

State of California
AIR RESOURCES BOARD

DISCUSSION DOCUMENT:

**UPDATE to the ENHANCED FLEET
MODERNIZATION and CLEAN CARS 4 ALL
PROGRAMS**

February 02, 2018

Proposed Guidelines for the Enhanced Fleet Modernization Program and Clean Cars 4 All Program

This discussion document summarizes the California Air Resources Board (CARB) staff's proposed concepts for creating guidelines for the Clean Cars 4 All (CC4A) program and updating the guidelines for the Enhanced Fleet Modernization Program (EFMP). This document is intended to serve as a supplement to the workshops scheduled for February 6, 7, and 13. The purpose of the workshops is for staff to discuss the concepts outlined below with stakeholders, solicit feedback, and answer questions.

Background

EFMP is a voluntary light-duty vehicle retirement scrap and replacement incentive program originally authorized by Assembly Bill (AB) 118 Nunez, Chapter 750, Statutes of 2007. EFMP has two component programs: a retirement-only component implemented by the Bureau of Automotive Repair (BAR), which provides \$1,500 to lower-income drivers to scrap their higher-emitting vehicles, and a locally-implemented retire and replace component, which incorporates the EFMP Plus-up pilot project. EFMP Plus-up is part of a suite of incentive projects under CARB's Low Carbon Transportation Investments funded by the Greenhouse Gas Reduction Fund (GGRF).

AB 630 Cooper, Chapter 636, Statutes of 2017 establishes the CC4A program, codifying the existing EFMP Plus-up Pilot Project. In addition to establishing the CC4A program, AB 630 reinforces the consumer protection and education aspects of EFMP by requiring CARB to coordinate EFMP and CC4A with other programs funded by GGRF to ensure that participants have access to all available incentive opportunities. As companion legislation, AB 188 Salas, Chapter 629, Statutes of 2017 directs CARB to update the EFMP guidelines to provide increased flexibility for light-duty pick-up truck replacement vehicles.

Currently, the Retire and Replace Program exists in the South Coast Air Quality Management District (AQMD) and San Joaquin Valley Air Pollution Control District (APCD). Each district launched pilot programs in July of 2015, and CARB is currently working with several additional air districts to launch new pilot programs sometime in 2018. For more information on the Retire and Replace Program visit <https://www.arb.ca.gov/msprog/aqip/efmp/efmp.htm>.

Proposed Concepts for CC4A Guidelines

In 2014, CARB updated the EFMP guidelines to implement Senate Bill (SB) 459 Pavley, Chapter 437, Statutes of 2013 establishing the framework for the existing pilot programs. During the guideline update process, stakeholders voiced the need for a heavy focus on community-based outreach and flexible guidelines that allow for local implementation tailored towards the needs of lower-income consumers in and near California's disadvantaged communities (DACs). In addition to the community-based

approach to implementation, a robust consumer protection and education component was included to ensure that program participants receive the full benefit of the program.

CARB has closely monitored the progress of the pilot programs implemented by the South Coast AQMD and the San Joaquin Valley APCD. With the flexibility afforded by the guidelines, each air district developed unique programs that meet region-specific needs and leveraged local resources. Overall, CARB staff is satisfied that the guidelines provide the necessary framework to ensure each program achieves the fundamental objectives established by SB 459. As such, staff is proposing the CC4A guidelines closely follow the current Retire and Replace Program guidelines.

While staff is not proposing to make any major changes to the current program guidelines, staff has identified some areas where improvements can be made. The sections below describe in more detail staff's recommendations for creating CC4A, and how to update the current EFMP guidelines to coordinate with this new program.

A Process Regulation

Currently, the EFMP guidelines exist in regulation while no formal guidelines exist for CC4A. Staff is proposing to amend the EFMP regulation so that it would describe the process by which the guidelines for CC4A will be developed and finalized.

Stakeholder input and feedback will be essential while the guidelines are being developed. CARB staff would ensure that stakeholders continue to play a vital role in development of these guidelines, continuing the important contributions they have made in designing the Retire and Replace Program so far.

