

State of California
Air Resources Board

Proposed Fiscal Year 2022-23 Funding Plan for Clean Transportation Incentives Accompanied by Proposed Carl Moyer Program Changes

Resolution 22-20

November 17, 2022

Agenda Item No.: 22-15-5

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

Whereas, the California Global Warming Solutions Act of 2006 (Assembly Bill (AB) 32; Stats. 2006, ch. 488; Health and Safety Code section 38500 et seq.) declares that global warming poses a serious threat to the economic well-being, public health, natural resources, and environment of California and creates a comprehensive multi-year program to reduce California's greenhouse gas (GHG) emissions to 1990 levels by 2020;

Whereas, Government Code section 16428.8 created the Greenhouse Gas Reduction Fund (GGRF) as a special fund in the State Treasury to receive all moneys, except for fines and penalties, collected by CARB from the auction or sale of allowances, pursuant to a market-based compliance mechanism established pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code and specified in sections 95800 to 96022, inclusive, of the California Code of Regulations, title 17;

Whereas, Health and Safety Code section 39712 provides the moneys appropriated from GGRF shall only be used to further the regulatory purposes of Division 25.5 (commencing with section 38500) of the Health and Safety Code, consistent with law, and to facilitate the achievement of reductions of GHG emissions in California and, where applicable and to the extent feasible, achieve additional co-benefits;

Whereas, Health and Safety Code section 39712 identifies potential investment areas for moneys appropriated from GGRF;

Whereas, Health and Safety Code section 39716 requires the Department of Finance, on behalf of the Governor, and in consultation with CARB and any other relevant state entity, to

develop and submit to the Legislature a three-year investment plan, consistent with the requirements of Health and Safety Code section 39712, that identifies near-term and long-term GHG emission reduction goals and targets by sector, analyzes gaps in current State strategies for meeting GHG reduction goals by sector, and identifies priority investments that facilitate GHG reductions;

Whereas, Health and Safety Code section 39716 required the first investment plan to be submitted by May 14, 2013, and updated every three years;

Whereas, pursuant to Health and Safety Code section 39716, the Department of Finance, on behalf of the Governor, submitted to the Legislature the *Cap-and-Trade Auction Proceeds Investment Plan: Fiscal Years (FY) 2013-14 through 2015-16* in May 2013, the *Cap-and-Trade Auction Proceeds Second Investment Plan: FY's 2016-17 through 2018-19* in January 2016, the *Cap-and-Trade Auction Proceeds Third Investment Plan: FY's 2019-20 through 2021-22* in February 2019, and the *Cap-and-Trade Auction Proceeds Fourth Investment Plan: FY's 2022-23 through 2024-25* in January 2022;

Whereas, the *Cap-and-Trade Auction Proceeds Fourth Investment Plan: FY's 2022-23 through 2024-25* recommends investments that "deliver on key state climate goals, provide important public health benefits, present employment opportunities, and can be designed to advance equity in priority populations and other underserved communities" and recommends prioritizing funding for specific investment types through existing programs, including zero-emission vehicles and equipment through "equity-based light-duty investments," "grants for small medium- and heavy-duty vehicle fleets in communities facing air quality challenges," "off-road incentives," and "demonstration of zero-emission off-road equipment and vehicles" as well as "active transportation investments including community-scale projects aligned with community planning efforts and consumer-focused incentives for rideables (e.g., electric bicycles)," and "zero-emission shared mobility options and services aligned with community planning efforts;"

Whereas, Health and Safety Code section 39718 requires that moneys in GGRF shall be appropriated through the annual Budget Act consistent with the investment plan developed and submitted pursuant to Health and Safety Code section 39716;

Whereas, Health and Safety Code section 38590.1, subdivision (a) establishes the Legislature's priorities for moneys appropriated from GGRF, including, but not limited to, air toxic and criteria pollutants from stationary and mobile sources, low- and zero-carbon transportation alternatives, and short-lived climate pollutants, among others;

