

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

JOE SERNA, JR. BUILDING
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
BYRON SHER AUDITORIUM, SECOND FLOOR
1001 I STREET
SACRAMENTO, CALIFORNIA

THURSDAY, OCTOBER 21, 2010

9:10 A.M.

TIFFANY C. KRAFT, CSR, RPR
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APPEARANCES

BOARD MEMBERS

Ms. Mary Nichols, Chairperson

Dr. John R. Balmes

Ms. Sandra Berg

Ms. Doreene D'Adamo

Ms. Lydia Kennard

Mrs. Barbara Riordan

Mr. Ron Roberts

Dr. Daniel Sperling

Mr. Ken Yeager

STAFF

Mr. James Goldstene, Executive Officer

Ms. La Ronda Bowen, Ombudsman

Mr. Tom Cackette, Chief Deputy Executive Officer

Mr. Bob Fletcher, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. Lynn Terry, Deputy Executive Officer

Ms. Mary Alice Morency, Board Clerk

Ms. Edie Chang, Chief, Program Planning and Management
Branch, OCC

Ms. Susan Fischer, Ph.D., Climate Action and Research
Planning Section, Research Division

Mr. Ryan Huft, Air Resources Engineer, Technical Analysis
Section, Stationary Source Division

APPEARANCES CONTINUED

STAFF

Mr. Bill Knox, Air Pollution Specialist, Office of Climate Change

Mr. Rob Oglesby, Legislative Director, Office of Legislative Affairs

Mr. Chuck Seidler, Manager, Climate Change Planning Section, OCC

Mr. Wayne Sobieralski, Air Resources Engineer, Mobile Source Operations Division

ALSO PRESENT

Ms. Nidia Bautista, Coalition for Clean Air

Ms. Cynthia Cory, California Farm Bureau Federation

Ms. Kendra Daijogo, The Gualco Group, Inc.

Mr. Timothy French, Engine Manufacturers Association

Mr. Randal Friedman, Department of Defense

Ms. Martha Guzman, CRLAF, CRPE

Ms. Bonnie Holmes-Gen, ALA

Ms. Betty Plowman, Ad Hoc Working Committee

Mr. Shankar Prasad, Coalition for Clean Air

Ms. Evelyn Rangel-Medina, Ella Baker Center for Human Rights

INDEX

	Page
Item 10-9-1	
Chairperson Nichols	3
Executive Officer Goldstene	3
Staff Presentation	4
Board Q&A	19
Motion	24
Vote	24
Item 10-9-4	
Chairperson Nichols	24
Executive Officer Goldstene	24
Staff Presentation	25
Ms. Bautista	41
Mr. Prasad	43
Ms. Rangel-Medina	45
Ms. Guzman	46
Ms. Holmes-Gen	47
Board Q&A	48
Item 10-8-3	
Chairperson Nichols	50
Executive Officer Goldstene	51
Staff Presentation	52
Mr. Prasad	67
Ms. Bautista	69
Ms. Rangel-Medina	70
Item 10-9-5	
Chairperson Nichols	71
Executive Officer Goldstene	71
Staff Presentation	72
Board Q&A	89
Item 10-9-2	
Chairperson Nichols	102
Executive Officer Goldstene	102
Staff Presentation	103
Mr. French	111
Mr. Friedman	112
Motion	113
Vote	114

INDEX CONTINUED

	Page
Item 10-9-3	
Chairperson Nichols	116
Executive Officer Goldstene	116
Staff Presentation	117
Board Q&A	123
Ms. Cory	129
Ms. Daijogo	132
Ms. Holmes-Gen	133
Board Q&A	135
Motion	137
Ex Partes	139
Vote	141
Public Comment	
Ms. Plowman	142
Adjournment	143
Reporter's Certificate	144

1 PROCEEDINGS

2 CHAIRPERSON NICHOLS: So the October 21st, 2010
3 public meet English of the Air Resources Board will come
4 to order, as soon as Mr. Goldstene gets here.

5 And I would ask everyone to please stand and say
6 the Pledge of Allegiance.

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

9 CHAIRPERSON NICHOLS: Will the clerk please call
10 the roll?

11 BOARD CLERK MORENCY: Dr. Balmes?

12 BOARD MEMBER BALMES: Here.

13 BOARD CLERK MORENCY: Ms. Berg?

14 BOARD MEMBER BERG: Here.

15 BOARD CLERK MORENCY: Ms. D'Adamo?

16 Ms. Kennard?

17 BOARD MEMBER KENNARD: Here.

18 BOARD CLERK MORENCY: Mayor Loveridge?

19 Mrs. Riordan?

20 BOARD MEMBER RIORDAN: Here.

21 CHAIRPERSON NICHOLS: Supervisor Roberts?

22 BOARD MEMBER ROBERTS: Here.

23 BOARD CLERK MORENCY: Dr. Sperling?

24 BOARD MEMBER SPERLING: Here.

25 BOARD CLERK MORENCY: Dr. Telles?

1 Supervisor Yeager?

2 BOARD MEMBER YEAGER: Here.

3 BOARD CLERK MORENCY: Chairman Nichols?

4 CHAIRPERSON NICHOLS: Here.

5 BOARD CLERK MORENCY: Madam Chairman, we have a
6 quorum.

7 CHAIRPERSON NICHOLS: Thank you very much.

8 A couple of routine announcements. If there's
9 anyone who is not familiar with our procedures and you
10 wish to testify, please sign up with the Clerk of the
11 Board. There are speaker cards both outside the room and
12 at the Clerk's desk. We do expect to be imposing a time
13 limit on testimony today.

14 And we'd appreciate it if people do not read
15 their written testimony, if they have any written
16 testimony, but just summarize it in their own words. And
17 then the written remarks will also be entered into the
18 record.

19 The emergency exits are at the rear of the room
20 as well as to my right and left. And in the event of a
21 fire alarm, we have to evacuate this room immediately and
22 go downstairs and out of the building. And we'll come
23 back when an all clear signal.

24 I think it's okay to announce we are not going to
25 have an earthquake drill today. There is an earthquake

1 drill going on around the state, but this building is
2 going to be exempt so we can have a meeting. We
3 appreciate all the people get a chance to practice
4 earthquake safety another day.

5 So we will begin this morning's meeting with a
6 presentation on the plan for air pollution research for
7 fiscal year 2010, 2011.

8 And Mr. Goldstene, would you present that item?

9 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
10 Nichols.

11 Each year, ARB staff solicits research ideas
12 through a public process and develops an annual research
13 plan that supports the Board's mission. The research
14 ideas are evaluated by ARB staff as well as staff from
15 other funding agencies and the Board's Research Screening
16 Committee.

17 This year's plan supports ARB's regulatory
18 priorities associated with health effects, emissions
19 reductions, innovative technologies, economic analysis,
20 climate change, energy efficiency, and conservation.

21 Twenty-four new research projects are being
22 recommended for funding, and an additional four projects
23 are offered for consideration should additional resources
24 become available.

25 If approved by the Board, the projects described

1 in the plan will be developed into full proposals for your
2 approval over the next several months.

3 Dr. Susan Fischer of the Research Division will
4 present the research plan as well as a few highlights from
5 our portfolio of completed research.

6 Susan.

7 (Thereupon an overhead presentation was
8 presented as follows.)

9 DR. FISCHER: Good morning, Chairman Nichols and
10 members of the Board.

11 This morning, I'll present the Air Pollution
12 Research Plan for fiscal year 2010-2011 and offer an
13 overview of ARB's Research Program.

14 --o0o--

15 DR. FISCHER: The Air Pollution Research Plan for
16 fiscal year 2010-2011 comprises 25 projects that address
17 gaps to support the Board's decision making. If the
18 fiscal year 2010-2011 Research Plan is approved today,
19 staff will work with our research partners over the next
20 few months to develop projects into full proposals. We
21 will then bring each proposal to the Board to request
22 approval and funding.

23 --o0o--

24 DR. FISCHER: Established by the State
25 Legislature in 1971, ARB's program of research probes

1 causes, effects, and solutions the California's air
2 pollution problems to support decision making and
3 implementation by the Board.

4 ARB's Research Program identifies and explores
5 questions that are critical to sound policy. Since ARB is
6 legislatively mandated to work with the State's
7 publicly-funded universities where possible, ARB's
8 Research Program partners with internationally recognized
9 scientists in California.

10 --o0o--

11 DR. FISCHER: A strong scientific basic forms the
12 foundation of ARB's air quality programs by: Informing
13 the Agency's mission to set health-based standards to
14 conduct exposure assessments; monitoring air quality and
15 developing models to account for air pollutant emissions
16 as well as their fate in the atmosphere; supporting the
17 development of cost effective and scientifically sound
18 emission control strategies, fostering technological
19 innovation and supporting a leadership role in air
20 pollution control policy.

21 --o0o--

22 DR. FISCHER: This morning, I will present
23 highlights from the past 40 years of air pollution at ARB
24 followed, by an overview of the research planning process
25 and research questions that have been identified for the

1 challenges remain.

2 --o0o--

3 DR. FISCHER: Shortly after ARB's research
4 program was initiated, it undertook the first ever field
5 studies aimed at clarifying air pollution formation and
6 transport as a basis for developing models to support
7 science-based air pollution control policy. These studies
8 have been highly leveraged, with ARB funds often matched
9 by more than two to one.

10 ARB's field studies target critical air quality
11 issues related to ozone, PM, and global climate change.
12 Field studies conducted throughout California help us to
13 validate emissions inventories, improve our understanding
14 of atmospheric science, and develop strategies to improve
15 air quality.

16 --o0o--

17 DR. FISCHER: One example of ARB-funded research
18 feeding directly into air pollution control policy is the
19 children's health study, which was designed to investigate
20 the health impacts of air pollution on California's
21 vulnerable young population.

22 This study was the first of its kind, with a
23 sample of over 5,000 children followed from 4th to 12th
24 grade under ARB funding and now into adulthood through the
25 National Institute of Environmental Health Sciences. This

1 collaboration. These efforts involve representatives from
2 the technical review teams which include members from air
3 districts, State agencies, federal agencies, and research
4 funding organizations such as the Coordinating Research
5 Council and Health Effects Institute.

6 --o0o--

7 DR. FISCHER: ARB's research keeps state dollars
8 in California, with 75 percent of research funds spent
9 over the past ten years staying in state.

10 To make the most use of limited State funds, ARB
11 consistently seeks to leverage external funds in the form
12 of direct co-funding, in-kind resources, or access to
13 facilities, equipment, and data sets.

14 ARB's proposed research portfolio is
15 substantially leveraged. The proposed 2010-2011 projects
16 leverage one dollar of external resources and co-funding
17 for every dollar spent by the State. Over the past
18 ten years, we have secured roughly three dollars in
19 external leverage per dollar spent.

20 ARB's Research Program with its unique statutory
21 responsibility to conduct air pollution research has
22 benefited from the lowest overhead rates available with
23 California's universities. This low overhead, which
24 ensures that our funds are used for actual research rather
25 than administration, has been key to ARB's achievements.

1 --o0o--

2 DR. FISCHER: The proposed annual plan supports
3 Board priorities related to health effects and exposure,
4 air quality and emission reductions, economic analysis,
5 and climate and energy efficiency. For each of these
6 research categories, I'll summarize the research gaps that
7 ARB's proposed research plan will address.

8 --o0o--

9 DR. FISCHER: ARB's recent research in the area
10 of health effects and exposure has helped establish
11 state-of-the-art research centers for investigating PM2.5
12 toxicity, has quantified health effects associated with
13 ambient ozone, and has quantified high exposures to air
14 pollution near roadways and in vehicles.

15 --o0o--

16 DR. FISCHER: The fiscal year 2010-2011 research
17 plan will fill gaps related to mechanisms of PM toxicity,
18 vulnerable populations, and indoor air quality.

19 In the area of PM toxicity, research will support
20 cost effective strategies for PM reduction by clarifying
21 which sources and components of PM are responsible for ill
22 health. Building on earlier research on exposures to
23 traffic-related air pollution, we will investigate
24 biological responses to traffic-related air pollution.

