructure companies. EVGo,
7 Greenlots. We have government officials. We have people
8 who came from the Department of Energy.

9 So we have very thoughtfully tried to put
10 together a team that brings diverse thought, because we
11 believe that's what leads to great plans.

12 So thank you for giving me the opportunity to
13 comment and thank you very much.

14 CHAIR NICHOLS: Will you be available for
15 questions if Board members want to ask you any questions?

16 Don'e go away.

17 MR. McNABB: Thank you.

18 CHAIR NICHOLS: Yes. I'd like to turn now to
19 Supervisor Serna.

20 BOARD MEMBER SERNA: Thank you, Chair Nichols.
21 Thank you Mr. McNabb, and thanks to all the previous
22 speakers that patiently waited to provide us testimony,
23 and give us important input as we draw close to a decision
24 here.

25 I had a follow-up question to the one that you

1 just answered about your willingness to sit down with IBEW
2 representatives and understand their programs, and
3 exploit, hopefully, opportunities to find where their
4 objectives and yours, ours intersect.

5 I didn't hear you necessarily mention veterans.
6 That was another group that had come up. And I don't know
7 if you have any other similar comments relative to
8 veterans.

9 MR. McNABB: We do have -- as part of the consent
10 decree, we do have a provision that actually provides us
11 the opportunity to report back to you on minority-,
12 veteran-owned businesses.

13 I have not looked at it any deeper than that in
14 terms of workforce. You have to remember we're going out
15 to probably 200 different installers and in an incredibly
16 complicated field. I don't know what's out there, but we
17 have to use people that have the experience there. So I
18 just need to do my homework and understand what's out
19 there.

20 BOARD MEMBER SERNA: So it sounds to me like you
21 will look -- actively look for those opportunities. And
22 where they do meet your standards, your objectives for
23 what you need to do, that will be a priority, fair to say?

24 MR. McNABB: Yes.

25 BOARD MEMBER SERNA: Very good.

1 BOARD MEMBER GIOIA: Madam Chair.

2 CHAIR NICHOLS: Okay.

3 BOARD MEMBER SERNA: I was -- I had two more
4 thoughts.

5 CHAIR NICHOLS: Yes, please. Go ahead. We'll
6 let you do your piece.

7 BOARD MEMBER SERNA: And I won't be long. I know
8 that it's late in the afternoon and --

9 CHAIR NICHOLS: Well, I'm actually counting on
10 you to make the resolution also, to make the motion.

11 BOARD MEMBER SERNA: Oh, absolutely. I mean I
12 would be happy to.

13 CHAIR NICHOLS: Okay.

14 BOARD MEMBER SERNA: I know people have flights
15 back to other parts of the State, so I won't be long here.
16 I won't belabor this to.

17 I want to, first of all, thank staff for doing a
18 great job in helping this Board work through and quite
19 frankly scrutinize and make better, as was mentioned, the
20 resolution, especially as it relates to looking at other
21 parts of the State. Fresno has been mentioned quite
22 frequently this afternoon, as well as the -- I think it's
23 fair to say the broad interest here in maximizing the
24 focus on disadvantaged communities in California, and
25 bumping up the percentage. So that's much appreciated.

1 I certainly want to thank the entirety of the
2 Sacramento contingent that came out very strongly today to
3 give us their input and perspective from a multitude of
4 areas, whether it be education, or government, or
5 industry, or health. So I think all those perspectives
6 are certainly ones that will certainly affect my -- my
7 decision.

8 I'm curious to hear other members of the Board
9 with their comments and/or suggestions. But Chair
10 Nichols, I am prepared to make the motion to adopt
11 Resolution 17-23

12 CHAIR NICHOLS: I think we might as well put the
13 motion on the table. We have a motion --

14 BOARD MEMBER MITCHELL: Second.

15 CHAIR NICHOLS: -- and a second.

16 Okay. Let's go down to the other end here.

17 Mr. Gioia.

18 BOARD MEMBER GIOIA: Thank you. I wanted to sort
19 of address a couple of the points that have been raised,
20 which is really how to make the commitment stronger. And
21 I appreciate that the resolution has some stronger
22 language. But one thing I've learned in many years sort
23 of addressing these issues on the county board of
24 supervisors is the strongest language and the firmest
25 commitments are really the best opportunity to ensure that

1 we can enforce the provisions.

2 So with regard to the 35 percent investment in
3 disadvantaged communities, so the language in the
4 supplement uses the term "anticipate", which clearly is
5 not very strong, but the resolution uses the language,
6 "Strive to ensure to the maximum extent allowable under
7 the consent decree".

8 Why can't we say to have the actual 35 percent
9 number to the extent allowable under the consent decree as
10 opposed to strive to ensure. If we're using language that
11 says we want to achieve this goal to the maximum extent
12 allowable under the consent decree, then let's just state
13 that goal as the minimum.

14 And let me understand, does the consent decree
15 prohibit us from doing this? So this is more of a legal
16 issue. Does it prohibit us from stating some specific
17 goal on some of these areas?

18 CHIEF COUNSEL PETER: So Supervisor Gioia, the
19 consent decree has certain provisions, as you know. And
20 there's not a provision that requires a 35 percent. So we
21 cannot require Electrify America, or Volkswagen rather, to
22 do 35 percent. That is not within -- it wasn't
23 negotiated. It wasn't a part --

24 BOARD MEMBER GIOIA: It wasn't negotiated. But
25 if we agreed here -- if Electrify America agreed and we

1 agreed, then would that be prohibited by the consent
2 decree.

3 CHIEF COUNSEL PETER: No, it's not prohibited.
4 By their supplement now, they've already done a number of
5 additional things.

6 BOARD MEMBER GIOIA: Right.

7 CHIEF COUNSEL PETER: The 35 percent is only one
8 thing that they're doing.

9 BOARD MEMBER GIOIA: Right. I understand. But
10 again, I just want to focus on this for a second. So the
11 consent decree would not prohibit an agreement here
12 between Electrify America and ARB, if we decided to reach
13 an agreement and put that provision in?

14 CHIEF COUNSEL PETER: Right. That is correct.
15 It's not prohibited.

16 BOARD MEMBER GIOIA: Okay.

17 CHIEF COUNSEL PETER: What I'd like to do though
18 is point out the, "strive to ensure", that was following
19 what the legislature had put in SB 92, so that --

20 BOARD MEMBER GIOIA: Right.

21 CHIEF COUNSEL PETER: You know, to the extent we
22 are trying to match what the legislature did.

23 BOARD MEMBER GIOIA: I understand.

24 CHIEF COUNSEL PETER: Okay.

25 BOARD MEMBER GIOIA: But their -- but the

1 legislation on investment of cap and trade dollars
2 actually -- has actually the statutory minimums, correct?