Whereas, Health and Safety Code section 39713 requires that the investment plan allocate a minimum of 25 percent of the available moneys in GGRF to projects located within the boundaries of, and benefiting individuals living in, the disadvantaged communities described in Health and Safety Code section 39711, and that the investment plan allocate a minimum of 5 percent of the available moneys in GGRF to projects that benefit low-income households or to projects located within the boundaries of, and benefiting individuals living in, low-income communities located anywhere in the state; and that the investment plan allocate a minimum

of 5 percent of the available moneys in GGRF to either projects that benefit low-income households that are outside of, but within a half mile of, disadvantaged communities described in Health and Safety Code section 39711, or to projects located within the boundaries of, and benefiting individuals living in, low-income communities that are outside of, but within a half mile of, disadvantaged communities described in Health and Safety Code section 39711;

Whereas, the Board recognizes that continuing focus on disadvantaged communities, equity, and environmental justice in the context of the Funding Plan is appropriate and essential in light of long-standing disparities in transportation access, exposure to transportation pollution, and the potential to improve public health and quality of life by expanding access for communities to cleaner technologies and broader transport choices;

Whereas, Health and Safety Code section 39715 requires CARB, in consultation with the California Environmental Protection Agency, to develop funding guidelines for administering agencies that receive appropriations from GGRF, which CARB most recently amended in August 2018;

Whereas, Item 3900-101-3228 in section 2.00 of the Budget Act of 2022, as amended by AB 179 (Ting, Stats. 2022, ch. 249), appropriated \$726 million from GGRF to CARB to be used as follows:

- \$600 million for clean trucks, buses, and off-road equipment, including the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), advanced technology demonstration, and pilot commercial deployment projects.
- \$126 million for a suite of equity transportation programs established under the Charge Ahead California Initiative, including, but not limited to, the Clean Cars 4 All (CC4A) Program.

Whereas, Item 3900-102-3228 in section 2.00 of the Budget Act of 2022, as amended by AB 179, appropriated \$20 million from GGRF to CARB to reduce emissions from commercial harbor craft subject to regulation by CARB.

Whereas, Health and Safety Code section 44270 et seq. establishes the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (AB 118; Stats. 2007, ch. 750), which creates the Air Quality Improvement Program (AQIP), administered by CARB, to fund air quality improvement projects related to fuel and vehicle technologies with the primary purpose of funding projects to reduce criteria air pollutants, improve air quality, and provide funds for research to determine and improve the air quality impacts of alternative transportation fuels and vehicles, vessels, and equipment technologies;

Whereas, California Code of Regulations, title 13, section 2340 et. seq. establishes the AB 118 Air Quality Guidelines, which define the process for ensuring that AQIP complements, and does not interfere with, California's existing air quality programs as required by Health and Safety Code section 44271, subdivision (b);

Whereas, California Code of Regulations, title 13, section 2350 et seq. establishes the AB 118 AQIP Guidelines, which define the overall administrative requirements as well as the program structure of AQIP;

Whereas, California Code of Regulations, title 13, section 2353, requires that an AQIP funding plan must be submitted to the Board annually for approval;

Whereas, Health and Safety Code section 44274, subdivision (c) allows for AQIP funding mechanisms to include competitive grants, revolving loans, loan guarantees, loans, and other appropriate measures;

Whereas, Health and Safety Code section 44274, subdivision (b) requires that CARB shall provide preference in awarding funding to projects with higher benefit cost scores that maximize the purposes and goals of AQIP and that CARB may give additional preference for various criteria;

Whereas, Item 3900-101-3119 in section 2.00 of the Budget Act of 2022, Senate Bill (SB) 154 (Skinner, Stats. 2022, ch. 43), appropriates \$28.64 million from the Air Quality Improvement Fund (AQIF) to CARB for AQIP;

Whereas, Item 3900-101-0001 in section 2.00 of the Budget Act of 2022, as amended by AB 179, appropriates \$575 million from the General Fund to CARB to be used as follows:

- \$75 million for zero-emission drayage trucks to be administered through HVIP.
- \$70 million for zero-emission transit buses to be administered through HVIP.
- \$255 million for a suite of equity transportation programs established under the Charge Ahead California Initiative, including, but not limited to, CC4A. At a minimum, this funding must be allocated as follows:
 - \$125 million to establish CC4A statewide;
 - \$80 million to be allocated among the air districts that are currently operating their own CC4A programs; and
 - \$10 million to help low-income Californians replace degraded batteries.
- \$40 million to reduce emissions from commercial harbor craft subject to regulation by CARB.
- \$135 million for zero-emission school buses to be administered through HVIP with up to \$10 million for administrative costs.