25 Continued research in the area of vulnerable

1 DR. FISCHER: Building on work by the U.S. EPA,
2 we'll investigate how the current heavy-duty fleet can
3 achieve greater fuel economy and reduced emissions through
4 the use of multiple aerodynamic fairings.

5 The next pair of studies will enhance our
6 existing methane emissions monitoring network and improve
7 our emissions inventory for methane as well as inventory
8 methods. These studies will support development of cost
9 effective strategies to reduce methane emissions from a
10 variety of sources.

11 Two studies in the agricultural sector will help
12 us understand and reduce sources of VOC and greenhouse gas
13 emissions.

14 Finally, we'll work with scientists from the
15 CalNex 2010 study to synthesize policy findings so they
16 are available as soon as possible to support decision
17 making.

18 --o0o--

19 DR. FISCHER: Recognizing that the challenges of
20 climate change and ambient air quality are not independent
21 of each other and will become increasingly important in a
22 warming world, ARB partnered with the National Oceanic and
23 Atmospheric Administration to investigate the interaction
24 of these challenges by land, air, and sea.

1 completed. Our research will support timely synthesis of
2 the most policy-relevant results to facilitate better air
3 quality modeling, control strategies, and planning.

4 --o0o--

5 DR. FISCHER: In recent years, ARB has funded a
6 variety of economic models that support regulatory
7 development, including statewide economic models as well
8 as sector-specific models.

9 This year, we propose to launch a fellowship
10 program to foster additional refinements to economic
11 models. An external expert will work with ARB and with
12 collaborators throughout California to identify and
13 address the most critical methodological needs. Research
14 results should help us forecast near and long-term impacts
15 of environmental regulatory and non-regulatory strategies
16 on California's economy and on individuals.

17 --o0o--

18 DR. FISCHER: Over the past ten years, ARB has
19 launched a variety of research projects in the area of
20 climate change.

21 This research has helped us to improve the
22 greenhouse gas emissions inventory and develop strategies
23 to cost effectively curb emissions on non-CO2 gases.

24 With our research partners, we have also begun to
25 understand how climate change will affect California's air

1 One of our proposed projects will investigate
2 cool roofs.

3 --o0o--

4 DR. FISCHER: Cool roofs cool the planet by
5 reflecting sunlight back to space. The proposed project
6 addressing how cool roofs may mitigate greenhouse gas
7 emissions builds directly on an ongoing partnership with
8 the California Energy Commission.

9 The project will also support national policy
10 issued by the Department of Energy requiring cool roofs on
11 federal buildings.

12 Cool roofs are available in a variety of
13 architectural styles and colors as shown on these photos.
14 The proposed project quantifies how cool roof deployment
15 in California can impact the state's reflected radiation
16 budget.

17 --o0o--

18 DR. FISCHER: In summary, research sponsored by
19 the Board is strongly supportive of policy priorities and
20 fosters research tailored to California's needs at low
21 overhead rates and high levels of leveraging.

22 --o0o--

23 DR. FISCHER: If the fiscal year 2010-2011
24 Research Plan is approved today, staff will work with our

25 research partners to bring full proposals to the Board to

19

1 request approval and funding for the projects in this
2 portfolio.

3 We recommend that you approve the planned Air
4 Pollution Research for fiscal year 2010-2011.

5 CHAIRPERSON NICHOLS: Thank you. That was a very
6 comprehensive report.

7 Is there any questions that Board members have?

8 Dr. Balmes.

9 BOARD MEMBER BALMES: Yes. I actually read the
10 research plan. And I have a question about one of the
11 proposed studies for funding. It's actually the season
12 and location specific systemic health effects of ambient
13 particulate matter study that I think would be done with
14 U.C. Davis.

15 And I actually am totally fine with the research
16 project, and it seems at a reasonable cost, except for the
17 fact that it suggests that the project would be leveraging
18 work that that group is already doing under their EPA
19 funding. But I think they lost their EPA funding. So I
20 just want to know if that project would be able to go
21 forward in the absence of the EPA Center funding.

22 STAFF COUNSEL KERNS: We have discussed that, and
23 they are going to make adjustments for that.

24 CHAIRPERSON NICHOLS: So the report is out of
25 date, perhaps. And as I understand it, although the

1 Research Plan contemplates particular studies, there's
2 always room for adjustment along the way. That gives an
3 over view of what they're thinking.

4 BOARD MEMBER BALMES: I'm fine with that concept.

5 CHAIRPERSON NICHOLS: Others? Yes.

6 BOARD MEMBER SPERLING: I looked at the slides
7 carefully. Slide 6 I have a little issue with. This is
8 Professor Haagen-Smit in his car. This is in the
9 transportation world what we call a distracted driver.
10 I'm sure he's good at multi-tasking.

11 CHAIRPERSON NICHOLS: Let me just say at the time
12 that this picture was taken in 1952, the consequences of
13 having one's eyes off the road for a few seconds were
14 probably a little less severe.

15 BOARD MEMBER BALMES: He's probably not wearing
16 his seat belt.

17 CHAIRPERSON NICHOLS: In fact, there's no sign of
18 a seat belt.

19 Thank you for that comment.

20 BOARD MEMBER SPERLING: I do have a more
21 substantive comment.

22 There was a quick discussion of strategic
23 planning, and I like that a lot. And as I understand from
24 discussion with staff that the previous -- there was a
25 strategic planning document that was done many years ago,

1 and that there is discussion about revising it.

2 I really want to strongly support that effort,
3 because you know, the mission of ARB is changing.
4 Challenges are changing. And we're really looking five to
5 ten years ahead when we develop a research program. And I
6 think we need a very deliberate effort to think about what
7 are the challenges in the future. And, you know,
8 scientists are not necessarily the best people, at least
9 the principle group of people to be making -- determining
10 those priorities.

11 I think it's people that understand and can
12 appreciate what those -- how the mission is going to
13 change, how the policies and regulations are going to
14 change, what is going to be happening in five or
15 ten years.

16 So I would just encourage a sincere and strong
17 effort to really put together a meaningful strategic plan
18 here. You know, we have limited resources. And
19 especially as we get in the climate world, there's many,
20 many other organizations doing research. There's
21 obviously huge gaps and especially gaps in terms of
22 supporting the kinds of things ARB is going to be doing
23 over the next five to ten years.

24 CHAIRPERSON NICHOLS: Go ahead, Dr. Balmes.

25 BOARD MEMBER BALMES: I would just strongly

1 underscore my support for Professor Sperling's idea that
2 we should have a strategic planning process.

3 I actually participated in the last one, I think.
4 And it was a long time ago.

5 The only issue I would have is I would agree that
6 scientists shouldn't be running the strategic planning
7 process. But I think that what we really need is a
8 dialogue between scientists in terms of where the science
9 is going and the people with the policy -- responsibility
10 for implementing policy that needs to be based on science.
11 So I would encourage a plan or process that supports that
12 kind of dialogue.

13 CHAIRPERSON NICHOLS: Well, as a non-scientist
14 who actually had the responsibility for running a unit at
15 UCLA that was involved in policy-oriented science, I'd
16 like to really triple underscore both of your comments in
17 this regard.

18 ARB's research has produced a lot of really
19 valuable work over the years, and it has traditionally
20 been pushed along and prodded by the Board to be relevant
21 to the policy questions the ARB needed to have addressed.
22 And I think there's been a very strong and positive
23 relationship over the years.

24 But it's been a while since the Board met with
25 our Research Screening Committee as a group. Certainly,

1 several years at least. And we have some members of that
2 Screening Committee, and I think both they and we would
3 benefit if we could organize a workshop early next year
4 where there would be an opportunity with an agenda to
5 really work through some of these questions. I think we
6 would all feel a greater sense of ownership in the
7 process. And it's even more true as I think both of you
8 said, you're aware resources are harder and harder to come
9 by.

10 I was just asked to serve on a Review Committee
11 for the Energy Commission's Peer Research Program, which
12 is much richer program than ours. And one of my reasons
13 for wanting to do that, of course, is to see if there are
14 ways we can leverage their work a little bit more.

15 But they actually have to go through a formal
16 legislative re-authorization process every few years
17 because they have a dedicated source of funding. So the
18 Legislature looks at them very seriously. We don't get
19 quite that level of scrutiny. But I think all of us
20 should be expecting scrutiny in the next budget year. So
21 I'm hoping our executive officer and the Research
22 Commission can get this organized.

23 EXECUTIVE OFFICER GOLDSTONE: We'll work on it
24 for sometime late winter or spring have a public workshop
25 with the Research Screening Committee and the Board to

1 talk about the future of research and think through the
2 questions on climate air, and toxics.

3 CHAIRPERSON NICHOLS: Sounds good. All right.
4 Do I have a motion to approve the plan?

5 BOARD MEMBER BALMES: So moved.

6 BOARD MEMBER SPERLING: Second.

7 CHAIRPERSON NICHOLS: All in favor, please say
8 aye.

9 (Ayes)

10 CHAIRPERSON NICHOLS: Thank you.

11 Moving right along, the next agenda item is a
12 staff update on the legislation that was considered this
13 year. And our Legislative Representative, Rob Oglesby
14 will be presented this morning. We just finished a
15 two-year session, so it's a good time to see how we did.

16 EXECUTIVE OFFICER GOLDSTENE: Chairman Nichols,
17 this year marked the end of a two-year session and the
18 Governor signed or vetoed all the bills that reached his
19 desk just a few weeks ago. So it's a good time for Rob to
20 report on the session highlights, including items related
21 to the budget.

22 I want to draw specific attention to a very
23 important bill to us. This was AB 2289. Rob will talk
24 about that in greater detail. This was by Assembly Member
25 Mike Eng. This bill will capture 70 tons of smog-forming

1 emissions every day from our Smog Check Program and save
2 consumers a lot of money. And we are very happy to be
3 able to work in partnership with the Bureau of Automotive
4 Repair to get this bill through.

5 Overall, like most legislative years, it was a
6 challenging year. But I think we did pretty well, and Rob
7 will go through the details now.

8 (Thereupon an overhead presentation was
9 presented as follows.)

10 LEGISLATIVE DIRECTOR OGLESBY: Thank you, Mr.
11 Goldstene, Chairman Nichols, and Board members. Good
12 morning.

13 I want to thank you for this opportunity to
14 provide an overview of the significant actions and trends
15 in the California Legislature for 2010.

16 --o0o--

17 LEGISLATIVE DIRECTOR OGLESBY: Overall, it was a
18 very unusual session. In fact, there were multiple
19 sessions. In addition to the regular session, there were
20 eight special sessions. That's a new record. And then of
21 course, there was the tortured budget process, with the
22 Governor acting on the package of trailer bills just this
23 past Tuesday.

24 --o0o--

25 LEGISLATIVE DIRECTOR OGLESBY: There were about

1 280 bills related to air pollution and climate change.
2 And there were many special hearings, 13, which would be a
3 lot of hearings for most State agencies, but for ARB, that
4 has become the norm.

5 --o0o--

6 LEGISLATIVE DIRECTOR OGLESBY: The topics for the
7 special hearings included AB 32 and climate change,
8 carpool lanes, energy, and electric vehicles. But at the
9 closing bell, there were relatively few significant air or
10 climate-related bills that made it to the finish line.

11 Of course, the economy was and remains the
12 dominant concern in the Legislature. There was a great
13 deal of attention devoted to bills intended to improve the
14 economy, create jobs, and generally improve the business
15 climate.

16 However, angst over perceived costs associated
17 with air quality and climate change programs caused some
18 members of the Legislature to seek re-evaluation or delay
19 of some of ARB's most significant programs to reduce air
20 pollution and curb global warming.

21 --o0o--

22 LEGISLATIVE DIRECTOR OGLESBY: This slide gives
23 you an idea of the bills that were introduced to roll back
24 programs or add additional procedural steps to the
25 adoption of new regulations. For a variety of reasons,

1 legislation to abandon or delay air quality and climate
2 change programs was defeated.

3 Although there are significant costs associated
4 with many of ARB's program, there seems to be a growing
5 understanding that most of the examples frequently blamed
6 for our current hard times are for programs that haven't
7 even started yet. And while improvement in the economy is
8 paramount, there is a renewed appreciation for the public
9 health and energy policy benefits of ARB's programs.