3 CHIEF COUNSEL PETER: I'm sorry, the --

4 BOARD MEMBER GIOIA: On the expenditure of
5 cap-and-trade dollars, the language that talks about the
6 percent that must be spent in disadvantaged communities --

7 CHAIR NICHOLS: SB 535.

8 BOARD MEMBER GIOIA: -- is an absolute -- is an
9 absolute minimum

10 CHAIR NICHOLS: It was legislation, yes.

11 BOARD MEMBER GIOIA: That's correct.

12 So I guess the point I'm trying to make is I
13 think there comes a time that we just need to stand up and
14 say if we have the legal authority with agreement with
15 Electrify America, why don't we put it in here -- why
16 don't we put it in? And it's consistent with State law
17 with regard to investments in disadvantaged communities.
18 There's nothing that prevents us if Electrify America
19 agrees to have the same standard, that we could put that
20 in here.

21 Because, you know, the strive to -- strive to
22 ensure is great, but, you know, if -- if in two years from
23 now, you know -- yes, I understand there's going to be
24 reports back over, you know, a couple times a year. But
25 if in a year or two, we see data that shows it's 25

1 percent, and the answer is, well, we strived to achieve
2 35, but we got 25, at least when we establish that, we'll
3 get 35. That's -- I think we need to try to achieve that,
4 and that's consistent with what we're getting in other
5 investments.

6 MR. McNABB: I --

7 CHAIR NICHOLS: So I would -- If I may --

8 BOARD MEMBER GIOIA: Yeah.

9 CHAIR NICHOLS: -- can I interject at this point,
10 because I was at a meeting with Mr. Corey, and Ms. Peter,
11 and representatives -- I don't believe Mr. McNabb was
12 there actually. This was Volkswagen's representative,
13 their attorneys who were involved with the consent decree
14 negotiation, and they were quite ferociously adamant about
15 this language in terms of "strive to achieve" being about
16 as far as they were willing to go before they went back to
17 court.

18 I don't want to put Mr. McNabb in the position of
19 having to speak on behalf of Volkswagen, because he's got
20 his own company to run. But the consent decree is a
21 different animal, and I think we've made our views quite
22 clear. We're going to be living with these people, almost
23 literally, for 10 years. And we're also trying very hard
24 to establish a relationship, which is one of shared
25 adherence to the desire to genuinely have a successful

1 brand-neutral electric vehicle support program using
2 Volkswagen's money through Electrify America.

3 I think it's a wrong path to go down to be as
4 insistent, as I know you want to be, as an elected
5 official, as a public official, in demanding and holding
6 them accountable in that particular circumstance. I would
7 have no problem with applying that kind of a principle to
8 the expenditure of the money under appendix B, the money
9 that's coming to us directly for the State to spend.
10 That's our money, and we should be spending it, you know,
11 in accordance with overriding principles.

12 This is a different situation. It's not our
13 money.

14 BOARD MEMBER GIOIA: Well, but -- no, I respect
15 that, and -- but there are a lot of things in here that
16 are directive about how the money should be spent. And I
17 just -- I -- and I don't -- I'm not doubting that there's
18 a commitment to do this. I respect and appreciate that.
19 I just think, yes, while there's going to be a
20 relationship here, having it legally enforceable in
21 writing, allows -- puts us in a better position, because
22 again it will be easy to explain away that you strived to
23 achieve, but didn't get it because, well, you know, these
24 are the design of the census tracts, these are hard. I
25 mean, we've heard -- we heard these. I'm not talking

1 about Volkswagen here, but we hear this issue come up a
2 lot in enforcing these types of provisions.

3 And if the legislature saw fit, I mean, it -- to
4 set a standard in stone, because it also believed that,
5 you know, having good faith efforts about how to spend cap
6 and trade weren't enough and we're going to set it in
7 stone, we have -- it sounds like if Electrify America
8 agrees, this is not inconsistent legally with the consent
9 decree. It's not prohibited by the consent decree, so we
10 have the ability.

11 And so it's really sort of a call, can we push
12 this further? And I guess that's how I just think we're
13 better off if we do that.

14 And similarly, if we can have some stronger
15 language on goal on -- I think this idea of hiring
16 individuals from disadvantaged communities, a certain
17 percent, makes sense as well. What we're trying to do is
18 train individuals in the new energy economy. And to the
19 extent that we can provide job opportunities for people
20 from disadvantaged communities, as well as veterans, in
21 the new energy economy, we are providing a great service
22 in terms of sort of just transition on these jobs. So I
23 would say we should also have some goal language with
24 regard to jobs as well.

25 So I'd like to hear just some discussion on that,

1 how the folks feel.

2 CHAIR NICHOLS: Ms. Mitchell.

3 BOARD MEMBER MITCHELL: Thank you, Madam Chair.

4 I think that we might be able to fashion some language
5 that encourages Electrify America to hire people from
6 disadvantaged communities, because I think that isn't
7 quite said in here. I mean, the infrastructure is going
8 to benefit disadvantaged communities. But to the extent
9 that you can find qualified persons who can do this kind
10 of work, I would like to see some language that maybe
11 encourages that and encourages hiring veterans as well.

12 I agree that this is a different animal here than
13 just getting an agreement from VW today to change what is
14 in the terms of the consent decree. We -- I think we are
15 bound by the consent decree, and what's in the plan must
16 be in agreement and comport with what is in the consent
17 decree. So I wouldn't push that further than to -- so far
18 as to require it. But it might be appropriate to add some
19 language that encourages hiring qualified people from
20 disadvantaged communities and vets as well.

21 So I -- I don't know what the language would look
22 like. It maybe fits in on page seven under, "Striving to
23 ensure that they spend at least 35 percent", or add
24 language there, or in the last -- in that third bullet
25 point add language that includes job creation and job

1 training estimations, and encourage Electrify America to
2 provide hiring opportunities to qualified persons residing
3 in the disadvantaged communities and to hire persons that
4 are trained and certified. I think you'll do that anyway.

5 MR. McNABB: We have to.

6 BOARD MEMBER MITCHELL: You have to do that, but
7 also to hire veterans. One of my concerns is that we
8 won't be hiring the Californians who need jobs, you know.
9 And I think that's something I want to make sure you're
10 not going out of state and hiring people. Like we heard
11 one gentleman claim in the Oakland fire that they just
12 went outside and hired people. We have a lot of people in
13 California who need jobs, and I would -- I would want to
14 hope that we can at least go in that correction.

15 MR. McNABB: Oh, I think going outside of
16 state -- you have the largest infrastructure installation
17 team in the country, and maybe in the world. This is a
18 very -- there is a group of very well qualified people out
19 there that can do this job. And they have been working,
20 you know, tirelessly over the last seven years to refine
21 their skills and get better and better at it.