Whereas, section 121 of the Education Omnibus Budget Trailer Bill, AB 181 (Committee on Budget, Stats. 2022, ch. 52), appropriates \$1.125 billion from the General Fund to CARB for HVIP to fund zero-emission and other school buses over 5 years beginning in the 2023-24 FY;

Whereas, section 36 of the Public Resources Trailer Bill, AB 211 (Committee on Budget, Stats. 2022, ch. 574), appropriates \$135 million from the General Fund to CARB to be used as follows:

- \$82 million for zero-emission drayage trucks and infrastructure to be administered through HVIP.
- \$53 million for emerging opportunities within zero-emission vehicles, zero-emission vehicle components, and zero-emission vehicle charging or refueling equipment.

Whereas, the \$746 million in Low Carbon Transportation funding from GGRF, \$28.64 million in AQIP funding, and \$1.835 billion from the General Fund have been joined into one funding plan: *Proposed FY 2022-23 Funding Plan for Clean Transportation Incentives*, released to the public on October 12, 2022;

Whereas, *California's 2017 Climate Change Scoping Plan*, CARB's *2020 Mobile Source Strategy*, and the *2016 California Sustainable Freight Action Plan*, concluded that many of the same actions are needed to meet GHG, smog-forming, and toxic pollutant emission reduction goals – specifically, a transition, as quickly as possible, to zero-emission and, where appropriate, near zero-emission technologies and use of the cleanest, lowest carbon fuels and energy across all vehicle and equipment categories;

Whereas, Health and Safety Code section 44258.4 establishes the Charge Ahead California Initiative and sets the following goals of the Initiative: to place in service at least one million zero-emission and near-zero emission vehicles by January 1, 2023; to establish a self-sustaining California market for zero-emission and near-zero emission vehicles; and to increase access to these vehicles for disadvantaged, low-income, and moderate-income communities and consumers;

Whereas, Health and Safety Code section 44258.4 directs CARB to adopt certain revisions to the criteria and other requirements for the Clean Vehicle Rebate Project (CVRP) and to establish programs that further increase access to and direct benefits for disadvantaged, low-income, and moderate-income communities and consumers from electric transportation;

Whereas, Health and Safety Code section 44258.4 directs CARB to include in the FY 2016-17 Funding Plan for AQIP a plan for CVRP and related light-duty vehicle incentive programs that contains a three-year estimate of funding needs, a market and technology assessment, and an assessment of when a self-sustaining market is expected and to update that plan at least every three years until January 1, 2023;

Whereas, the Supplemental Report of the 2018-19 Budget Act directs to update the CVRP forecast annually until January 1, 2030, and include as part of its forecast the total state rebate investment necessary to facilitate reaching the goal of placing in service at least 5 million zero-emission vehicles by January 1, 2030;

Whereas, section 36 of the Public Resources Trailer Bill, AB 211 (Committee on Budget, Stats. 2022, ch. 574) requires CARB to phase out funding for plug-in hybrid electric vehicles in CVRP no later than January 1, 2025;

Whereas, Item 3900-101-0001 in section 2.00 of the Budget Act of 2022, as amended by AB 179, requires CARB to phase out conventional hybrids from eligibility as a replacement vehicle under CC4A by November 2024;

Whereas, Health and Safety Code sections 44124.5 and 44125 direct CARB to set specific, measurable goals for the Enhanced Fleet Modernization Program and Clean Cars 4 All, beginning in FY 2018–19, and every FY thereafter;

Whereas, Health and Safety Code section 39719.2 creates the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program to fund development, demonstration, pre-commercial pilot, and early commercial deployment of zero-emission and near-zero emission truck, bus, and off-road vehicle and equipment technologies including the use of fuels that reduce GHG emissions with priority given to projects benefiting disadvantaged communities;

Whereas, Health and Safety Code section 39719.2 directs CARB, through the existing AQIP funding plan process, to develop guidance, create an annual framework and plan, articulate an overarching vision for implementing the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, and include a three-year investment strategy for zero- and near-zero emission heavy-duty vehicles, with an assessment of the State's school bus incentive programs, commencing with the FY 2019-20 Funding Plan;