10 It was also important that you, the ARB Governing
11 Board, sent the signal earlier this year that the
12 implementation schedule for the on and off-road diesel
13 rules would be revised in recognition of the economy and
14 lower than projected emissions from these sources. The
15 recent progress on the diesel items scheduled for December
16 helped diffuse interest in preemptive legislation.

17 In addition, there is a growing recognition of
18 the economic upside of California's environmental
19 policies. As an example, last year, investors poured more
20 than two billion dollars into California's clean
21 technology businesses and in research and development.
22 That was 60 percent of the total green technology
23 investment in all of North America. And the Clean Tech
24 Group, a global research and consulting firm, forecasts a
25 \$10 billion market for California in 2010, growing to

1 almost 80 billion by 2020.

2 Now I'd like to turn to a few significant bills
3 that were recently signed into law.

4 --o0o--

5 LEGISLATIVE DIRECTOR OGLESBY: I'm very pleased
6 to report that the biggest pollution-cutting bill of the
7 session was sponsored jointly by ARB and the Department of
8 Consumer Affairs Bureau of Automotive Repair.

9 That bill, AB 2289 by Assembly Member Mike Eng,
10 will both cut smog and save consumers big money by
11 reforming and enhancing the State's Smog Check Program.
12 The bill will significantly reduce smog-forming emissions,
13 and most consumers will have faster, lower cost smog
14 checks.

15 Most Californians don't realize it, but on
16 average, motorists in the state pay more than twice the
17 amount for a smog check than consumers pay in other
18 states. And California's Smog Check Program has not kept
19 pace with the best practices of smog check programs in
20 other states. That said, Smog Check is one of the
21 California's biggest smog-cutting programs.

22 --o0o--

23 LEGISLATIVE DIRECTOR OGLESBY: Last year, Sierra
24 Research published a report on the effectiveness of the
25 California Smog Check Program. The report was performed

1 under contract with ARB and the Bureau of Automotive
2 Repair and involved testing thousands of vehicles at the
3 roadside on portable smog check equipment. The study
4 concentrated on pre-1996 model year vehicles. These
5 vehicles make up only 25 percent of the California fleet,
6 but are responsible for approximately 75 percent of all
7 passenger vehicle emissions.

8 The outcome of this study was extremely
9 disappointing and cut across both types of smog check
10 stations, both test only and test and repair.

11 --o0o--

12 LEGISLATIVE DIRECTOR OGLESBY: The study revealed
13 that many smog check stations gave a passing grade to cars
14 that should have failed their smog check. In fact, 19
15 percent of the vehicles that initially passed a smog check
16 subsequently failed a roadside smog check shortly
17 afterward. Even more troubling, of vehicles that were
18 supposedly repaired in order to pass a smog check, 49
19 percent failed the roadside tests.

20 --o0o--

21 LEGISLATIVE DIRECTOR OGLESBY: It is important to
22 note that not all smog check stations have the same track
23 record, and the Bureau of Automotive Repair has the data
24 and ability to evaluate station effectiveness. AB 2289
25 directs the Bureau to rate the performance of smog

1 stations and refer the vehicles most likely to need
2 repairs to the highest-performing stations. The bill also
3 streamlines the enforcement process for stations that
4 perform irregular inspections.

5 The bill improves consumer convenience by
6 authorizing the use of on-board diagnostic systems, or OBD
7 in shorthand, instead of a dynamometer for smog checks for
8 cars that are model year 2000 and newer. This should
9 reduce the time and cost of a smog check. Other states
10 that have already adopted this reform take half the time
11 to do an inspection and charge half the amount that
12 Californians typically pay. This process is in use in 22
13 other states and in California will be available to over
14 70 percent of the passenger vehicle fleet.

15 It is worth mentioning that the development and
16 the worldwide use of OBD technology was pioneered by the
17 ARB. In the 1980s, we're lucky to have some of the
18 leading staff in that issue area like Mike McCarthy
19 leading an internationally recognized expert on OBD.

20 In the 1980s, computers began to control engine
21 operation. But mechanics were faced with diagnosing
22 engine systems which were unique to each vehicle
23 manufacturer and required expensive special tools.

24 ARB staff realized that with standardization of
25 connectors and codes, OBD could become the smog check of

1 the future, where the vehicle computer could make a far
2 better determination regarding whether the vehicle is
3 meeting emissions standards than a tailpipe test. OBD
4 first became required emission control equipment in all
5 1991 model year vehicles.

6 Motorists know it as the check engine light on
7 the dashboard that alerts them about malfunctions, but
8 that is only part of the system. OBD provides thousands
9 of smog checks per second as vehicles are operating. It
10 is very accurate and reliable, and even stores detailed
11 information that lets mechanics quickly diagnosis problems
12 and make the correct repairs. ARB's leadership in
13 establishing OBD standards helps reduce emissions, improve
14 vehicle durability, and enable the streamlined smog check
15 process used by other states and soon to be made available
16 to California motorists.

17 Overall, AB 2289 will cut smog-forming pollutants
18 by about 70 tons per day, and that's the emissions cutting
19 equivalent of removing 800,000 vehicles from the road. AB
20 2289 cleans the air and saves consumers time and money.

21 --o0o--

22 LEGISLATIVE DIRECTOR OGLESBY: A related bill was
23 authored by former ARB Board member and current Assembly
24 Member Jerry Hill. His AB 787 makes more low income
25 families eligible for financial assistance with smog check

1 many feel strongly about.

2 --o0o--

3 LEGISLATIVE DIRECTOR OGLESBY: That bill is
4 Assembly Member Kevin de Leon's AB 1405. This bill would
5 have created the California Climate Change Community
6 Benefits Fund to receive 10 percent from the anticipated
7 revenues from the cap and trade auction. Cal/EPA was
8 charged with designing the program and distributing the
9 funds to projects in environmental justice communities.

10 CHAIRPERSON NICHOLS: There is an error on the
11 slide. It says SB 1405. It's AB 1405.

12 LEGISLATIVE DIRECTOR OGLESBY: Excuse me. Thank
13 you for that correction. It was indeed AB.

14 There was a large coalition of support and a
15 great deal of opposition as well. In the end, the
16 Governor vetoed the bill as premature since the design of
17 the Cap and Trade Program has yet to come before the
18 Board.

19 The Governor stressed the commitments in AB 32 to
20 ensure that the impacts of climate change and the impacts
21 of reducing climate change would not fall
22 disproportionately on California's disadvantaged
23 communities.

24 --o0o--

25 LEGISLATIVE DIRECTOR OGLESBY: Also related to

1 climate change, the Governor signed a bill that will
2 facilitate projects that reduce greenhouse gas emissions.
3 AB 1507 authored by Assembly Member Ted Lieu provides
4 flexibility to the Carl Moyer Program to allow projects
5 that help reduce smog to also receive state and federal
6 funding for greenhouse gas benefits. Current law does not
7 allow that flexibility and has had the result of
8 disallowing some projects that could achieve both criteria
9 pollutants and greenhouse gas benefits.

10 --o0o--

11 LEGISLATIVE DIRECTOR OGLESBY: Examples of
12 projects that now could qualify for Moyer funds include:
13 Electric and plug-in hybrid trucks, alternative fuel
14 hybrid vehicles, fuel cell vehicles, next generation
15 bio-based diesel fuels, and hybrid tugboats.

16 --o0o--

17 LEGISLATIVE DIRECTOR OGLESBY: A comprehensive
18 review of the bills we followed is in this year's addition
19 of our annual summary. You have copies, and it is
20 available online on ARB's website, and hard copies were
21 available at the entrance to the hearing room.

22 --o0o--

23 LEGISLATIVE DIRECTOR OGLESBY: This concludes my
24 presentation. Thank you for your attention.

25 And on behalf of the entire Legislative Office, I

1 want to thank the Chair, Mr. Goldstene, and the Executive
2 Office and Program staff for their valuable support.

3 CHAIRPERSON NICHOLS: Thank you, Rob.

4 I think we should also note that your workload
5 this year was heavier than ever historically. There were
6 an extraordinary number of bills in this session that
7 needed to be dealt with. And I think overall ARB did
8 indeed come out of it very well. And I know it look a lot
9 of work.

10 People who aren't familiar with the State
11 government process may not realize how much work has to go
12 into analyzing each and every bill regardless of whether
13 it has a chance of ever making it through, not to mention
14 all the work that actually goes into getting the bill
15 through the process.

16 And you did a terrific job, which by the way is
17 also assisted by Cal/EPA and the Governor's office, not an
18 operation completely free of oversight or involvement. We
19 get a lot of help both from the Agency and from the
20 Governor's office in dealing with the Legislature.

21 But we are on point to just produce an awful lot
22 of analytical material information. So a lot of good work
23 went into this. And it was really gratifying to be a
24 party to the press conference down in El Monte this week
25 with Assembly Member Eng, who's such an enthusiastic

1 mayor, really devoted and intense on a personal effort to
2 getting his smog check bill through. It's a program which
3 people tend to want to forget about. It's not the most
4 pleasant thing. But we do have to get a car inspected.
5 But the opportunity to make that program more effective
6 and more cost effective is just really irresistible after
7 all these years. And I'm really pleased to see us moving
8 ahead.

9 And I think it is appreciated the fact that Rob
10 mentioned the fact that the OBD systems is just a platform
11 for this new type of smog check with something that the
12 ARB invented, at least pioneered. And I have approved --
13 I was at U.S. EPA when we were trying to get the 1990
14 provisions of the Clean Air Act implemented as they were
15 written in California and kept bumping up against those
16 tough folks at ARB who insisted they had a better way of
17 doing smog check. We don't want to relive those days.
18 But there has been progress made. It's all in a good
19 direction.

20 Any comments or questions by the Board? If not,
21 this is just an informational item.

22 We do have a couple of members of the audience
23 who have asked to speak. I think they all are here to
24 talk about the Community Benefits Fund and would just call
25 them up in order. Nidia Bautista, Shankar Prasad, Evelyn

1 Rangel-Medina and Martha Guzman.

2 MS. BAUTISTA: Thank you, Chair and members of
3 the Board.

4 Nidia Bautista, Policy Director at the Coalition
5 for Clean Air.

6 And I do appreciate the opportunity to speak on
7 AB 1405. I think Rob may have been projecting for next
8 year, since our lead author will likely be in the Senate
9 next year.

10 We did want to take this opportunity to highlight
11 this bill. As Rob noted, it's a bill that received very
12 wide support. We provided some information to you
13 regarding the existing list of supporters. You'll hear
14 from some of the other co-sponsors of the bill, but it
15 includes folks like the NAACP, the California Black
16 Chamber of Commerce, Waste Management, to over 40
17 environmental public health organizations, environmental
18 justice organizations throughout California, as well as
19 local elected officials from Oakland to Sacramento, to the
20 San Joaquin Valley and down in southern California as
21 well.

22 And this, as you'll remember, is part of the
23 continuing engagement that we've been pursuing in terms of
24 ensuring that when we implement AB 32 that we are
25 specifically made the promises in AB 32 to protect and

1 strengthen our most vulnerable neighborhoods.

2 What we heard as early as late summer 2008 was
3 that the Legislature -- we heard this from both Cal/EPA
4 and from ARB that the Legislature will be the one to make
5 determinations on what to do with any of the funding
6 related to AB 32 or any of the investments.

7 To that end, we worked with Assembly Member Kevin
8 de Leon well as over 16 other legislators to co-author
9 legislation to ensure that that promise was fulfilled.
10 And we introduced that bill early last year. Received a
11 lost momentum going through the legislative process. Went
12 through several Committees, and we ended up holding it on
13 the Senate floor last year because we can receive
14 correspondence from this agency that, in fact, last year
15 would not be timely considering that the Governor had
16 established the Economic Allocations Advisory Committee in
17 May of last year. At that time, we worked very closely
18 with the EAAC, and you'll recall in their reporting
19 earlier this spring they actually included among the
20 recommendations the establishment of a community benefits
21 fund. And specifically sited AB 1405 as a model for that.
22 We're pleased that the Governor's own Committee endorsed
23 this concept.