This approach to guideline development is similar to the process established for the Air Quality Improvement Plan (AQIP). The advantage to this approach is that future changes to CC4A could be made more quickly than required by formal rulemaking, which typically takes a minimum of one year to complete. Staff anticipates that future modifications to the CC4A guidelines could align with the existing Low Carbon Transportation funding plan process, continuing the process that developed the existing EFMP Plus-up pilot project.

B Clean Cars 4 All Guidelines

Staff proposes to have CC4A closely follow the current Retire and Replace Program's guidelines. The household income limits and incentive levels would remain unchanged, as would nearly all other minimum eligibility requirements currently in place with the exception of the proposed changes considered in Section C below. All participating air districts would also retain flexibility within these minimum requirements to design their programs to best meet the needs of their constituents, while still emphasizing the core tenets of the program, including a focus on community-based outreach and consumer protections and education.

C Additional Proposed Changes to Retire and Replace Guidelines

a. Fuel economy standards for pick-up trucks

The current EFMP guidelines apply a separate fuel economy standard for mini-vans to ensure there is a replacement option that meet the needs of larger families. AB 188 directs CARB to apply the same fuel economy standard to light-duty pick-up truck replacements, provided that the participant retires a pick-up truck through the program.

b. Strengthen Consumer Protections

Consumer protections and education are paramount to the success of EFMP and CC4A. CARB encourages implementing air districts to partner with local community-based organizations to ensure all applicants receive assistance in completing applications, free of charge. Staff is proposing to prohibit air districts from accepting applications completed in full, or in part, by any unaffiliated organization that charges the applicant for this service.

c. Expand eligibility for electric vehicle supply equipment (EVSE) incentive

The current Retire and Replace Program provides participants who purchase a battery electric vehicle up to \$2,000 dollars toward EVSE. Staff proposes to allow participants who purchase a plug-in electric vehicle PHEV to also use this incentive. Increasing access to charging would likely increase the electric miles driven by PHEV owners, increasing emission benefits and lowering the participant's overall operating costs. Making EVSE infrastructure more affordable would also encourage some applicants to choose a PHEV over a conventional hybrid vehicle.

d. Minimum buy-in for participants

Staff is considering a minimum buy-in amount of \$1,000 from participants for the replacement vehicle. Requiring a minimum investment could incentivize participants to purchase a higher quality vehicle, such as one with greater range or lower mileage, than they might otherwise. Having to make a minimum financial investment also helps to ensure the applicant makes a deliberate and informed decision about which replacement vehicle to purchase.

e. Promote alternative mobility option

Current program guidelines provide up to \$4,500 to participants that utilize public transit passes in lieu of an incentive for the purchase of a replacement vehicle. Although few participants have chosen the alternative mobility option, there are likely a number of factors affecting whether or not this is a viable option for participants. Staff is considering increasing the incentive amount to increase the number of participants that take advantage of the alternative mobility option.

Proposed Concepts for EFMP Retirement-only Guidelines

Staff is not proposing to make any changes to the current EFMP Retirement-only program guidelines at this time. The program will continue implementation statewide by BAR, providing \$1,500 to participants with household incomes below 225 percent of the federal poverty level to scrap their functional, older, higher emitting vehicles.

Next Steps

With the input received at the workshops, staff will begin to draft the Initial Statement of Reasons (ISOR), which will include a staff report, process regulation, as well as guideline documents, one each for EFMP and CC4A. Prior to releasing the ISOR, however, staff will host at least one public work group meeting to give stakeholders the opportunity to review draft guidelines, provide feedback, and ask questions.

The Board will consider the proposed regulation and guidelines at a Board hearing in July 2018. Prior to this meeting, the public will have a 45-day public comment period.

Contact Information

If you have questions regarding the workshops, please contact Mr. Aaron Hilliard, Manager, at 916 322-4781 or by email at aaron.hilliard@arb.ca.gov. You can also contact Mr. Nicholas Nairn-Birch, Air Resources Engineer, at 626 575-6746 or by email at nicholas.nairn-birch@arb.ca.gov.