22 Your pool here is amazing from that. So I don't
23 think the danger of going out of state is as much as the
24 danger of the people leaving the state to go find some of
25 these jobs somewhere else.

1 BOARD MEMBER MITCHELL: Jobs somewhere else.

2 I'm glad to hear that, because I think, you know,
3 we have an opportunity here to make sure those people stay
4 employed as well. So, I mean, that would be my point to
5 make in this discussion, Supervisor Gioia, as to the
6 comments that you're making.

7 CHAIR NICHOLS: Any other?

8 Sorry, I'll go to Mr. Florez and then Ms.
9 Takvorian.

10 BOARD MEMBER FLOREZ: Thank you. I know you're
11 going back and forth. So, Mr. McNabb, let me get to the
12 end of my questions, which is simply, I think the question
13 of can we trust you?

14 (Laughter.)

15 MR. McNABB: Let me --

16 BOARD MEMBER FLOREZ: And that's a very serious
17 question.

18 MR. McNABB: No, I --

19 BOARD MEMBER FLOREZ: And let me preface that by
20 saying, you know, this is a very open-ended agreement.
21 It's not as though ARB has the money, and we are dictating
22 where it should go. This is an agreement in the larger
23 context of an investment, but yet not an investment that
24 Volkswagen walked in six -- five years go and said we just
25 naturally want to invest \$800 million in the State of

1 California, so we'd like to work with you on that.

2 This was part of a larger settlement, so put it
3 in context. So we are working with you. We have the
4 ability to say, yes or no, but we can't dictate the
5 specifics, as I understand it to you. I understand that
6 part of it.

7 But at the end of the day, it really comes down
8 to the fact that we are going to live with you for 10
9 years, and none of on this Board, I believe, are going to
10 be here in 10 years. So we really need to hear today at
11 the kick-off of this particular investment the fundamental
12 question is whether the State of California can trust you,
13 with such nebulous words as "anticipate"? As Supervisor
14 Gioia mentioned, I think, obviously we'd like words like
15 "commit", or "promise", or "pledge". Those all good
16 strong words, but yet not too binding.

17 And I understand the confines of the attorneys,
18 but I'll let you answer. Can we -- can we trust you?

19 MR. McNABB: That's a very good question. And
20 given -- given the light of everything that's happened
21 over the past couple years, I understand the question.
22 And let me take a couple minutes to first introduce you to
23 me.

24 BOARD MEMBER FLOREZ: Sure.

25 MR. McNABB: I'm a 30-year veteran in the

1 automotive industry. I spent my life at -- well, 20 plus
2 years at Nissan. I worked here in California. I was a
3 California resident for over 10 years. My last job at
4 Nissan is I ran sales and marketing for the company for
5 the Americas, all the way from Canada down to the South
6 America and ran the company in Infiniti globally.

7 I have a lot of experience in automotive field.
8 And I think over the years, I've developed a reputation of
9 being a very straight shooter. Somebody that doesn't BS,
10 just comes right to the point.

11 I think, from your perspective, I've spent the
12 last two years -- I signed up. I put my hand up for the
13 last two years to negotiate with California Air Resources
14 Board, EPA, DOJ, 77 of the nicest plaintiff attorneys that
15 you will ever meet --

16 (Laughter.)

17 MR. McNABB: -- and a countless number of other
18 lawsuits. I've been involved in settling all of them from
19 Canada into the U.S. To date, we have bought back more
20 than 330,000 cars, I have trained over a thousand people,
21 I have taken over a million phone calls, and I have
22 reviewed over two million documents to make sure that I
23 lived up to my word to the government, that I would
24 deliver what I promised.

25 In this case, I cannot promise. And why I say --

1 again, I'm straight shooter about this -- is I don't
2 control it all. There are so many variables out here.
3 You know, can I go to the next neighborhood? If I end up
4 in the next neighborhood, because I can't get permitting,
5 and I can get everything else, I spill over and could end
6 up in a different census tract. But you have my
7 commitment and my intent to move this team to strive to
8 ensure that we meet the 35 percent.

9 BOARD MEMBER FLOREZ: Thank you. And just a few
10 more questions just on that line. I think we do have
11 control at the ARB, however, if you do somehow end up in
12 the wrong census tract, or do something that wouldn't
13 necessarily be in a disadvantaged community, we can
14 withhold that money from you, correct, at the end of the
15 period? And so therefore, we do have some control.

16 So let's say month 28 and we're closing up at
17 least the first investment period, is it -- I don't know.
18 Maybe staff can answer that. Do we have the ability to
19 withhold dollars from VW, if they made an investment that
20 we didn't agree?

21 CHIEF COUNSEL PETER: I -- Let me answer that,
22 Senator Florez. It depends what the violation is. On
23 your specific example if they moved one census tract over,
24 on one particular commitment? No, that wouldn't be a
25 violation. If at the end of the 30 months, they're at 15

1 percent, you know, in a disadvantaged community, we would
2 say that -- we would examine the facts behind it. So I
3 think it's a very fact-dependent kind of situation.

4 BOARD MEMBER FLOREZ: And let's --

5 CHIEF COUNSEL PETER: And so the standard is --

6 BOARD MEMBER FLOREZ: And if we do find a bad
7 fact, what happens?

8 CHIEF COUNSEL PETER: So there's certain things
9 that are credible costs. And if it doesn't count as a
10 credible cost, that's what we disallow.

11 BOARD MEMBER FLOREZ: Okay. That's what I'm
12 asking.

13 CHIEF COUNSEL PETER: So there's --

14 BOARD MEMBER FLOREZ: So we have the ability to
15 dis-allow at some point, if something didn't quite work
16 out the way it's supposed to.

17 CHIEF COUNSEL PETER: For example, if they didn't
18 use on their -- if they -- using an example of banning a
19 particular technology. So they're supposed to have -- all
20 of these infrastructures are supposed to take every car.
21 If they build a station that doesn't allow certain cars to
22 plug in, we would disallow that station. That amount goes
23 out.

24 So there's strictures though of what's in these
25 credible costs guidelines. So I don't want to overstate

1 that. And the specific example, if it ends up not being
2 at exactly 35 percent, does it all count? And that that
3 is why if I were -- you know, if I was Mr. McNabb without
4 knowing launching into this that he can deliver 35
5 percent, I would be reasonably concerned about saying, "I
6 pledge", "I promise".

7 BOARD MEMBER FLOREZ: Thank you.

8 Thank you. And, Mr. McNabb, the reason I'm
9 asking obviously the fundamental question and the kick-off
10 of this particular investment of 800 million is that staff
11 told us in their presentation today a few times that this
12 is going to get better. You know, this is specifically
13 going to get tougher, better, business plans. And that's
14 all far out.