24 This year, we tried to work very closely with the
25 agencies to secure support. And in the hopes of getting

1 this bill adopted, we felt very strongly. And, in fact,
2 it was very timely considering that a lot of the key AB 32
3 regulations would be adopted, specifically cap and trade,
4 later this year. And so we appreciate the efforts by both
5 this agency and Cal/EPA to really try to work through
6 language and try to explore opportunities to really get
7 this chaptered into law.

8 Unfortunately, as Rob noted, our current Governor
9 did veto that. And while we disagree with his message, we
10 did want to include that veto message to you, because it
11 in fact basically -- the Governor is saying that this ARB
12 Board actually has that authority to implement many of the
13 key provisions within that. And while we'll certainly
14 look to explore the statutory changes that are needed, we
15 look to you to really ensure this is adopted and
16 fulfilled.

17 Thank you.

18 CHAIRPERSON NICHOLS: Thank you.

19 Shankar.

20 MR. PRASAD: Good morning. Sorry I missed the
21 last time. I had to leave early. So good morning,
22 Chairman Nichols and members of this Board.

23 It's always nice to come before the Board and
24 reflect on some of the issues I strongly believe in.

25 AB 1405, as you know, basically took this step of

1 what's written in AB 32 to make sure it is followed
2 through. AB 32 has in it that disadvantaged communities
3 be benefited economically and protected in their health in
4 their health impacts.

5 But AB 32 did not provide a definition of what a
6 disadvantaged community was. Whereas, 1405 gave
7 definition for what a disadvantaged community was and also
8 said a portion of the money could be utilized not as a
9 handout, but more as an emission reduction program focused
10 in those identified areas.

11 It is unfortunate that we did not succeed, but I
12 want to publicly acknowledge Secretary Adams and Chairman
13 Nichols and who supported in trying to explore options if
14 this could be moved forward.

15 We continue to acknowledge and are aware of these
16 issues. But when it comes to the question of taking a
17 specific action, we seem to be pushing this forward into a
18 later time.

19 So I urge you to direct the staff to work with us
20 in shaping the cap and trade regulation as it comes before
21 you to see that some of the elements that were approved by
22 all of the Legislature and supported by more than 40
23 groups across the state are kept in the regulation.

24 Thank you.

25 CHAIRPERSON NICHOLS: Thank you.

1 Evelyn.

2 MS. RANGEL-MEDINA: Good morning. My name is
3 Evelyn Rangel-Medina. I'm Policy Director of the Green
4 Collared Jobs Campaign at the Ella Baker Center for Human
5 Rights. And along with the Coalition for Clean Air, we
6 were co-sponsors of AB 1405 because the communities we
7 represent will be hit first and worst when climate
8 change -- when we see the impacts of climate change come
9 into California.

10 So we not only see this bill as an opportunity to
11 protect those communities, but also to promote local
12 economic development in areas of concentrated poverty by
13 connecting the people that need the most work to the work
14 that most needs to get done in the areas with the highest
15 levels of pollution.

16 So we're also here to remind the Board that it
17 was -- this bill was a legislative priority of the Latino
18 Caucus and we're here for the long run to ensure that AB
19 32 is implemented equitably and effectively along with
20 you. And we'll be back for more hearings and to the
21 Legislature to see the seeds of a Community Benefits Fund
22 come into fruition and to ensure that our communities are
23 protected in their health.

24 Thank you.

25 CHAIRPERSON NICHOLS: Thank you.

1 Martha.

2 MS. GUZMAN: Hi. I'm Martha Guzman. I'm with
3 California Rural Legal Assistance Foundation and also here
4 for the Center for Race Poverty and the Environment.

5 And really just to say that you have always had
6 the authority to include this in your program. I think
7 the EAAC is urging you to do that and would encourage you
8 to actually take the leadership that the Governor has
9 punted back to you to make it happen. And really that
10 leadership is staying at the very forefront of this new
11 innovative program that you're establishing, making a
12 commitment to the most polluted and disadvantaged
13 communities of the state that you're going to make that
14 commitment early on and you can work and figure out and
15 improve the program as it moves forward. But that
16 commitment is going to be done in the beginning of the
17 program. So we urge you to do that.

18 And certainly it makes it more difficult for us
19 as we fight against Prop. 23 to not have that in our
20 armour, but any words that you can share with us today I
21 would be happy to take back to the field to make sure that
22 your commitment stands with them.

23 Thank you.

24 CHAIRPERSON NICHOLS: Thank you.

25 We have one more witness signed up, Bonnie

1 Holmes-Gen.

2 MS. HOLMES-GEN: Chairman Nichols and Board
3 members, first of all, I certainly agree with my
4 colleagues on the importance of AB 1405 and the Community
5 Benefits Fund.

6 But I wants to congratulate you on the adoption
7 of AB 2289, to finally adopt these long needed critical
8 updates of the smog check program. And this is a
9 tremendous victory. Thank you for your hard work on that.

10 And number two, I wanted to make sure you're
11 aware that Senator Pavley worked very hard over the past
12 two years to address the issue of motorcycle emissions.
13 And some folks don't know that motorcycles emit ten times
14 or more per mile than a vehicle depending on if the
15 motorcycle has been tampered. But even a non-tampered
16 motorcycle it's ten times more. This is a concern.

17 And as Senator Pavley's SB 435 was signed into
18 law and establishes enforcement authority in California to
19 ensure that motorcycle exhaust systems meet federal noise
20 standards, and this will have a tremendous benefit in
21 discouraging tampering of motorcycle exhaust systems,
22 because these motorcycles are going to have to demonstrate
23 compliance. And if they're not bearing these labels, they
24 can be fined. So just wanted to make sure you're aware.

25 This is a step forward. It's a small but

1 important step forward on this issue of motorcycle
2 emissions. And we hope it's going to make a difference in
3 our state's air quality program.

4 Thanks.

5 CHAIRPERSON NICHOLS: Thank you for highlighting
6 that bill, Bonnie, and for all of your support in this
7 entire legislative session. It's very much appreciated.
8 And thanks for having that piece of legislation.

9 I think we probably downplayed that a little bit,
10 because we were a little concerned about whether the
11 Governor would actually sign a bill that affected
12 motorcycles, but we got it through. And I guess now since
13 it's done, we can celebrate it.

14 Ms. D'Adamo.

15 BOARD MEMBER D'ADAMO: Well, I just want to thank
16 Bonnie for your work on that. I know we've been talking
17 about this for years. And when it comes before us,
18 anything that staff can do to look at existing authority
19 for motorcycles, because I think there may be more we can
20 do with the authority we already have.

21 CHAIRPERSON NICHOLS: Great.

22 Any other comments or questions?

23 Just for the information of the other Board
24 members, I have a meeting scheduled this afternoon with a
25 number of groups to talk about how we are handling

1 health-related issues in the Scoping Plan. And I know
2 that this question is going to be coming up. We've
3 been -- we met yesterday with our colleagues from the
4 Department of Public Health to talk about the health
5 impact assessment. That is not obviously exactly the same
6 thing. But it helps to form the basis for the discussion
7 that we were having in 1405.

8 1405, of course, would have created a shell for
9 funds. But it left open most of the key details as to how
10 the program will be administered and didn't require any
11 specific level of funding. And so we thought it would be
12 helpful to have it in place.

13 The Governor obviously felt that it was premature
14 until we lay the groundwork for something like this.

15 And there was very significant opposition coming
16 from the business community for the idea that the Cap and
17 Trade Program was somehow a public health problem. And
18 they interpreted it that way, although that was not I
19 think correct. But never the also, it was a really quite
20 contentious at the end there.

21 And I do want to say how much I appreciate the
22 fact that we have had such strong support from other
23 health and environmental justice organizations on the
24 implementation of AB 32. We can't talk about propositions
25 of course here, but we understand that your support for

1 continued implementation of AB 32 has been a really
2 important element in making that a very important issue in
3 this election. So if the proposition is defeated, it will
4 be in substantial measure I think because of the great
5 organizing that's been done.

6 Dr. Balmes.

7 BOARD MEMBER BALMES: Well, just to respond more
8 directly to Ms. Guzman, the meeting that we had with CDPH
9 yesterday regarding the health impact assessment of the
10 Cap and Trade Program, even though specifics, as Chair
11 Nichols mentioned, aren't in that, it was seen by both
12 agencies as helping guide future actions such as
13 potentially the development of a Community Benefits Fund
14 and where that fund might be targeted to improve health at
15 the vulnerable community level. So I think in answer to
16 your specific question, we are trying to keep our eye on
17 that goal.

18 CHAIRPERSON NICHOLS: Thank you very much.

19 We'll move on to the next item on the agenda,
20 which conveniently is a staff update on the progress of
21 the implementation of AB 32 and the Scoping Plan. This is
22 one of our periodic updates so Board members can get a
23 sense of where we are and the time lines and the
24 trajectory that was called for in the legislation.

25 MS. BAUTISTA: Chair Nichols, I just want to

1 mention that we were informed that Senator Jenny Oropeza
2 just passed away. And as you know, she's been a leading
3 champion on air quality issues both, because of the
4 personal struggles she had dealing with the pollution in
5 Long Beach and what's often known as a diesel death. But
6 I just wanted to make sure that your Board was informed of
7 that.

8 CHAIRPERSON NICHOLS: Thank you very much for
9 bringing that to our attention. I knew she had been very
10 ill and absent from the Legislature for quite some time.
11 Very sad news, indeed. She was a champion for clean air
12 and for communities.

13 So we don't have a formal tradition of doing this
14 like some bodies do, but I think we'll adjourn in her
15 memory when it comes time to adjourn the meeting.
16 Thanks.

17 Okay. AB 32.

18 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
19 Nichols.

20 This item was scheduled last month, but we
21 postponed it due to time to this month.

22 Staff is going to provide a short overview on
23 where we are with regard to progress in implementing the
24 Scoping Plan. Bill NOx from the Office of Climate Change
25 will give the staff's presentation.

1 (Thereupon an overhead presentation was
2 presented as follows.)

3 AIR POLLUTION SPECIALIST KNOX: Thank you, Mr.
4 Goldstene.

5 Chairman and Board members, it's a pleasure to be
6 here today to provide an update on progress implementing
7 AB 32 and the Climate Change Scoping Plan.

8 --o0o--

9 AIR POLLUTION SPECIALIST KNOX: Today, I'll
10 discuss our progress on the Scoping Plan and then focus on
11 major climate change activities at ARB over the next few
12 months. I will also provide a brief update on federal and
13 international activities.

14 --o0o--

15 AIR POLLUTION SPECIALIST KNOX: With your actions
16 last month to approve the 33 percent renewable electricity
17 standard and the regional SB 375 targets, the Board has
18 now approved measures that will provide just over 40
19 percent of the emission reductions originally identified
20 in the Scoping Plan.

21 Besides numerous regulations, the Board has also
22 approved tool kits for small businesses and local
23 governments and incentives that reduce greenhouse gas
24 emissions. Meanwhile, our State agency partners have also
25 been working to implement their Scoping Plan commitments,

1 particularly in the electricity sector, with increased
2 energy efficiency programs and continued implementation of
3 both million solar roofs and solar water heater programs.
4 When you combine their efforts with ours, we have
5 implemented measures to achieve over half of the emission
6 reductions needed to meet our 2020 emission goals.

7 Currently, staff is evaluating our greenhouse gas
8 inventory to determine the impacts of the economic
9 downturn. As you've heard about in the case of diesel
10 trucks, the downturn has reduced economic activity and
11 emissions of criteria pollutants and greenhouse gases. We
12 are evaluating how these changes will affect emissions
13 both in order to set the starting point for the greenhouse
14 gas emission cap in our upcoming cap and trade regulation
15 and to calibrate our progress on Scoping Plan
16 implementation.

17 These two things, adjustments to the inventory
18 and progress toward Scoping Plan implementation, will be
19 factors next year as we evaluate the need to adopt
20 additional greenhouse gas emission reduction measures.
21 This year, ARB deferred development of a few Scoping Plan
22 measures to focus our resources on the big hitters, RES,
23 SB 375, and cap and trade.