Whereas, in response to SB 150 (Allen, Stats. 2017, ch. 646), CARB determined that more work needs to be done to reduce vehicle miles traveled by providing better transportation choices and improved planning to reduce vehicle use, and hence air pollution, and the California Surface Transportation Agency's Climate Action Plan for Transportation Infrastructure further recognizes these needs, and such measures and direction can be supported in the proposed FY 2022-23 Funding Plan, which includes programs funding transportation planning with a focus on equity, electric bicycles, and other measures supporting transportation choice, which could be expanded in future years;

Whereas, the Board-approved contingency measures in the Funding Plans for FY 2009-10 through 2021-22 provide flexibility to adjust funding targets, modify project criteria, address funding received from new sources, and re-direct funding among projects as necessary to address uncertain revenues and fluctuations in project demand and similar flexibility is necessary for the proposed FY 2022-23 Funding Plan;

Whereas, the Board executed necessary Grant Agreements and Interagency Agreements for administration of projects funded by AQIP for FY 2009-10 through 2021-22 and for Low Carbon Transportation projects funded from GGRF for FY 2013-14 through 2021-22, and for Low Carbon Transportation Projects funded from the General Fund for FY 2020-21 through 2021-22, as applicable;

Whereas, Health and Safety Code section 39603.1 allows CARB to provide advance payment of grant awards to initiate and implement projects in a timely manner;

Whereas, CARB staff conducted three workshops while developing the proposed FY 2022-23 Funding Plan, and at these workshops staff announced its intent to prepare a joint funding plan for AQIP and Low Carbon Transportation investments from GGRF, AQIP, and the General Fund, and released concepts for public review;

Whereas, CARB held 12 public working group meetings to evaluate and refine criteria for projects in the proposed FY 2022-23 Funding Plan;

Whereas, CARB staff conducted meetings and coordinated the development of the FY 2022-23 proposed Funding Plan with local air districts and the California Energy Commission to develop the proposed Funding Plan and ensure the Funding Plan complements existing incentive programs;

Whereas, the proposed FY 2022-23 Funding Plan is based upon the latest available information, including funds appropriated in the State Budget, direction from the Legislature on how to spend funds, availability of and demand for advanced technology, and availability of funds from other sources;

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

Whereas, section 39602 of the Health and Safety Code designates CARB as the air pollution control agency for all purposes set forth in federal law and gives CARB the responsibility for preparing the State Implementation Plan (SIP) for attaining and maintaining the National Ambient Air Quality Standards and to coordinate the activities of the California's air districts as necessary to comply with the federal Clean Air Act (42 U.S.C. section 7401 et seq.);

Whereas, section 44287, subdivisions (a)-(b) of the Health and Safety Code requires the Board to establish, update and adopt criteria and guidelines for the Carl Moyer Program in consultation with air pollution control and air quality management districts, including protocols to calculate cost-effectiveness and safeguards to ensure projects generate surplus emission reductions as well as revisions, as necessary, for public review to improve the ability of the program to achieve its goals;

Whereas, section 44287, subdivision (b) of the Health and Safety Code provides a proposed revision to the Carl Moyer Program to be made available to the public 45 days and at least one public meeting be held to consider public comments before final adoption;

Whereas, Assembly Bill 2836 (Garcia, Stats. 2002, ch. 355) extended the statutory authority of the existing Carl Moyer Program provisions through January 1, 2034;

Whereas, the Board adopted Resolution 17-17 to approve the 2017 Carl Moyer Program Guidelines (the Carl Moyer Guidelines) that are in effect today, as amended from time to time;

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

Whereas, regulations and rules adopted by CARB, the U.S. Environmental Protection Agency (U.S. EPA), and the air districts are the primary mechanisms to reduce emissions and achieve National Ambient Air Quality Standards in California;

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

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

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

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

Whereas, section 44283 of the Health and Safety Code allows CARB to establish cost-effectiveness limits for project grants funded by the Carl Moyer Program, in collaboration with air districts and the public;

Whereas, staff has proposed amendments (Proposed Changes) to the cost-effectiveness limits in the Carl Moyer Guidelines, as set forth in the Notice of Public Meeting and Proposed Changes to the Carl Moyer Program 2017 Guidelines, released to the public on September 30, 2022, for a 45-day public comment period ending on November 14, 2022;

Whereas, the proposed cost-effectiveness limits would optimize the function of the Carl Moyer Program for future project eligibility in the following ways:

1. A base cost-effectiveness limit adjusted for inflation to \$34,000 per weighted ton of emission reductions will continue to support conventional engine replacement projects achieving early or extra emission reductions;
2. A school bus base cost-effectiveness limit adjusted for inflation to \$313,000 per weighted ton of emission reductions will continue to support conventional school bus engine replacement projects achieving early or extra emission reductions;

3. An on-road optional advanced technology cost-effectiveness limit adjusted for inflation to \$209,000 per weighted ton of emission reductions to enable the purchase of optional on-road advanced technologies based on incremental costs for meeting a certified 0.02 gram per brake horsepower-hour NO_x standard or cleaner;
4. An on-road optional zero-emission technology cost-effectiveness limit adjusted for inflation to \$522,000 per weighted ton of emission reductions to enable the purchase of optional on-road zero-emission technologies based on incremental costs for meeting a certified zero-emission standard;
5. An off-road optional zero-emission technology cost-effectiveness limit of \$522,000 per weighted ton of emission reductions to enable the purchase of optional off-road zero-emission technologies;

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

Whereas, the changes proposed to amend the Carl Moyer Guidelines cost-effectiveness limits reflect input from air districts and consultation with the public as set forth in section 44287 of the Health and Safety Code, including considering public comments at the November 17, 2022, Board meeting and a 45-day public comment period ending on November 14, 2022;

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

Whereas, staff has determined that the proposed FY 2022-23 Funding Plan and Proposed Changes to the Carl Moyer Guidelines are not individually a "project" subject to CEQA review, because each is a government funding mechanism or other government fiscal activity which does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (Cal. Code of Regs., tit. 14, § 15378, subd. (b)(4));

Whereas, in consideration of the proposed FY 2022-23 Funding Plan, Proposed Changes to the Carl Moyer Guidelines, staff presentation, and public testimony and comments, the Board finds that:

1. The development of a joint funding plan for the \$746 million in Low Carbon Transportation funding from GGRF, \$28.64 million in AQIP funding, and \$1.835 billion from the General Fund is appropriate in order to ensure coordinated investments between the programs;

2. The proposed FY 2022-23 Funding Plan project categories are consistent with the provisions on use of these funds and investment priorities in Health and Safety Codes sections 38590.1(a) and 39712, the *Cap-and-Trade Auction Proceeds Investment Plan: FY's 2022-23 through 2024-25*, Items 3900-101-0001, 3900-101-3228, and 3900-102-3228 of section 2.00 of the Budget Act of 2022, section 121 of the Education Omnibus Budget Trailer Bill (AB 181), and section 36 of the Public Resources Trailer Bill (AB 211);
3. The proposed allocation of at least 45 percent of the Low Carbon Transportation GGRF funds to projects located within the boundaries of, and benefiting individuals living in, the disadvantaged communities described in Health and Safety Code section 39711 and an additional allocation of at least 15 percent of the Low Carbon Transportation GGRF funds to projects that benefit low-income households or to projects located within the boundaries of, and benefiting individuals living in, low-income communities located anywhere in the state is appropriate to help ensure the State meets the overall investment targets for GGRF funds established in Health and Safety Code section 39713;
4. The proposed FY 2022-23 Funding Plan meets the requirements of the Funding Guidelines established pursuant to Health and Safety Code section 39715;
5. CARB staff has met the requirements set forth in the AQIP Guidelines for considering and adopting the proposed FY 2022-23 Funding Plan and has met the requirements of the AB 118 Air Quality Guidelines;
6. The proposed AQIP project categories were selected in accordance with the requirements of Health and Safety Code section 44274, subdivision (b);
7. The proposed FY 2022-23 Funding Plan project categories are consistent with and support the strategies identified in *California's 2017 Climate Change Scoping Plan*, *2020 Mobile Source Strategy*, and the July 2016 *California Sustainable Freight Action Plan*;
8. The proposed FY 2022-23 Funding Plan meets the requirements of Health and Safety Code section 44258.4 by including funding from GGRF for projects designed to further increase access to and direct benefits for disadvantaged, low-income, and moderate-income communities and consumers from electric transportation;
9. The proposed FY 2022-23 Funding Plan meets the requirements of Health and Safety Code section 44258.4 and the Supplemental Report of the 2018-19 Budget Act by including an updated three-year plan for CVRP, the ZEV market and clean transportation equity investments;
10. The proposed FY 2022-23 Funding Plan meets the requirements of Item 3900-101-0001 in section 2.00 of the Budget Act of 2022, as amended by AB 179.
11. The proposed FY 2022-23 Funding Plan meets the requirements of Health and Safety Code section 39719.2 by including funding from GGRF and providing guidance for

heavy-duty vehicle and equipment projects, an annual framework and plan for heavy-duty vehicle and equipment projects, overarching vision for funding heavy-duty vehicle and equipment technologies, and a three-year investment strategy for heavy-duty vehicles consistent with the provisions of the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program;