15 So kind of what I see right now is not
16 necessarily a plan. I'd like to see a roadmap. I think
17 the members here, Mr. Gioia and others, we'd like to see a
18 road map. We're seeing a compass. We're seeing a --
19 we're going in this direction and just kind of trust that
20 we're going in the right direction, and as we keep
21 walking, this map is going to get better, and better, and
22 better, so that we actually reach these percentages.

23 And so with a compass, we have to have some
24 assurance from our leader, which at this point is you,
25 that we are, yes, heading in the right direction, but

1 without any sort of specifics like census tracts, and
2 where are those census tracts, and why can't you tell us
3 where those census tracts are, or things like the
4 investment plan with \$20 million and \$2.3 million going to
5 EJ types of things, when I asked the question, that's only
6 15 percent.

7 And the list goes on and on in terms of charging
8 stations on freeways, and maybe 40, 50 miles away from
9 disadvantaged communities, and how those people plug in
10 when they're driving a Leaf only to go to a charging
11 station and come back half empty.

12 There are many, many questions that I'm
13 definitely not going to bore the Board on, but I am very
14 thankful, I should say, of your agreement to work with our
15 staff. The quarterly reports are awesome. Thank you so
16 much for agreeing to that.

17 I think the fact you're checking with our staff
18 once a month, I think the fact that we're living with you
19 for little bit -- but I will say that the issue at hand is
20 really about trust. We get -- I really appreciate your
21 answer. I don't know if you're going to be here for 10
22 years. That's part of that. So hopefully you will, but
23 I'm sure that a lot of us here on the Board won't. So
24 we're really kind of signing up for the first part of this
25 investment plan with a promise, and a compass, and some

1 assurances. And, you know, I think we want to make sure
2 we do the right thing.

3 I think the monitoring piece of this resolution
4 is excellent. I don't think we could have asked you to
5 agree to anything more. That's a lot of reporting. And I
6 can guarantee you that our lege representative from CARB
7 will appreciate it when they've got to go report to Mr.
8 Garcia once a year on how we're doing on the investment
9 plan as well.

10 So we're going to need as much specifics as
11 possible. And I think as long as you're willing to dig in
12 - I think as our Chair said is be good roommates, you
13 know, I think we're willing to work. But I think we're
14 going to push a lot on the edges very heavily,
15 particularly on the disadvantaged side, because at the end
16 of the day it's about giving somebody that lives in
17 Cathedral City, National City, or Bakersfield, or
18 McFarland, or of these areas we want EVs, you know, that's
19 really the name of the game.

20 And we want to see you there. We don't want to
21 see you be duplicative. I believe the settlement is about
22 being supplemental. We want to see you be supplemental.
23 We want to see you do things that you normally wouldn't
24 do, and you won't -- don't want to see you next to a whole
25 bunch of other chargers that are already there, at least I

1 don't.

2 MR. McNABB: Well, I think two things that I --

3 BOARD MEMBER FLOREZ: Sure.

4 MR. McNABB: -- if I may. I think I agreed when
5 I sat down, and it was brought up to me on the quarterly
6 reports, I looked at the transcript from the last hearing,
7 which I was not here, and there was a line used by
8 Chairwoman Nichols, where she basically said trust, but
9 verify. And I agree with that.

10 And I thought that these quarterly reports give
11 you a compass of where we are and what we're doing, and
12 how we're progressing on the plan. And it is exactly why
13 I agreed to it, because I think you should have the
14 transparency, and that's what I'm trying to provide to
15 you.

16 The second thing what I would say on the sites
17 and the site selection, our basic methodology, just the
18 basics of the methodology, which we brought in numerous
19 consulting firms to work with us, and developed a
20 proprietary model is doing a actually demand supply gap
21 analysis. So at the very core of our whole premise is to
22 identify where energy needs are, where there isn't enough
23 energy to develop EV markets in the future.

24 And we will continue -- I believe our model is
25 one of the best out there. We use a term inside our

1 company called purpose-placed. And that was something we
2 kind of coined own our, because we need to be that
3 detailed, because with what's coming with the onslaught of
4 cars coming -- and I'm a car guy. You know, I know, CO2
5 regulations at 2022, 2023, you're going to see an
6 explosion.

7 People have to get to these numbers, and they
8 will put more battery electric. We see 30 new models
9 coming in the next five years. So we're there. I mean,
10 and this is what we tried to do with the basic core of our
11 methodology.

12 CHAIR NICHOLS: Thank you. Just maybe to
13 interject one additional point about that, because there
14 was a -- I think it now would be conceded by most people
15 to be a failed settlement a number of years ago of a case
16 that the Public Utilities Commission had against a company
17 that wanted to put in a lot of charging stations. That
18 was the settlement was that they would put in the charging
19 stations. And they were not able to do it, because in
20 most cases, they couldn't secure either the land or the
21 permits that they needed to build those stations.

22 I want to particularly go back to the members of
23 this Board who are local elected officials and say to them
24 we need you, and we need you to be available, and we need
25 you to be forthcoming. If there are sites that you know

1 of, or if the company is looking in areas, and they're not
2 able to get moving as quickly as they want to, this is
3 where this partnership aspect comes in where you have a
4 role to play also in helping to allow them to succeed.

5 I'm not suggesting that you wouldn't. I'm just
6 saying you need to be prepared for that, because this is
7 not just going to be self-executing.

8 MR. McNABB: And I think just to add to that, we
9 are in our phase of consulting with the individual cities.
10 I'm out -- in fact, tonight I jump on an airplane on a
11 red-eye to get to Boston, so I can make a meeting Friday
12 in Boston to go through the plan.

13 And one of our first asks is helping us with
14 permitting. It is an absolute valid point that permitting
15 and power are two very, very limiting factors that we need
16 to overcome. And we're -- that's why we have these
17 dialogues with the local governments to try and establish
18 that, and to try and work with them and get -- and gain
19 their assistance to get it done.

20 CHAIR NICHOLS: Okay. Further comments?

21 Yes.

22 ASSEMBLY MEMBER GARCIA: Thank you, Madam Chair.
23 And thank you so much for the presentation.

24 I'll begin by stating that this certainly is a
25 better plan than the first plan that was presented. And I

1 want to thank the Board members here, particularly Board
2 Member Florez for his push to making sure that this plan
3 is reflective of the needs of California.

4 Look, if I had a dollar for every time the word
5 disadvantage community has been mentioned today --

6 (Laughter.)