24 Next year, we intend to re-evaluate the remaining
25 Scoping Plan commitments to determine whether, and on what

1 time frame, additional rulemakings may still be needed.
2 We will report to the Board on our findings in early 2011.

3 Let me now turn to upcoming climate change
4 activities at the ARB.

5 --o0o--

6 AIR POLLUTION SPECIALIST KNOX: One of the
7 pillars of the Low Carbon Fuel Standard is its inclusion
8 of the indirect land use impacts of transportation fuels.
9 In approving the LCFS, the Board recognized that indirect
10 land use change is important to the life cycle greenhouse
11 gas emissions of some crop-based bio fuels, and that to
12 exclude its effects could encourage the production and use
13 of biofuels that have carbon intensities on par with those
14 of gasoline and diesel fuel.

15 When the regulation was adopted, the Board
16 directed staff to convene an expert work group to assist
17 with refining and improving the land use and indirect
18 effect analysis of transportation fuels and to return to
19 the Board by the end of this year with recommendations.

20 The expert workshop has met six times this year
21 and is currently completing its analysis. We expect to
22 receive its recommendations in early November. These
23 recommendations and staff's technical review will form the
24 basis of ARB's informational report on LCFS implementation
25 due to be completed early next month. The report will

1 also inform proposed regulatory revisions to the LCFS to
2 be considered in 2011.

3 --o0o--

4 AIR POLLUTION SPECIALIST KNOX: The cap and trade
5 regulation would set a firm and declining cap on most of
6 California's greenhouse gas emissions. Cap and trade is
7 only one of the many measures described in the Scoping
8 Plan, but it is unique in that it both enhances the
9 effectiveness of other greenhouse gas regulations and
10 ensures that we will meet our 2020 emission goal.

11 By setting an upper limit on greenhouse gas
12 emissions, instead of focusing on reducing the emissions
13 intensity of specific activities, the cap and trade
14 regulation provides assurance that California will meet
15 the AB 32 targets in a way no other regulatory scheme can.
16 If energy efficiency programs are not as effective as we
17 predict, the cap and trade regulation ensures that we will
18 still meet the 2020 goal. And if our economy and
19 emissions grow faster than we anticipate, again the cap
20 and trade regulations limit means our goal will be met.
21 No other regulatory scheme can do this.

22 In addition, by putting a price on carbon, a cap
23 and trade regulation provides the long-term economic
24 incentive needed to move California to a low-carbon
25 economy.

1 Mexico, British Columbia, Ontario, and Quebec, which
2 represent 70 percent of total WCI greenhouse gas
3 emissions, are all on track to begin programs in 2012.

4 Staff will release the initial Statement of
5 Reasons and proposed cap and trade regulation late next
6 week, initiating the 45-day comment period.

7 We will report to the Board on staff's proposal
8 at the November Board meeting, and the Board will consider
9 the regulation at the December Board hearing.

10 --o0o--

11 AIR POLLUTION SPECIALIST KNOX: The Advanced
12 Clean Cars Program unites a number of historically
13 separate initiatives and integrates ARB's long-standing
14 role of improving air quality with the Board's more recent
15 focus on addressing climate change.

16 The Advanced Clean Cars Program brings together
17 our efforts to reduce both smog-forming and greenhouse gas
18 emissions, as well as the Zero Emission Vehicle Program,
19 which serves as an incubator for emerging vehicle
20 technologies.

21 ARB staff plan to release a staff proposal for
22 advanced clean cars later this year, with Board
23 consideration of the proposed regulation in January next
24 year.

25 We're working closely with U.S. EPA to coordinate

1 state and federal standards. You'll hear more about this
2 program in the next agenda item.

3 --o0o--

4 AIR POLLUTION SPECIALIST KNOX: In addition to
5 their work on clean cars, U.S. EPA is preparing to set
6 greenhouse gas requirements for the largest industrial
7 sources of greenhouse gases. These requirements
8 incorporate the new source review and Title 5 requirements
9 of the Clean Air Act. They will phased in over several
10 years with only the very largest sources affected at
11 first. The most substantive of these requirements will
12 mandate best available control technology, or BACT, for
13 new and significantly modified sources.

14 In California, local air districts will carry out
15 the new federal requirements under their permitting
16 authority. ARB, U.S. EPA, and the districts are working
17 together to ensure a smooth transition, so that projects
18 are reviewed and acted upon in a timely manner.

19 It's important to note that State permit
20 requirements for criteria pollutants and air toxics will
21 remain unchanged, continuing to protect and improve air
22 quality.

23 Prospects have dimmed for a single comprehensive
24 federal climate bill in Congress. We expect that the next
25 Congress will focus on a more piecemeal approach to clean

1 energy policy. California's work to create a
2 comprehensive climate program that protects resources from
3 air to forests to water and encompasses all economic
4 sectors, remains a benchmark against which a national
5 program will be measured. By proactively designing a
6 workable and fair greenhouse gas mitigation program,
7 California is providing a model for a federal program that
8 will recognize the progress we have already made.

9 --o0o--

10 CHAIRPERSON NICHOLS: I just want to stop and
11 underscore that point a little bit for the Board, because
12 the work that we're doing now and that the Board will be
13 taking up in December in terms of developing a cap and
14 trade rule is probably the most controversial piece of any
15 federal legislation. And one of the things that we've
16 heard in meeting with a broad array of different sectors
17 in California, California business, including some of the
18 businesses that are most likely to have concerns about a
19 state program because they are businesses that use a lot
20 of electricity, trade exposed, et cetera, is that they are
21 hoping that the program that we adopt will be something
22 that's capable of being, in effect, a substitute for EPA's
23 efforts to try to do something with the Clean Air Act.

24 And we have had one of our top Clean Air Act
25 experts, Lucille Van Ommering, who has been leading an

1 effort working with U.S. EPA to see what could be done in
2 that area.

3 The Clean Air Act, as I think you all know, can
4 be pretty difficult to work its way through the system.
5 It is not designed to be flexible, adaptable, or to
6 encourage people to substitute programs for one another.
7 But because it is a new and evolving area and because EPA
8 is working very closely with Western Climate Initiative
9 and following our efforts also and providing actually
10 support in some of the design efforts, we have -- we are I
11 wouldn't say confident but encouraged that what we develop
12 in California could be a model for something that could be
13 done, but could be something that would be protective of
14 the interests of California both in terms of the
15 environment and of our business communities.

16 So just as you think about these issues, which
17 I'm sure you all are, you know, as we move forward in this
18 discussion, I just wanted to plant that seed, because I
19 think it's an important element in our thinking about how
20 to approach this issue.

21 I don't know if anybody wants to add anything for
22 that. But sorry for the interruption. I couldn't let it
23 go by and see you jump into international activities
24 without making that comments. Thanks.

25 AIR POLLUTION SPECIALIST KNOX: Thank you,

1 Chairman Nichols. I appreciate the additional detail on
2 what we're doing, the important collaboration with State
3 and federal and with others as well.

4 But going ahead with international activities,
5 the Governor's Climate and Forests Task Force, or GCF, is
6 a unique collaboration between 14 states and provinces of
7 United States, Brazil, Indonesia, Nigeria, and Mexico.
8 GCF is developing compliance grade rules for REDD, which
9 stands for Reducing Emissions from Deforestation and
10 forest Degradation. REDD is the international system
11 created to reduce GHG emissions from deforestation, which
12 contributes over 17 percent of all greenhouse gas
13 emissions.

14 Accurate accounting of these emissions from
15 avoided deforestation is essential if these projects are
16 to be accepted by market-based programs like California's
17 cap and trade regulation.

18 GCF partners will attend the upcoming Governor's
19 Global Climate Summit to be held at U.C. Davis on November
20 15th and 16th. This third international summit will be
21 co-hosted by Governor Schwarzenegger and other subnational
22 leaders in partnership with the United Nations Development
23 and Environment Programs.

24 Several of our WCI partners will also attend this
25 summit and stay for the staff's November Cap and Trade

1 Program update to the Board.

2 EXECUTIVE OFFICER GOLDSTENE: I'm going to add
3 something to that too. Sorry.

4 We also expect members of RGGI, the northeastern
5 states, to come to the Governor's Climate Summit as well
6 as members from the Midwestern Governor's Accord.

7 And so I'm now the U.S. Co-Chair of the U.S.
8 Climate Initiative and my partner and Co-Chair from Quebec
9 will also be here. So we are working on making sure
10 everybody is participating in all the different regions.
11 And one of our larger efforts is to link -- eventually
12 link everything together in the absence of national action
13 both in the U.S. and in Canada. We'll be seeing many of
14 those people in the next couple months.

15 AIR POLLUTION SPECIALIST KNOX: Thanks. It's
16 just so -- all this linking is so important, because we
17 know that climate change is a global problem we have to
18 face together.

19 At the upcoming summit, the International Climate
20 Action Partnership will also be discussed. And California
21 was a founding member and was first to Chair this
22 partnership launched in 2007 to pursue the development of
23 carbon markets through cap and trade systems. ICAP works
24 to ensure that design compatibility issues are recognized
25 at an early stage so systems can be harmonized across

1 It is important to note that the 2020 goal is a
2 weigh station on the path to the more substantial
3 reductions that scientists tell us are necessary to avoid
4 the most severe impacts of climate change. Simply put,
5 our work will not be done at the end of this year.

6 As with the smog program, ARB staff will continue
7 to evaluate technology to determine whether additional
8 measures should be pursued, with an eye toward the update
9 of the Scoping Plan that is required by 2013.

10 This completes my presentation. And at this time
11 we'll take any questions you have. Thank you.

12 CHAIRPERSON NICHOLS: Thank you, Mr. Knox.

13 Questions? Yes.

14 BOARD MEMBER SPERLING: That was a good overview.
15 I appreciate it.

16 You started off the presentation saying 40
17 percent of the reductions identified in the Scoping Plan
18 have been secured through ARB actions. My calculation
19 show it's much more than that.

20 What's left cap and trade is, what, 20 or 25
21 percent? Where's all the rest? We did renewable
22 electricity standards. We did SB 375. We did LCFS and we
23 did AB 1493 Pavley standards.

24 CHAIRPERSON NICHOLS: Good question.

25 BOARD MEMBER SPERLING: My math shows that's much

1 more than 40 percent.

2 CLIMATE CHANGE PLANNING SECTION MANAGER SEIDLER:

3 This is Chuck Seidler.

4 The 40 percent represents the ARB component of
5 it. It is much more, you're correct, when you do the math
6 and it includes all other agencies, such as energy
7 efficiency programs with the CEC and CPUC.

8 CHAIRPERSON NICHOLS: So ARB is only taking
9 credit for 40 percent.

10 CLIMATE CHANGE PLANNING SECTION MANAGER SEIDLER:

11 Of the total. When we looked at the 40 percent, it looked
12 at only the measures the ARB Board has approved or has
13 considered. The remaining looks at the other agencies
14 work and what they've done, what they have contributed
15 doing.

16 BOARD MEMBER SPERLING: But that still implies
17 there's another 60 percent -- no, it doesn't provide. How
18 much more is there to go?

19 CHAIRPERSON NICHOLS: Cap and trade. That's it.

20 AIR POLLUTION SPECIALIST KNOX: NOx cap and trade
21 and advanced clean cars.

22 CLIMATE CHANGE PLANNING SECTION MANAGER SEIDLER:

23 Those are the primary two measures. And as we discussed,
24 others will be considered in 2011.

25 CHAIRPERSON NICHOLS: This is sort of --

1 BOARD MEMBER BERG: I guess what I would be
2 looking at, my understanding was for 2020 we were going to
3 reduce by 173 million metric tons. Are we saying that
4 we've only passed 40 percent towards that 173 million
5 metric tons?

6 PROGRAM PLANNING AND MANAGEMENT BRANCH CHIEF

7 CHANG: This is Edie Chang.

8 Of the total that we need to get, as we
9 mentioned, cap and trade and advanced clean car are the
10 two remaining pieces of that.

11 In the Scoping Plan, those measures accounted for
12 about 40 million metric tons from that total.

13 So the remainder of it, as Chuck mentioned, some
14 of it is energy efficiency programs. There are
15 regulations that we do. A lot of that is through funding
16 and other programs that the utilities fund through the
17 PUC, the Energy Commission, things like that. But the two
18 remaining pieces, if you look at it in comparison to the
19 Scoping Plan, it's about 40 million of that 176.