12. The proposed FY 2022-23 Funding Plan contingency measures set out in Chapter 6 of the proposed FY 2022-23 Funding Plan are necessary to address uncertain revenues, enable project criteria to be modified and funding to be redirected among projects as necessary to meet program demand, to ensure a rapid response to changes in the economy, technology, and regulatory environment, to ensure funds are spent expeditiously, efficiently and where the need is greatest, and to address funding received from new sources to augment projects;
13. To support the contingency measures set forth in Chapter 6 of the proposed FY 2022-23 Funding Plan, delegation of authority to the Executive Officer or his or her designee to make adjustments, corrections, updates and modifications to the projects included in the FY 2022-23 Funding Plan consistent with Board direction and applicable laws, guidelines and policies is necessary, including, without limitation, authority to: establish applicant waiting lists; draft, negotiate, amend, extend, execute and terminate grant agreements; modify and establish grant solicitation and project criteria; make technical and administrative changes to projects; revise project implementation manuals and terms and conditions as necessary; allocate a portion of funds to voucher and rebate consumer purchase incentive projects prior to Board consideration of the FY 2023-24 Funding Plan; allocate, reallocate, re-direct, modify, combine and adjust grant and incentive amounts; combine projects; allocate funding received from new sources to augment project categories authorized in the funding plan; scale back projects if needed; make advance payment of grant awards; and, for the time period falling between June 30, 2023 and the Board approval of the FY 2023-24 Funding Plan, continue to fund projects consistent with the authority and objectives of the FY 2022-23 Funding Plan;
14. Delegation of authority to the Executive Officer or his or her designee to make changes to the CC4A Project Criteria that are consistent with statute and the goals established by the Board, is necessary to provide a rapid response to changes in the economy, technology, and regulatory environment and to ensure effective implementation of the program;
15. Advance payment of grant awards is necessary to ensure timely implementation of projects and safeguards are needed to ensure grant monies continue to be used responsibly;
16. The FY 2022-23 Funding Plan is not a "project" subject to CEQA review, because it is a government funding mechanism or other government fiscal activity which does not involve any commitment to any specific project that may result in a potentially

significant physical impact on the environment (Cal. Code Regs., tit. 14, § 15378, subd. (b)(4));

17. The Proposed Changes to the Carl Moyer Guidelines is not a “project” subject to CEQA review, because it is a government funding mechanism or other government fiscal activity which does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (Cal. Code Regs., tit. 14, §15378, subd. (b)(4));
18. The Proposed Changes to the Carl Moyer Guidelines improve the ability of the program to achieve its goals and are consistent with statute and the goals established by the Board for the Carl Moyer Program;
19. The Proposed Changes to the Carl Moyer Guidelines include an adjustment to the Program cost-effectiveness limits, as authorized in section 44283 of the Health and Safety Code;
20. Delegation of authority to the Executive Officer or his or her designee to make revisions to the Carl Moyer Guidelines that are consistent with statute and the goals established by the Board, with a 45-day public review, is necessary to provide a rapid response to changes in the economy, technology, and regulatory environment and to ensure effective implementation of the programs;

Now, therefore, be it resolved that the Board approves and adopts the proposed FY 2022-23 Funding Plan as released to the public on October 12, 2022.

Be it further resolved that the FY 2022-23 Funding Plan is effective as of the date approved and adopted by the Board.

Be it further resolved that the Board directs the Executive Officer to issue grant solicitations, grant agreements, interagency agreements, or other appropriate funding agreements for the projects identified in the FY 2022-23 Funding Plan with provisions to make modifications where necessary or shift funding as needed, as set forth herein and in the approved FY 2022-23 Funding Plan.

Be it further resolved that the Board directs the Executive Officer to continue to conduct working group meetings or other outreach, as necessary, for developing project solicitations and further refining project implementation.