7 ASSEMBLY MEMBER GARCIA: -- we'd have enough
8 money to perhaps expand on this first iteration of the
9 plan.

10 And I can appreciate, you know, the emphasize
11 that's taking place. But, you know, disadvantaged
12 communities means different things to different people.
13 In fact, it's becoming somewhat of cliché-ish terminology
14 in the State Capitol and around the State where, shy of
15 everyone raising their hand and saying, me too, I want to
16 be a disadvantaged community, it seems to be moving in
17 that direction.

18 You know, we have parts of California that are
19 economically disadvantaged, whether they're part of the
20 CalEnviroScreen or defined by other criterias that I
21 believe we, at least in this particular plan, are not
22 hitting. And recognizing that this is the first of
23 several cycles, you know, I'm referring to communities
24 that are in rural parts of the State of California.

25 And if we were to do some type of mapping

1 exercise and we looked at criterias like unemployment,
2 issues of air quality, access to reliable, sustainable,
3 clean transportation, I think all of these maps would
4 begin to overlap.

5 And so one of the things that I'd like to just
6 State and put a marker out there is that we have to be
7 inclusive as we're looking at parts of the State in rural
8 parts of California, that if we're truly trying to make a
9 transition, that we're going to have to make those
10 investments there.

11 There's information out there. I was looking at
12 some data where it is the high income census tracts where
13 likely people are going to be driving these electrical
14 vehicles. And, you know, for my colleagues in San Jose,
15 in Fresno, Los Angeles, San Diego, and San Francisco, I'm
16 excited for them, especially Sacramento for becoming, you
17 know, the leading city in these efforts.

18 But there are small cities up and down California
19 that have these very same economically disadvantaged
20 circumstances, where we have to make these investments in
21 order for -- someone said earlier, I think, it was Eileen
22 Tutt said, these charging stations will sell cars. Well,
23 if we're not putting the charging stations in these
24 particular parts of the state, one, we're not going to
25 sell the cars, and number two, we're not going to meet our

1 emission reduction goals.

2 MR. McNABB: I think it's a very valid point. I
3 think everything you said is something that we need to --
4 look, I think what we did in the initial plan is we tried
5 to prioritize where the investments would go. We had to
6 come up with a methodology to try and prioritize the first
7 cycle spend. What is the biggest need out there right
8 away.

9 I think the second, third, and fourth actually
10 become the more difficult plans, because they become the
11 plans of how do you actually fill in. And a hundred
12 percent agree with you. And my direction to my staff has
13 always been, in cycle two and cycle three is -- cycle one
14 is the easy one. We do gap analysis. We know where we
15 are. We know what's coming.

16 But how do we fill in? And the dynamics today in
17 the industry, you have an average income right now -- even
18 though you have these rebates out, you have an average
19 income well north of \$100,000. I think the last I looked,
20 it was 148,000 cited in a 2015 study.

21 I mean, \$148,000, they have an average of two
22 cars in the garage. They use this car as a primary car --
23 only 68 percent rejected that they use it as a secondary
24 vehicle.

25 And I think that the thing that's coming, and I

1 think this is where I get excited, is you actually are
2 going to start seeing the UIO build, and then used cars
3 become really interesting. And used cars start spreading
4 out like a mushroom. And it just keeps going out, out,
5 and out. And I think there -- in cycle two, cycle three,
6 cycle four, it is imperative that we capture that to be
7 successful.

8 ASSEMBLY MEMBER GARCIA: Thank you for
9 highlighting that. And I think it's important for the
10 general public to also hear that. We're going to be very
11 involved every step of the way. This is of much interest
12 and importance to myself, and to my 79 other colleagues
13 that are expecting me to ask questions --

14 (Laughter.)

15 ASSEMBLY MEMBER GARCIA: -- who I represent in
16 the State Assembly. And I've mentioned this before
17 whether I agree with those questions that they're asking
18 me to pose or not, I'm going to kind of be the liaison for
19 the green carpet and making sure that the answers are
20 coming back as clear as they possibly can

21 Look, for us, and as I mentioned, you know, we
22 represent a rural part of the State of California adjacent
23 to the Mexican border. It is extremely important that we
24 are considering not just, you know, my district, but
25 districts down the street here. Ms. Aguiar-Curry

1 represents places like Winters. And, you know, Rudy Salas
2 who represents places like Bakersfield. These are not
3 metropolitan communities, right?

4 MR. McNABB: Yeah.

5 ASSEMBLY MEMBER GARCIA: These are
6 non-metropolitan areas that are economically
7 disadvantaged, that are impacted by high levels of
8 pollution. And again, if we're going to move in this
9 direction, the investments have to also go in those areas.
10 So thank you for entertaining my thoughts and opinions
11 here, and I look forward to working closely with you.

12 But I will say this, you mentioned that you've
13 hired a lot of people that you have ramped up in your
14 organization. And I -- you know, this isn't something
15 that ARB or Eduardo Garcia gets to decide, but my hope is
16 that your organization is also one in which you're
17 diversifying, you know, the people, and that hopefully
18 it's reflective of the people who are reflected in the
19 State of California, men, women, people of color that also
20 are contributing to the ideas and the plans that are being
21 developed here with us.

22 So thank you.

23 MR. McNABB: Our staff is very diverse.

24 ASSEMBLY MEMBER GARCIA: Thank you.

25 CHAIR NICHOLS: Okay. Ms. Takvorian, then Mr. De

1 La Torre.

2 BOARD MEMBER TAKVORIAN: Thank you very much.
3 And thank you to staff for really, I think, advancing this
4 project in a way that is resulting in this conversation.
5 And thank you, Mr. McNabb, for being responsive.

6 I just want to pick up on what Assembly Member
7 Garcia has said. I think there are places -- I really
8 agree that the rural parts of our State and the small
9 community parts of our State really need to have attention
10 here. And from San Diego, we're a county divided. We
11 have small space -- small places that are not very well
12 developed, and that are clearly disadvantaged.

13 I want to see those really invested in as well.
14 And I think all of the Board members have that sentiment.
15 I'd like to see, in response to a letter that we received
16 from Senator Atkins, who happens to be my senator, that in
17 addition -- on the quarterly reports, there's a reference
18 to the census tracts, but it's not specific, so I'd like
19 to ask if you could commit today to including the specific
20 census tracts that are being served by the -- by the
21 investments that you're making.

22 MR. McNABB: After the fact or before the fact?

23 Two reasons I ask that question -- I apologize if
24 it seems -- if I signal to the market where we're going to
25 put the investment, we've seen huge dollars inflated. My

1 average vendor is coming in anywhere from 30 to 40 percent
2 over what is normally paid out in the market right now,
3 what we saw in our RFP process.

4 And we have the same. I tell the story to my
5 staff, I've become everyone's best friend on LinkedIn.
6 You know, they're all -- they're all friending me and
7 wanting to talk.