20 CHAIRPERSON NICHOLS: I think you're being overly
21 careful. For public consumption, really, we're 80 percent
22 of the way to where we enhanced.

23 EXECUTIVE OFFICER GOLDSTONE: LCFS also gets us
24 15 tons and (inaudible) gets us 13 tons. So we've made
25 very strong directional movement in the right direction.

1 BOARD MEMBER SPERLING: Maybe before next meeting
2 we can get a better accounting.

3 EXECUTIVE OFFICER GOLDSTENE: Yes.

4 BOARD MEMBER SPERLING: Thank you.

5 CHAIRPERSON NICHOLS: That would be a good thing
6 to do. Good point.

7 Any other questions, comments? If not, this
8 segues very nicely into the discussion of advanced clean
9 cars, but we did have a couple of people who asked to sign
10 up and talk about the Scoping Plan update,
11 Nidia Bautista and Shankar Prasad.

12 MR. PRASAD: Good morning, Chairman Nichols and
13 members of the Board.

14 Two years back when the scoping plan was adopted,
15 we came here and supported you and also urged you to make
16 a couple of changes. And we are thankful for the two
17 directives you took. One was to put a listing of the
18 communities, and two, the formation of the public health
19 work group.

20 Over the course of time, the ARB has taken into
21 consideration and has made some progress in identifying
22 and producing a draft list of communities. When the list
23 was produced and subsequently was presented, we made some
24 comments and EJAC has recommended some comments about the
25 shortcomings of the approach and how that list is flawed

1 and whether that list could be modified.

2 And we have been pursuing that effort for two or
3 six month period now, but we have not had a chance to get
4 any kind specific response on that aspect of it. So we
5 hope that before you print out that cap and trade
6 regulation that the list will be modified.

7 We do not want to see a repeat of revising it
8 like the mortality remains and the kind of thing happening
9 to this list again in the future.

10 And also we suggested a peer review of that
11 methodology. And because it has that significant bearing
12 on that aspect, we want to ensure that takes place.
13 Otherwise, if somehow the NSA process that the issue gets
14 resolved.

15 Secondly, I want to make sure there are two
16 aspects of it, the health impact assessment and the
17 listing are the quite often confusing, put in the same
18 bin. The health impact assessment is more of the
19 (inaudible) The rulemaking process where it impacts as a
20 whole cap and trade rulemaking as a whole, whereas this
21 list of the communities was meant to be a first step in
22 the distribution of funds so that the economic piece of
23 the promises made in the AB 32 are carried through.

24 So I want to make sure that those things are kept
25 true. And we have pledged a lot of trust in the public

1 health working group process, as all of us know that it
2 has not been simple and easy. It has been a little rough
3 patch. And hope this afternoon's meeting will help us to
4 move this and smoothen this part as we move forward.

5 Thank you.

6 CHAIRPERSON NICHOLS: Thank you.

7 MS. BAUTISTA: Thank you, Chairman Nichols,
8 members of the Board and staff.

9 As Shankar noted, our main concern is as we move
10 forward with the Implementation of AB 32 that we do
11 fulfill those promises in AB 32.

12 As we were talking about earlier the AB 1405 has
13 specific language there regarding the proper
14 identification of the neighborhoods. And a few key points
15 we want to mention.

16 One, we want to ensure that that approach really
17 encompasses a range of social economic variables. The
18 current ARB process only looks at one.

19 Also, that we're looking at air pollutants
20 cumulatively, not just figuring out which pollutant is
21 high in what specific area and than just using that one
22 pollutant, but rather all the pollutants.

23 And also it's a uniform approach across all of
24 California and one that gets down to the neighborhood
25 level. It's not enough to suggest that an entire city.

1 Some are big. Some are small. They're very different
2 size of cities. Really needs to get down to the
3 neighborhoods so we're specifically targeting and making
4 the correct investments in the neighborhoods that most
5 need it.

6 And lastly, just to ensure that that approach is
7 a peer reviewed approach.

8 As Shankar noted, I think it is often confused
9 that the health impact assessment is something we
10 absolutely support. While the proper identification of
11 the neighborhoods should be used to inform that health
12 impact assessment, they are two separate things that
13 action items the ARB does need to take and we'll be
14 looking to ensure ARB follows in adopting the cap and
15 trade regulation. Thank you.

16 CHAIRPERSON NICHOLS: Okay.

17 MS. RANGEL-MEDINA: Hello again.

18 We just want to echo the four asks that Nidia and
19 Shankar have pointed out and reference the model we can
20 use to ensure that we have the proper identification of
21 most impacted communities when it comes to health impacts.
22 Thank you.

23 CHAIRPERSON NICHOLS: Thank you.

24 We will now move on to the next item, which is
25 the update on the work going on the national clean car

1 standards from 2017 to 2025. Corresponds with our work on
2 the next phase.

3 California has been working with U.S. EPA and the
4 National Highway Transportation and Safety Administration.
5 We were invited specifically by the President to join in
6 this effort to assess the technology that could be used to
7 significantly reduce greenhouse gas emissions from
8 passenger cars in this 2017 to 2025 time frame. There was
9 an assessment report issued on September 30th that is
10 intended to help inform both the federal and California
11 efforts, and it's an ongoing effort.

12 So I'm going to ask Mr. Goldstene to introduce
13 the item and look forward to the staff presentation.

14 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
15 Nichols.

16 The technical assessment report that Chairman
17 Nichols just mentioned provides valuable information the
18 staff is using to complete its development of proposed
19 greenhouse gas standards for 2017 and beyond. We plan on
20 presenting our proposal for your consideration early next
21 year.

22 In the mean time, we continue to work with the
23 federal agencies to gather more information and will
24 complete several ongoing studies on mass reduction and
25 energy efficiency. We plan on an going relationship with

1 the federal agencies as they develop their greenhouse gas
2 and fuel economy regulations, which should be finalized in
3 2012. We hope the final rule will be close enough to ours
4 that we can accept federal compliance as meeting
5 California's needs as we have done with the 2012 to 2016
6 greenhouse gas standards.

7 Tom Cackette, our Chief Deputy Executive Officer,
8 will give the staff presentation summarizing the results
9 of the technical assessment and the implications for
10 national and clean car standards beyond 2016.

11 Also with Tom is Steve Alba who has led our
12 technical contributions to this effort and also on our
13 other efforts on LEV and Pavley. We refer to Steve as our
14 Chief Technology Officer, even though there isn't such a
15 classification in State service.

16 Tom.

17 CHAIRPERSON NICHOLS: We certainly don't pay him
18 accordingly. Okay.

19 (Thereupon an overhead presentation was
20 presented as follows.)

21 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Good
22 morning, Chairman Nichols and members of the Board.

23 I'm going to start off by talking very briefly on
24 the current greenhouse gas standard not because you don't
25 know them, but because people on the webcast may not be

1 familiar with this.

2 As you know, they were adopted in 2004. We got
3 an EPA waiver to implement these in 2009 and the standards
4 for new vehicles began in the 2009 model year.

5 Somewhat thereafter, EPA adopted similar
6 standards for the 2012 through '16 models. And it was
7 very interesting that the manufacturers agree that the
8 standards were feasible. It was a contentious issue when
9 we adopted them.

10 And the graph on the right shows you how the
11 standards compared. You can see that our in the early
12 years when ours were the only standards dropped fairly
13 rapidly. The EPA standards are quite similar and end up
14 at the same point by 2016 as the California standard.

15 And because of that, and of course because our
16 standards apply to about 40 percent of the cars in the
17 United States, but the national standard would apply to
18 the entire U.S. fleet, we thought this was good for
19 overall climate change emissions. And the Board approved
20 allowing compliance with the federal standard to be in
21 full compliance with our Pavley standards for the 2012
22 through 2016 issue. And, of course, what's at stake now
23 on the issue is what happens after 2016.

24

--o0o--

25 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: That's

1 for year the zero percent or 2016 standard is what's on
2 the books now for the national program.

3 And in the blue highlighted column, you can see
4 how the numbers would drop depending on the stringency of
5 the standards. They go anywhere from 190 grams for mile
6 to 143 grams for mile as the most stringent six percent
7 improvement for year.

8 To give you a metric that's a little more
9 familiar than grams per mile, I put the miles per gallon
10 equivalent in the next column. You can see it ranges from
11 35 miles per gallon, the base case for 2016, to as high as
12 62 miles per gallon. This is for the fleet of cars and
13 trucks combined.

14 And then one more number, which is on the right
15 that test number that is the compliance number, the 35 to
16 62, gets discounted by roughly 20 percent on the label
17 that you see on the new car. So when you look at the
18 window, you would see numbers not 35 but about 28 on
19 average. And under the most stringent standards 6 percent
20 improvement per year, by 2025, we'd be at a real 50 miles
21 per gallon average for cars and trucks. So this is what
22 the -- this doesn't say we can do this yet, but this is
23 what the goals were to explore this range of improvement
24 per year.

1 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: How do
2 we do this?

3 The first thing we did is have a lot of meetings
4 with stakeholders. This includes almost all the car
5 manufactures, the Tier 1 suppliers, the Boschs, for
6 example, of the world.

7 We met with states who are partners in this. We
8 met with the NGOs, battery manufactures, et cetera.

9 We don't just, however, take what we learn from
10 these stakeholder groups. We try to put this into some
11 more analytically sound and consistent approach. And to
12 do that, we did a lot of analytical work. The first one
13 was drive train modeling. This is being done by Ricardo
14 under contract with EPA. This was the same approach that
15 we used in setting the Pavley standards. What do we think
16 the emerging technology can do in terms of emission
17 reductions and its practicality on various types of
18 vehicles ranging from compacts to big SUVs.

19 We did a Lotus mass reduction study which showed
20 what the potential is, take mass out of or weight out of
21 the vehicles. There's good for fuel economy. And we're
22 following up on that with the safety side, safety
23 implications of that.

24 EPA funded vehicle tear downs. For engineers,
25 this is like the best thing you can ever have happen is

1 going in a room and see a car torn down into its many
2 thousands of parts. And they looked at each one,
3 determined what its costs were, what its weights was, what
4 its function was, was it really needed in the future and
5 things like that, which gave us a lot of insight into the
6 cost of these technologies.

7 And then the Department of Energy did a new study
8 on battery costs, which was very valuable, because the
9 estimates of battery costs that you get from various
10 stakeholders are all over the map. And we're looking out
11 at the future for something that really doesn't exist in
12 any volume today. So the battery cost was a fundamental
13 look from the ground up to see what would batteries cost
14 when they're produced in very large volumes.

15 And then finally, we took all this information
16 and put it into a model that EPA has developed, and the
17 purpose of that model is simply to let you explore
18 scenarios. You could look at different technologies,
19 different assumptions of whether technologies will emerge
20 and how fast and what the emission reduction for each
21 technology, the model will select a fleet mix that could
22 satisfy the three, four, five and six percent per year
23 annual improvement in greenhouse gases.

24 We did this so far only as an industry average.
25 This is just one company selling cars, but we'll look at

1 this in the future on a manufacturer specific case. In
2 fact, we're going back to meet with the manufactures right
3 now to explore that question of individual companies
4 impacts.

5 --o0o--

6 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: So when
7 you boil down all the technologies -- and I think there
8 might have been a couple hundred of them or so involved
9 here, they fall into four categories.

10 First one is mass reduction. What we looked at
11 was a range of about 15 to 25 percent mass reduction. And
12 for reference, you can realize many mid-size cars of 3,000
13 pounds to something around that range. And that the SUVs
14 are typically 4,000 pounds or heavier. So it gives you an
15 idea of how much mass might come out of the vehicle.

16 There's the kind of the rule of thumb there that
17 if you do an integrated engineering approach, a ten
18 percent reduction in weight will give you six percent
19 improvement in fuel economy.

20 We also looked at improved gasoline engines. We
21 know gasoline engines are improving all the time. But
22 these technical terms that you see on the second indented
23 line can be boiled down to this in simple terms: It's
24 making a gasoline engine as efficient as a diesel. We
25 think that there is a lot of hope that this is a possible

1 outcome. So we're looking at how much of this can happen.
2 How fast in the 2027 -- to 2017 to 2025 time frame.