Be it further resolved that the Board directs the Executive Officer to continue to coordinate implementation of the programs covered in the FY 2022-23 Funding Plan with other funding programs including, but not limited to, the Volkswagen Environmental Mitigation Trust, Carl Moyer Program, Community Air Protection Program, other GGRF funded programs, Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program, and the California Energy Commission’s Clean Transportation Program.

Be it further resolved that the Board directs the Executive Officer to revise project implementation manuals and terms and conditions as necessary to incorporate the provisions set forth in the approved FY 2022-23 Funding Plan.

Be it further resolved that the Board delegates to the Executive Officer, or his or her designee, the authority to approve and adopt or deny changes to the CC4A Project Criteria that he or she deems necessary, in order to increase program flexibility and responsiveness to changing market conditions and participant needs. Staff shall identify changes made under this authority when the Board considers the next Funding Plan.

Be it further resolved that the Board delegates authority to the Executive Officer, or his or her designee, to make adjustments, corrections, updates and modifications to the projects included in the FY 2022-23 Funding Plan consistent with Board direction and applicable laws, guidelines and policies, including, without limitation, authority to: establish applicant waiting lists; draft, negotiate, amend, extend, execute and terminate grant agreements; modify and establish grant solicitation criteria; make technical and administrative changes to project categories; revise project implementation manuals and terms and conditions as necessary; allocate a portion of funds to voucher and rebate consumer purchase incentive projects prior to Board consideration of the FY 2023-24 Funding Plan; allocate, reallocate, re-direct, modify, combine and adjust grant and incentive amounts; combine projects; allocate funding received from new sources to augment project categories authorized in the funding plan; scale back projects if needed; make advance payment of grant awards; and, for the time period falling between June 30, 2023, and the Board approval of the FY 2023-24 Funding Plan, continue to fund projects consistent with the authority and objectives of the FY 2022-23 Funding Plan;

Be it further resolved that the Board directs the Executive Officer to monitor the progress and efficacy of the implementation of the programs, including the status of outreach activities, project eligibility, and voucher amounts, and to report any changes to the Board.

Be it further resolved that the Board directs the Executive Officer to provide an update to the Board on implementation of the Funding Plan when presenting the proposed FY 2023-24 Funding Plan for approval.

Be it further resolved that the Board hereby approves and adopts the Proposed Changes to the Carl Moyer Guidelines, as released to the public on September 30, 2022.

Be it further resolved that the Proposed Changes to the Carl Moyer Guidelines are effective as of the date approved and adopted by the Board.

Be it further resolved that the Board directs the Executive Officer to continue coordinating CARB efforts with the air districts, grantees, and other interested persons to effectively implement ongoing and future projects.

Be it further resolved that the provisions of the Proposed Changes to the Carl Moyer Guidelines shall be used for all projects funded with FY 2022-23 and subsequent years' funds,

and air districts may choose to apply them for previous year funds in contracts executed after the Board approval date.

Be it further resolved that the Board directs the Executive Officer to work with U.S. EPA to ensure that emission reductions from projects funded by the Carl Moyer Program are credited in California's SIP.

Be it further resolved that the Board directs the Executive Officer to continue to coordinate the Carl Moyer Program with regulatory programs and other incentive programs to provide clarity to the Board and stakeholders on how regulatory actions impact financial incentives.

Be it further resolved that the Board directs the Executive Officer to update cost-effectiveness values each year based on the Consumer Price Index and United States Treasury securities and to consider whether cost-effectiveness limits should be updated in the future based on the costs of emissions control technologies, air district rules, and CARB regulations.

Be it further resolved that the Board delegates to the Executive Officer, or his or her designee, the continued authority to approve and adopt or deny changes to the Carl Moyer Guidelines that he or she deems necessary while remaining consistent with Board direction and applicable laws, guidelines and policies, including, without limitation, in response to Board regulatory actions or to ensure that the Carl Moyer Guidelines remain effective and up-to-date, pursuant to and consistent with section 44287 of the Health and Safety Code. Staff shall identify changes made under this authority when the Board considers the next comprehensive update to the Carl Moyer Guidelines.

I hereby certify that the above is a true and correct copy of Resolution 22-20 as adopted by the California Air Resources Board.

Lindsay M Garcia

Lindsay Garcia, Board Clerk