8 And I think that -- and I'm not trying to make
9 light of it. I'm actually just trying to make a point
10 that we want to make sure that we keep the expense down,
11 so that we put more stations in.

12 And every time I get less efficient, so that's
13 the reason why we've kept a lot of this as business
14 confidential, because of that. But, you know, as I said,
15 we will, after the fact, once we make the investment and
16 sign the agreement, I will certainly provide the census
17 tracts that they're in to everybody.

18 BOARD MEMBER TAKVORIAN: Well, these are -- I
19 appreciate what you're saying. And I think that -- I'm
20 not here to tell you how to do your business, and we want
21 you the save attorney, so that it goes farther, and when
22 you submit your first quarterly report, we'd like to see
23 where those investments have been made, and to have them
24 be in specific census tracts with the CalEnviroScreen
25 ranking on it.

1 And so if that doesn't look so good, then back to
2 Senator Florez's question about trust and verification,
3 then we may have something else to say about that. So I
4 think we just want to see what you've done.

5 MR. McNABB: Yeah. No, it's fair. I made a
6 commitment to the CARB staff to actually provide to them
7 coming soon stations, which would be stations that we
8 entered into agreements with, and they will have all of
9 that material in there.

10 BOARD MEMBER TAKVORIAN: So that would be
11 helpful. And I think it's important not -- I don't want
12 to get too much in the weeds, but when we did have our
13 conversation the other day, I was a little bit concerned
14 about applying the disadvantaged community criteria across
15 the board to some of the highway charging stations. I
16 don't want to negotiate it all here, but I hope that you
17 don't apply it equally across the Board, so that every
18 highway charging station is serving a disadvantaged
19 community. I don't actually think that that's in keeping
20 with the spirit of what we're talking about here.

21 MR. McNABB: It's not our intent. And actually
22 if you go deep into the detail, all the individual
23 elements will meet the 35 percent criteria. So metro
24 meets 35 percent also. So even independent of that -- and
25 the second thing I would ask -- or that I actually failed

1 to mention when we talked, was that Sacramento, as a green
2 city, 58, 59 percent of the census tracts are either
3 disadvantaged or low income, we will put, as part of that
4 investment for green cities is nearly \$10 million of
5 infrastructure. So we are investing significantly more in
6 six cities in California than we are in 11 cities
7 Federally, significantly more.

8 BOARD MEMBER TAKVORIAN: Thank you.

9 MR. McNABB: You're welcome.

10 BOARD MEMBER TAKVORIAN: Okay. And then on
11 the -- on the certification, I appreciate that you're
12 talking about the licensed electricians, which I think
13 is -- would be a requirement in the State California. The
14 EVITP was mentioned in the April letter. So I hope that
15 if you haven't, that others on your team have had an
16 opportunity to look into that. This isn't a new program
17 as we've heard in testimony. And I would encourage you to
18 utilize that program. There aren't any other
19 certification programs for this specific type of
20 installation.

21 MR. McNABB: I actually don't recall that it was
22 in the letter. I'll get the letter.

23 BOARD MEMBER TAKVORIAN: I have it up on my
24 computer, so I can show it to you.

25 MR. McNABB: I -- sorry about that.

1 BOARD MEMBER TAKVORIAN: Okay.

2 MR. McNABB: We will sit down, as I committed.
3 We will come back, sit down, and if the regulatory body
4 wants to sit down with us as we have the discussion with
5 them, I'm more than happy for full transparency on the
6 discussion.

7 BOARD MEMBER TAKVORIAN: Great.

8 MR. McNABB: I just don't know enough about it,
9 and I need to -- I need to know more.

10 BOARD MEMBER TAKVORIAN: Okay.

11 MR. McNABB: And it's definitely a concern,
12 because everybody mentioned it to me in individual
13 conversations, and I can very much appreciate that.

14 BOARD MEMBER TAKVORIAN: Thank you.

15 And then the last thing I wanted to say is I
16 really appreciated that you've expanded your awareness
17 campaign. And as I think I said to you on the phone I
18 hope that you'll increase the role of local organizations,
19 both environmental justice organizations, equity
20 organizations, some of the local groups that were here
21 today.

22 I think that's really important, not only in
23 getting the word out, but also in selecting the locations
24 for charging stations, because they are going to know
25 where in the community people will be able to use those,

1 so -- and I also appreciate the used car emphasize that
2 you have.

3 MR. McNABB: Thank you.

4 BOARD MEMBER TAKVORIAN: So thank you very much.

5 MR. McNABB: Thank you.

6 CHAIR NICHOLS: Mr. De La Torre.

7 BOARD MEMBER DE LA TORRE: Thank you.

8 Back in March, I raised a few issues. And I
9 wanted to acknowledge the movement on the supplement that
10 staff has accomplished working with you. One was the
11 disadvantaged communities, which also includes the local
12 hire component to it, and the other was hydrogen. And so
13 on both those measures, I think there's been movement.

14 You know, we could quibble about how much, but
15 it's there, and that's what's important to me. And I want
16 to really focus on the long play here, which is that there
17 will be four funding time periods. And, to me, that's
18 what's the most important.

19 On trust but verify, the first tranche is the one
20 we're going to be looking at --

21 MR. McNABB: Yeah.

22 BOARD MEMBER DE LA TORRE: -- and seeing how this
23 plays out. And we will be able to over time get into more
24 granular focus based on what is actually happening out
25 there. Right now, it's all hypothetical.

1 So I think that it's our obligation to get this
2 thing going, to let you do the work that you're going to
3 do, and then, you know, if there's things that we see that
4 we don't like to my colleague's point's, we're going to be
5 talking about it, so -- as long as we're here. And so I
6 think that's the most important piece to it.

7 And I also wanted to add something, and maybe
8 it's a question of staff, during my staff briefing on the
9 training piece, my understanding was there are a few
10 different training protocols that are good for this
11 purpose. And so, you know, to the extent there are
12 multiples - and I'm no expert - but clearly our staff
13 seems to know that there are others that would get us that
14 quality installation that is in your interests, because it
15 will last longer and be better, and it's in our interests
16 because we know it's getting done the right way.

17 So I think that's a conversation that needs to
18 continue. We don't want to shoehorn you into something if
19 there are others that are equivalent.

20 So thank you.

21 CHAIR NICHOLS: Any further comments or questions
22 from the Board?

23 If not, are we prepared to bring this up for a
24 decision?

25 All right. We have a motion and we have a

1 second.

2 BOARD MEMBER GIOIA: Madam Chair, I heard a
3 suggestion about what language with regard to
4 employment --

5 CHAIR NICHOLS: Yes.

6 BOARD MEMBER GIOIA: -- so we didn't talk about
7 that further.

8 CHAIR NICHOLS: You're correct. Let's go back to
9 whatever the language should be, and if there's a way to
10 make it a little more expressive of the desires of the
11 Board in this area.