3 We also looked at hybrids, strong hybrids. We
4 call these the Prius types a lot, but in fact they have
5 some new names, P2 and two mode hybrids which are the ones
6 that we think will dominate in the marketplace if hybrids
7 are required to meet more stringent standards.

8 And finally, we looked at the category of -- it's
9 called plug electric vehicles. And we used battery
10 vehicles and plug hybrid vehicles as the model that would
11 also include in future fuel cell vehicles.

12 --o0o--

13 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: And we
14 also know that vehicle manufactures aren't going to all be
15 in the same place. And some simple examples --
16 contemporaneous examples are Nissan taking the leadership
17 and putting the Leaf out there, the battery powered Leaf
18 in significant numbers. General Motors is focusing on
19 plug hybrid electric vehicles, the Volt. We have German
20 companies advocating and making progress on diesels and
21 having some of the most advanced current gasoline engines
22 around.

23 So we thought we better look at this from
24 different viewpoints, put ourselves in the shoes of
25 different manufacturers who have different technological

1 see that they're all kind of the same. Take roughly 20
2 percent out, around 700 pounds out of the weight of the
3 vehicle.

4 And the reason they're all the same is twofold.
5 One is in this modeling run, we said don't let the weight
6 reduction get more than 20 percent. So we capped it. And
7 second of all, the model always selected 20 percent weight
8 reduction, because it turns out to be the most cost
9 effective technology that you can use.

10 And the next column called advanced engines, this
11 is sort of a make the gasoline engine as efficient as a
12 diesel, you can see that the model picked a lot of those
13 types of vehicles, around 50 percent. And then what
14 happens, depending on the stringency standard, is the
15 model says, well, you fill in the rest, whatever is needed
16 with hybrid electric vehicles. So at the three percent
17 per year improvement, the first row, you see that only
18 three percent hybrid electric vehicles are required.
19 That's what's being sold in the United States today. So
20 that basically says a three percent -- you don't even need
21 to do any more hybrids than we have today.

22 As you go down into the four, five, and six
23 percent, you can see that the hybrids jump radically to
24 around 50 percent almost of the new vehicles being sold.
25 And again remember today they're only at three percent.

1 starting to happen. Some pictures that help make this
2 thing come to reality.

3 Today, we have about 15 Prius-type conventional
4 non-plug-in hybrids on the road. Here's the number
5 they're coming in just 11 and 12, model years 11 and 12.
6 You can see there's at least a dozen more coming from
7 manufacturers that produces vehicles here for sale in the
8 United States.

9 --o0o--

10 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Here's
11 the plug hybrid electric vehicles. We have eight of them
12 coming in between now and the 2013 time frame.

13 Here's electric vehicles. I couldn't fit all of
14 them that have been announced. Here's almost a dozen of
15 them that will be offered for sale in the 2011-12 to 14
16 time frame.

17 And finally, fuel cell electric vehicles, of
18 which at least four -- I think even Hyundai would make
19 five, are planning commercial introductions in certain
20 regions, one of those being southern California in the
21 2015 to '16 time frame. So the market is starting to say
22 that these advanced technology vehicles are going to take
23 a try at commercialization.

24 --o0o--

25 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: So what

1 is the breakeven point where the fuel savings actually
2 equal the higher cost of the vehicle. And you can see
3 that even at the six percent level there under 40 years,
4 meaning the first owner typically keeps the vehicle for
5 five years, would at least break even and subsequent
6 owners would benefit over the rest of the life of the
7 vehicle.

8 --o0o--

9 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: So our
10 conclusions and observations at least on this is life fuel
11 savings are far in excess of new vehicle price increase.
12 The first owner breaks even.

13 --o0o--

14 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Let's
15 move on to the real challenge now.

16 The real challenge, of course, is how do we get
17 an 80 percent reduction from vehicles by 2050. This is
18 the number that the Governor has set out as the target for
19 California for all sources. And given that passenger
20 vehicles are about a quarter of all the greenhouse gas
21 emissions, we've made the assumption here that we'll have
22 to get an 80 percent reduction from passenger vehicles as
23 well.

24 So what this chart shows is that gasoline
25 vehicles will decline, even the efficient ones, over the

1 setting what we believe the future should look like for
2 that ten-year period. And then EPA and NHTSA are
3 continuing to work through their much more lengthy
4 rulemaking process, and they will finalize that some time
5 in 2012. So at that point, we'll see whether the results
6 are close enough, that once again, we can bring to the
7 Board a proposal to say let's let the national standards
8 govern -- all the car companies would like because it
9 means one fleet for the nation. That's what we have now
10 for the current standards and what we would hope would
11 occur for the later standards. But quite frankly I think
12 it will come down what is the stringency of the two
13 programs and how they match up. So that completes my
14 presentation.

15 CHAIRPERSON NICHOLS: That's a very succinct
16 presentation of something that's very complex. I really
17 appreciate what you've done.

18 Are there questions now at this point? Or do you
19 want to just absorb it? I see down at the end.

20 BOARD MEMBER ROBERTS: Could I ask just one?
21 Because it's a big part of the future projection.
22 Hydrogen fuel, not the fuel cell, but the fuel, is there
23 something in the works that produces hydrogen fuel for low
24 costs?

25 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yes.

1 When you say low cost, I have to caveat that in that I
2 think the goal is to see the hydrogen fuel be about the
3 same price as petroleum fuels.

4 But because the fuel cell vehicle is more
5 efficient, that would drop the cost of operations cents
6 per mile to at or below what the vehicles cost to operate
7 when we're talking about fuel prices in the 2025 time
8 frame, which is probably closer to five dollars a gallon.
9 So yes, it's there. From a greenhouse gas standpoint --

10 BOARD MEMBER ROBERTS: Could you just stick with
11 that for a minute? What is happening with respect to that
12 fuel? What do you foresee happening?

13 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Where
14 is it going to come from?

15 BOARD MEMBER ROBERTS: Yeah. Where is it going
16 to come from?

17 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Right
18 now, the main source of it is from natural gas. It's
19 called steam reforming of natural gas. And the result of
20 that is a 50 percent reduction in greenhouse gas as
21 compared to petroleum today. That's at least a good first
22 step towards this.

23 Ultimately, all these fuels have to come from
24 some manner in which there's very little carbon used to
25 produce them and for which you don't have a source where

1 the carbon is already sequestered. The carbon has already
2 sequestered in the form of gasoline, even natural gas. So
3 ultimately it's going to have to be some kind of renewable
4 source if we're going to get to these 80 percent
5 reductions.

6 But even a 50 percent reduction is a good first
7 start. And the efficiency of the vehicle can take that
8 resulting hydrogen a long ways. It's extremely efficient.
9 These fuel cell vehicles are 100 mile per gallon plus
10 vehicles. It's a big challenge. I mean --

11 BOARD MEMBER ROBERTS: There's why I'm asking.

12 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Where
13 are all these clean fuels? How are we going to do all
14 this is -- there's not a real clear picture yet. But
15 there are pathways that one can see that if we're lucky
16 we'll go down those pathways. Maybe it's going to come
17 from algae. Maybe it's going to grow dedicated crops and
18 farmlands to make some of these things. Maybe it's taking
19 coal and sequestering all of the carbon and producing
20 hydrogen out of it, which you can do today if you have a
21 way of transporting it from the coal fields, of course.
22 It big ifs. But all of those things are possible ways of
23 getting non-carbon and low-carbon fuels for these
24 vehicles.

25 CHAIRPERSON NICHOLS: Mrs. Riordan.

1 BOARD MEMBER RIORDAN: Yes. Thank you for an
2 excellent report.

3 Quick question on fuel cell, which is so very
4 important towards those later years. Were you apprised of
5 the development and research that the major auto firms
6 were doing? And do you feel it's an adequate amount of
7 effort being placed on fuel cell? Because you're going to
8 be relying on them heavily.

9 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,
10 relying on them heavily in the post 2025 time frame, but
11 not relying on them very much at all through 2025. What
12 the car companies are basically saying is there are
13 probably half of them of the major companies that are
14 investing very, very large amounts of money in fuel cells.
15 And what they're saying is, you know, if we're going to
16 keep doing this, you guys have got to come up with the
17 infrastructure. So what everyone is circling around is
18 the Southern California cluster concept of setting up
19 hydrogen fueling in the western part of Los Angeles so the
20 initial cars on the orders of low tens of thousands of
21 them could be brought into the marketplace in 2015 to test
22 it all out. That's kind of the way it's starting.

23 The other path of the car companies I'd say are
24 focusing more on only electric battery type vehicles and
25 sitting back a little bit to see what happens with the

1 other ones who are going to try out the fuel cells.
2 They're all trying everything, but it is a matter of a
3 focus.

4 So I think that if you look at the timing,
5 battery electric vehicles could enter this early
6 commercialization stage where they're selling fairly large
7 numbers of them by at least a few manufactures in the --
8 by the 2015 time frame and that fuel cells are more like
9 the next staff of the decade, where they're going to be
10 trying to go through the same growth spurt to figure out
11 whether people will like to use them or not.

12 They are always going to face the more difficult
13 challenges that we have infrastructure for batteries.
14 It's called the plug in your garage. And for \$2,000, you
15 can get a fast charge in your garage set up. We don't
16 have that for hydrogen. So it's going to have to expand
17 through the nation for fueling infrastructure in order to
18 be a dominant vehicle as I showed. It's probably needed
19 out in the 2050 time frame.

20 CHAIRPERSON NICHOLS: Well, even with all the
21 enthusiasm and talk about electric vehicles now, we're not
22 yet at the point where we've demonstrated we can have a
23 successful commercialization. We're just at the very
24 beginning of that. There is an exciting effort underway
25 in California with a plug-in collaborative that's bringing

1 utilities together with the OEMs and cities and trying to
2 get -- to be helpful but not get in the way of the process
3 here.

4 But it's a challenge just to accommodate the new
5 technology that the manufacturers already have available
6 that they're going to be bringing to market and make sure
7 that the experience of the drivers is one that's a real
8 success and that we don't get hung up on arguments about
9 how clean the electricity is, but actually are you
10 cleaning the electricity. So all of those things are
11 just -- I wouldn't take it for granted we're just going
12 to -- we can assume we're going to have all these plug-in
13 vehicles that we hope for.

14 Yes?

15 BOARD MEMBER SPERLING: I have two comments and a
16 question.

17 The first comment is that, you know, we should
18 recognize that ARB and California have been the leader
19 both in terms of the zero emission technology electric
20 drive technology through the ZEV program and more recently
21 the 1493 Pavley rules that's implemented that were adopted
22 nationally.

23 Number two, this extraordinary. For those of us
24 that have been around and watched this for a long time --
25 and of course Tom Cackette has been the leader of all this

1 since the beginning and before. But it's extraordinary to
2 see that here we're talking about these three to six
3 percent per year reductions, when a few years ago we were
4 talking about not any reduction at any time in the future.
5 In CAFE standards were stuck for 25 years, 20 years.

6 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE:

7 Negative reductions.

8 BOARD MEMBER SPERLING: So I think we should
9 honor and be impressed by the opportunities that now exist
10 that the auto industry really is seeing these
11 opportunities. And ARB working with EPA is showing --
12 doing the analysis, working with the industry to show that
13 these large reductions are cost effective.

14 So the question though I have is that, you know,
15 the tables you have showing the different percent
16 reductions by 2025, I assume they do not include any
17 credits that many people are talking about, including us,
18 including here credits for advanced air conditioners, for
19 the use of electric vehicles. Are these excluding those
20 credits? Because if that's true, then that's even more
21 impressive, that these kinds of percentage reductions --

22 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE:

23 Unfortunately, the answer is yes and no. On the
24 greenhouse gas numbers that we showed for each percentage
25 reduction, those include air conditioning -- improvements

1 to the air conditioning. So that doesn't actually effect
2 the tailpipe. It effects global warming. And there's
3 about 15 grams per mile in that.