12 BOARD MEMBER SERNA: Chair Nichols?

13 CHAIR NICHOLS: Yes.

14 BOARD MEMBER SERNA: If I may, as the maker of
15 the motion, I'd like to understand, both from our counsel
16 and from Mr. McNabb, if the language the way I understand
17 it from the seconder of the motion, is to interject the
18 word "encourage", if that is going to be problematic?

19 My concern should be somewhat obvious. I think
20 it's been made clear that I'm very sensitive at this point
21 to running afield of what the consent decree permits us to
22 consider at this late point. So I don't know, Ellen, if
23 you want to...

24 CHIEF COUNSEL PETER: If Electrify America feels
25 like they want to change that commitment. Personally,

1 I -- we have the statute, and so I would stick with that.
2 Frankly, the statute goes --

3 BOARD MEMBER SERNA: Okay.

4 CHIEF COUNSEL PETER: -- is very -- I think hits
5 the right tone. On the other hand, it's --

6 BOARD MEMBER GIOIA: You're talking on the
7 employment issue?

8 CHIEF COUNSEL PETER: I'm sorry?

9 BOARD MEMBER GIOIA: You're talking on
10 employment?

11 CHIEF COUNSEL PETER: Were you talking about the
12 35 percent, the encourage?

13 BOARD MEMBER GIOIA: No, we were talking about
14 the 15 percent.

15 CHIEF COUNSEL PETER: Oh, I'm sorry.

16 BOARD MEMBER GIOIA: No.

17 CHIEF COUNSEL PETER: So we're looking at page
18 seven?

19 BOARD MEMBER GIOIA: This is this provision about
20 at least 15 percent of the electric -- this was this 25
21 percent of the electricians being residents of --

22 CHIEF COUNSEL PETER: Oh, the suggestion that
23 came from --

24 BOARD MEMBER GIOIA: -- disadvantaged
25 communities. Right. Right.

1 CHIEF COUNSEL PETER: I don't think we can
2 require any of that in that. If Electrify America wants
3 to

4 BOARD MEMBER GIOIA: So what's the strongest
5 language you could use?

6 CHIEF COUNSEL PETER: Okay. So once again. So
7 I'm sorry, so Ms. Mitchell you were suggesting adding
8 something on page seven, is that what you were suggesting?

9 BOARD MEMBER MITCHELL: Right. I was suggesting
10 to add language that encourages Electrify America to
11 provide hiring opportunities to qualified persons that
12 live in the disadvantaged communities, and -- but again, I
13 think it's important that we keep this activity moving,
14 and that I don't want to impose that if it's going to slow
15 down the process of getting this in place, and getting the
16 activities that we're hoping to have happen here with
17 electric charging stations installed.

18 CHIEF COUNSEL PETER: So back to my original
19 point, we cannot require it. If they want to add it, then
20 that's their -- then they can add an additional
21 requirement that they don't have to do. That's not
22 something we can require.

23 BOARD MEMBER MITCHELL: Yeah, we're not -- I'm
24 not -- the language wouldn't be require. It would just be
25 that --

1 BOARD MEMBER GIOIA: It's this encourage
2 language.

3 BOARD MEMBER MITCHELL: -- you know, we
4 encourage -- we encourage as part of the resolution that
5 enviro -- Electrify America provide hiring opportunities
6 for qualified persons residing in disadvantaged
7 communities.

8 CHIEF COUNSEL PETER: There's nothing that
9 prohibits us from adding that.

10 BOARD MEMBER GIOIA: Okay.

11 BOARD MEMBER MITCHELL: I guess I could offer
12 that as an amendment to the motion.

13 BOARD MEMBER GIOIA: Yeah. Can I help suggest
14 some language, since I had raised that issue, and there
15 was some material presented. I'm just -- if we can do it,
16 and it can be encouraged, then can we just put some
17 language in. It doesn't hold up doing this --

18 CHIEF COUNSEL PETER: Fine.

19 BOARD MEMBER GIOIA: -- if you put -- right, just
20 encourage.

21 CHIEF COUNSEL PETER: I was just -- if they agree
22 then --

23 BOARD MEMBER GIOIA: Right.

24 MR. McNABB: I can agree with the word
25 "encourage".

1 CHIEF COUNSEL PETER: Okay. All right. So that
2 would --

3 BOARD MEMBER SERNA: Then I would take that as a
4 friendly amendment.

5 BOARD MEMBER GIOIA: Do we want to state a goal,
6 a percent?

7 BOARD MEMBER MITCHELL: No, I would not add a
8 percentage.

9 BOARD MEMBER SERNA: No, I would do not want to.
10 That would be bad.

11 BOARD MEMBER MITCHELL: I don't want to.

12 BOARD MEMBER TAKVORIAN: Can we --

13 BOARD MEMBER GIOIA: What's the language?

14 BOARD MEMBER TAKVORIAN: Well, it doesn't look
15 like we get there on the percent, but can we ask is that
16 part of the quarterly report?

17 MR. McNABB: It hasn't been.

18 BOARD MEMBER TAKVORIAN: Could it be?

19 MR. McNABB: Can we make it part of the
20 twice-a-year report? Just -- I've got 50 people spinning
21 numbers, and I have to get all this back and collated and
22 correlated. But I have no problem being transparent.
23 But, you know, I would appreciate if we could kind of
24 space out the reports a little bit, and maybe -- maybe
25 make that part of the biannual report and the quarterly

1 reports are, you know, very specific to what are we doing,
2 where is our installations?

3 CHAIR NICHOLS: What's happened.

4 MR. McNABB: Yeah.

5 CHAIR NICHOLS: Yeah. That seems reasonable to
6 me.

7 BOARD MEMBER TAKVORIAN: Well, I mean, you're
8 doing it, so you probably know who's doing it. So I don't
9 quite get that, but I'd like to get something. I mean, I
10 think we need to have some evidence of the who's getting
11 hired and where they're being hired from.

12 CHAIR NICHOLS: Right. Agreed. Agreed.

13 BOARD MEMBER TAKVORIAN: Quarterly. Bi-annually.

14 CHAIR NICHOLS: It's just a question of how
15 frequently they compile the information.

16 MR. McNABB: I just think biannual, because we
17 have to get out to the individual suppliers and make sure
18 that we have that in the requirements to make sure that
19 they are reporting that to us also. So it just takes
20 time.

21 BOARD MEMBER SERNA: There's an annual audit, is
22 there not?

23 MR. McNABB: Yeah, there is. There's an audit.
24 We have an audit coming -- a third-party independent
25 auditor that's been hired already.

1 CHAIR NICHOLS: But, in general, at least in my
2 experience in hiring the knowledge that somebody is really
3 looking over your shoulder is the key thing.

4 MR. McNABB: That's right.

5 BOARD MEMBER SERNA: So the motion is, as was
6 mentioned, staff's recommendation on Resolution 17-23 with
7 the encourage language that's been offered by the seconder
8 of the motion and greed to by Mr. McNabb.

9 CHAIR NICHOLS: Are we okay with what we're doing
10 here?

11 MR. McNABB: Yes.

12 CHAIR NICHOLS: Yes. Okay. All right then. Are
13 we ready now?

14 I'm going to call the question. All those in
15 favor of the approval of the expenditure plan with the
16 suggested language, please signify by saying aye?

17 (Unanimous aye vote.)

18 CHAIR NICHOLS: Opposed?

19 Abstentions?

20 It's been a long process, but I hope you feel
21 that it's been worth it. We certainly feel like we've
22 gained a lot of confidence that it's going to be a
23 success, so you've been tested.

24 MR. McNABB: I started with dark hair and a lot
25 more.

1 (Laughter.)

2 CHAIR NICHOLS: Thank you for your patience and
3 for your enthusiasm. Both of them are really important.
4 Thank you.

5 We have a brief open comment period. Two people
6 have asked to testify during open comment. They both
7 happen to represent local air pollution control. So we've
8 got Jack Broadbent from the Bay Area and Alan Abbs from
9 CAPCOA talking about implementation of AB 617.

10 MR. BROADBENT: Good afternoon, Madam Chair and
11 members of the Board. Again, my name is Jack Broadbent,
12 and I serve as the executive officer for the Bay Area Air
13 Quality Management District. I want to thank you for the
14 opportunity to be here to talk to you about implementing
15 AB 617. And, Madam Chair, I apologize I wasn't able to be
16 here earlier when you had this on your agenda.

17 First, for the record, I do represent an air
18 pollution control agency, but I'm here not here to whine.
19 I'm not here to complain.

20 (Laughter.)

21 MR. BROADBENT: I am here to express our very
22 clear support for the goals of AB 617. We have a number
23 of communities in the Bay Area that need further
24 attention. I know you all know that and respect that. By
25 attention, I mean they need more monitoring. They need

1 community emission reduction plans, and resources
2 implement those plans. And frankly, we also just need to
3 be able to, I think in this bill, reconcile what do we
4 call these community -- these impacted communities.

5 So I just wanted to be here this afternoon to,
6 one, express our support in working with you, working with
7 your staff. We look forward to this effort. This is an
8 important priority for the Bay Area. I know it's also a
9 very important priority for CARB as well.

10 So I'll keep my comments brief. You've had a
11 long meeting, so thank you for the opportunity to speak to
12 you.

13 CHAIR NICHOLS: Thank you.

14 CAPCOA EXECUTIVE DIRECTOR ABBS: Good afternoon,
15 Madam Chair, members of the Board. My name is Alan Abbs.
16 I'm the executive director for the California Air
17 Pollution Control Officers Association. I think for the
18 second time -- the second time when I say I'm not here to
19 whine or complain, it's probably funny, probably the third
20 time won't be quite as funny, but --

21 (Laughter.)

22 CAPCOA EXECUTIVE DIRECTOR ABBS: I understand --
23 and so as you know, CAPCOA and the air districts had some
24 pretty strong feelings during the AB 617 process. And we
25 tried to register our concerns. We were supportive of the

1 overall concept of the emission reductions, the extension
2 of cap and trade, and we showed up along the way to
3 register some concerns and to try to make the resulting
4 bills better, in our opinion.

5 And so -- so the reason that Jack and I showed up
6 today was just to continue to let the Board know that we
7 have concerns about the aggressiveness of the timelines,
8 the lack of funding that's been identified as part of the
9 process to make this successful, to get the emission
10 reductions, to do these new monitoring networks, to come
11 up with these communities plans. And we would just
12 encourage CARB staff, and whoever else is going to be
13 working on this implementation, to contact us as soon as
14 possible, so that we can -- we can make this a success.

15 The first deadlines are going to come up in 15
16 months, and so we need to start this very soon. And as
17 Jack said, we look forward to working with everyone in
18 making this a success.

19 Thanks.

20 CHAIR NICHOLS: I appreciate that. Mr. Corey
21 committed earlier, I think, to come back to the Board in
22 September with his outline of how we're going to proceed
23 on implementing 617. This is a tremendous new grant of
24 authority and responsibility for the districts and for
25 CARB. It's -- really, I cannot overemphasize how

1 revolutionary the thinking in 617 is. It just gives us a
2 whole new lease on life in terms of going back and
3 re-looking at all the major sources, bringing in the
4 community to decide how they want them controlled,
5 speeding it up, putting firm deadlines on. Not that we --
6 any of the districts haven't been doing a good job up
7 until now. We've made a huge amount of progress, but
8 we've gotten a little bit set in our ways.

9 And this is a new way of looking at things. It
10 is going to require a new effort. I believe that some of
11 it is going to come from redirection, as opposed to all
12 new activities and new hires, but there probably will be
13 some.

14 I think one of the reasons why I was a little
15 taken aback by the districts raising the issue of
16 resources practically before they said thinking else was
17 that air districts, unlike CARB in general, have the
18 ability to raise money themselves. They don't have to go
19 to the legislature. They can extract fees from the very
20 people that they're going to be monitoring.

21 But we also know that mobile sources are a huge
22 part of the problem, and a huge part of what has to be
23 done. And that's going to be on us is to figure out how
24 to enhance that kind of monitoring as well.

25 It clearly is another one of those situations

1 where we have to do it together, or we certainly will not
2 be working efficiently or effectively. But I would just
3 hope that we could all approach this in a, what -- in the
4 spirit I think it deserves, which is really one of
5 enthusiasm for, you know, a start at bringing in parts of
6 the communities that haven't been active on our radar
7 screens up until now, and, you know, really taking a new
8 look at the technologies that are out there, at the way we
9 go about adopting our regulations.

10 And so I think it's going to be an exciting time,
11 but I realize that we've got some -- we've got some
12 significant work to do. So I appreciate both you and Mr.
13 Broadbent coming in and giving us your commitment that you
14 will be working with us, and that we can proceed together.

15 Thank you.

16 That is it, as far as testimony, as far as
17 anybody wanting to show up for the public comment. So I
18 will just wish everybody who's going on holiday a good
19 vacation, and we'll see you next time.

20 Thank you.

21 (Thereupon the Air Resources Board meeting
22 adjourned at 4:47 p.m)

C E R T I F I C A T E O F R E P O R T E R

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Air Resources Board meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of August, 2017.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
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