4 For reference, the miles per gallon number we
5 assumed you met the standard only with the tailpipe
6 reductions. And so those with the air conditioning going
7 on, that would -- improvements going on, that means those
8 numbers would actually be a little bit lower.

9 BOARD MEMBER SPERLING: And digging a little bit
10 more, but relating it to ARB actions, we had a program
11 that I thought we decided to implement in 2016 that would
12 be a performance-based approach to using better glasses
13 and so on. Is that rolled into this program in some way?

14 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: It will
15 be. But it's not in any way shown in the numbers I used
16 today.

17 And there's other things in there. For example,
18 there is a lot of discussion about not counting the
19 upstream emissions from electric vehicles in the
20 compliance approach. Sort of the idea is the car
21 manufacturers can't control the cleanliness. So they're
22 going to get zero grams per mile credit for meeting a
23 fleet average, but there will be greenhouse gas emissions
24 that come from the generation of the electricity.

25 But that's being treated not as an inconsistency,

1 but it's being treated as kind of a credit. It's a way of
2 providing incentive for some electric vehicles to be used.
3 The implication of that, of course, is that because it's a
4 credit and not a complete real reduction, you'll have
5 slightly higher greenhouse gas emissions from -- true
6 greenhouse gas emissions from the fleet.

7 But those kinds of things are being explored, but
8 not showing at this level of detail. That will all be in
9 the rulemaking packages.

10 And our goal there is a lofty one of trying to
11 make transparent what's really happening without getting
12 caught in the weeds and the details. And these
13 regulations which I know you all keep saying make it
14 simple, please.

15 CHAIRPERSON NICHOLS: Thanks.

16 Ms. D'Adamo.

17 BOARD MEMBER D'ADAMO: I agree that this
18 collaboration is really significant, and I think it's
19 exciting as we go forward to see that at least everyone
20 can agree on the numbers.

21 So what I'm wondering going through these slides
22 here, is there a point where you break off from
23 representing what's in the report and providing your
24 conclusions? Looking specifically at slide 15 and beyond,
25 is that -- are the federal agencies on the same page with

1 you with regards to observations as to the challenge to
2 meet the 2050 target?

3 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: All
4 through slide 16 including the observations, those are all
5 from the technical assessment report, and that's the joint
6 report authored by all three agencies. So I would say
7 they agreed to the facts.

8 Beyond that, you know, the federal government has
9 not really established any post 2025 goal. Lots of talk
10 about the 80 percent reduction in countries and states
11 many have adopted, but we don't have that as a firm goal
12 for the country as a whole. So I think they have not
13 looked quite as formerly at what does this mean beyond
14 2025, all though I think they all have it in their minds.

15 So it's something -- we try to emphasize it more
16 to put a context for the Board and for the public to see
17 what does this all mean. When we look at one little
18 snippet of time, how does this fit into the bigger
19 picture?

20 And the one thing I do want to say. In terms of
21 the agreement on the three, four, five, six, I don't think
22 the car companies all agree with that. The range of
23 numbers -- that tentative kinds of numbers -- I can't give
24 any names -- but I would say it ranges from under three to
25 as much as five as to what they say is possible by 2025.

1 CHAIRPERSON NICHOLS: No one is actually signing
2 up for six percent yet.

3 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: No.
4 No.

5 CHAIRPERSON NICHOLS: Having a little bit of
6 anecdotal experience just in the last few days, chatting
7 with a few people out here, I would certainly agree with
8 that.

9 I think the biggest challenge which I would
10 highlight -- it I may be obvious here, but I want to make
11 sure I say -- people obviously are facing serious
12 investments decisions now for compliance future standards.
13 And they're in a very challenging environment as we know,
14 just as everybody is, but it's been particularly difficult
15 specifically since they're operating at a global market.

16 But the issue about how hard we push in the
17 direction of the ZEV mandate versus just allowing
18 greenhouse gas emissions standards to continue to push in
19 the direction of cleaner and cleaner conventional gasoline
20 engines seems like that's a place where there could be
21 some conflict with our federal partners, because EPA
22 doesn't have a ZEV mandate. They don't have the ability
23 to do what we do. They don't have that tool available to
24 them. And yet, at the same time, the companies probably
25 left to their own devices, unless the market forces really

1 get compelling, are going to put more money into
2 continuing to make the gasoline engines more efficient to
3 meet any standards that would be set. Isn't that a fair
4 assessment?

5 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yeah.
6 I think the most common comment I hear from the car
7 companies related to that is when we get to these higher
8 percentages and the question is: Are electric vehicle
9 needed? For some of the companies where we say 9 percent,
10 they say 50 percent. So there is a difference in what
11 will it take to get to these numbers.

12 But when they do talk about that, they almost
13 always say, well, these other ones are zero, but we're not
14 doing -- we're doing it either for competitive reasons or
15 because ARB has a ZEV mandate. There's why they're -- I
16 think right now it's competitive. It is the ZEV mandate,
17 but it is competitive. When a few of these companies
18 stepped out on advanced technology vehicles, everybody had
19 to do it. They just can't risk being left behind.

20 CHAIRPERSON NICHOLS: Well, there's certainly
21 some exciting cars on the way.

22 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yeah.
23 They are. If you get a chance to drive any of them,
24 please do, because they're fun to drive. And the ones
25 I've driven -- and the challenge of all these things, we

1 talked about infrastructure and getting clean hydrogen,
2 the immediate challenge is really the public, the
3 consumer. Will they buy these cars. Even the most
4 optimistic cost estimations are five to \$10,000 more
5 expensive than a comparable vehicle today.

6 So the public is going have to see the value in
7 the fuel savings, and we're going to have to figure out
8 some policies at the state and federal levels to help put
9 this all together so that you're not just facing five or
10 six, seven-thousand dollar increment, but there's some way
11 that you can capture some of the fuel savings up front.
12 Doing that, like with financing for solar panels and
13 things like that, is being discussed. There needs to be
14 some I think kind of mechanisms beyond just the federal
15 \$7500 tax credit right now.

16 CHAIRPERSON NICHOLS: I agree. And I do think
17 that although ARB is certainly a key player in this
18 discussion that it's becoming clear that other agencies
19 and other entities are going to have to play a role in
20 this transformation. It's not something we can do
21 completely from here.

22 Other questions, comments? If not, thank you
23 very much for the preview of coming attractions.

24 And we can move on to the consideration of
25 proposed amendments to the Airborne Toxic Control Measure

1 for stationary diesel engines.

2 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
3 Nichols.

4 As with any regulation adopted by the Board, ARB
5 staff continually tracked implementation and other related
6 efforts of our rules. The information becomes available
7 that would indicate amendments are warranted. We propose
8 amendments for your consideration.

9 This is the case for the stationary diesel engine
10 ATCM. Two years after you approved the ATCM, U.S. EPA
11 promulgated new performance standards for stationary
12 diesel engines.

13 Throughout our presentation today, we'll be
14 referring to these regulations as the NSPS. In most
15 cases, the NSPS requirements are similar to those in the
16 ATCM. However, there are some provisions, particularly
17 those for new emergency standby engines, which are
18 different. Because of these differences, ARB staff
19 conducted an evaluation to determine if it's appropriate
20 to align the ATCM with the NSPS.

21 ARB staff worked closely with the local district
22 staff and other stakeholders on this issue. Based on our
23 evaluation, we believe it is appropriate to propose
24 amendments to closely align with the federal NSPS.
25 Proposed amendments will retain the health protection

1 provided by the ATCM while resulting in significant future
2 cost savings.

3 I'd now like to have Mr. Ryan Huft of the
4 Stationary Source Division present the staff's proposal.
5 Ryan.

6 CHAIRPERSON NICHOLS: Could I just ask a
7 question? I apologize. But I know we have not taken a
8 break this morning, and our court reporter hasn't had a
9 break. I'm wondering how much testimony we have, whether
10 it would be smarter to take an earlier lunch break.

11 ASSISTANT CHIEF COREY: The presentation is about
12 ten minutes. And in terms of two to testify.

13 CHAIRPERSON NICHOLS: Only two speakers. Let's
14 go ahead and finish this item then.

15 (Thereupon an overhead presentation was
16 presented as follows.)

17 AIR RESOURCES ENGINEER HUFT: Good morning, Madam
18 Chairman and members of the Board.

19 Today, I will present the proposed amendments to
20 the Airborne Toxic Control Measure for stationary diesel
21 engines.

22 --o0o--

23 AIR RESOURCES ENGINEER HUFT: The proposed
24 amendments are narrow in scope. Because of this, I have a
25 short presentation that is designed to provide you with

1 background on the ATCM, summarize the proposed amendments,
2 and discuss the expected impacts.

3 --o0o--

4 --o0o--

5 AIR RESOURCES ENGINEER HUFT: First, a quick
6 primer on stationary engines. Stationary diesel engines
7 are generally categorized as either emergency standby or
8 primer engines.

9 Emergency standby engines are those that are only
10 used in emergency situations, such as the power outages,
11 fires, or floods. These engines are generally operated
12 less than 30 hours per year, and most of these hours are
13 for maintenance and testing purposes.

14 Prime engines are used in many applications, such
15 as compressors and cranes, and these can operate hundreds
16 of hours per year.

17 --o0o--

18 AIR RESOURCES ENGINEER HUFT: In 2004, the ARB
19 adopted the Airborne Toxic Control Measure for stationary
20 diesel engines. The ATCM was part of the Diesel Risk
21 Reduction Program and began implementation in 2005. It
22 establishes emission standards along with operating, fuel
23 use, and reporting requirements for emergency standby and
24 prime diesel engines.

25 The local districts implemented the ATCM, and

1 compliance with the ATCM has been excellent, with most all
2 in-use engines already in compliance. As a result, PM
3 emissions have decreased by about 40 percent and NOx
4 emissions by about 20 percent between 2005 and 2010.

5 --o0o--

6 AIR RESOURCES ENGINEER HUFT: After the adoption
7 of the ATCM, in 2006, the U.S. EPA approved the new source
8 performance standards for stationary diesel engines, or
9 NSPS for short. The NSPS establishes requirements for new
10 stationary diesel engines. Most of the requirements are
11 very similar to those in the ATCM.

12 However, for new emergency standby engines, there
13 are key differences. The federal NSPS does not require
14 emergency standby engines to meet after treatment-based
15 emission standards, while the ATCM does.

16 Under the ATCM, beginning in 2011, operators will
17 need to purchase engines equipped with diesel particulate
18 filters for PM control, and in some cases, also selective
19 catalytic reductions systems for NOx control.

20 In developing the federal requirements, U.S. EPA
21 staff concluded that after treatment was not cost effective
22 for emergency standby applications due to the low hours of
23 operation.

24 As a result, under federal law, engine
25 manufacturers are not required to manufacture new

1 testing to have a diesel particulate filter. This will
2 ensure that the risk from these engines that operate a
3 higher number of hours is mitigated.

4 --o0o--

5 AIR RESOURCES ENGINEER HUFT: We are also
6 proposing some other amendments to clarify requirements to
7 further align with the NSPS.

8 For prime engines, we propose to modify the prime
9 standards to correlate more closely with the NSPS.
10 However, this amendment does not really change the
11 requirements in the ATCM. Basically, these engines will
12 still be required to have a DPF installed to meet the
13 standards.

14 We propose to modify the sell-through provision
15 to be consistent with the NSPS requirements for prime
16 engines and remove the sell-through provision for
17 emergency standby engines as it will no longer be
18 necessary.

19 Minor changes to the definition and use of
20 emergency standby engines are being proposed to more
21 closely align with the NSPS.

22 And finally, we are proposing to modify the
23 reporting requirements for demand response programs so
24 that ARB will receive annual reports of their operations.

25 --o0o--

1 operators looking to purchase a new emergency standby
2 engine. We estimate about 46 million will be saved
3 annually between 2010 and 2020, with about half the cost
4 savings going to public agencies and half to private
5 businesses.

6 --o0o--

7 AIR RESOURCES ENGINEER HUFT: In conclusion, the
8 proposed amendments will ensure the ATCM will continue to
9 protect public health. And at the same time, will result
10 in significant future cost savings to the end users. We
11 also believe that this proposal represents the best
12 available control technology for emergency standby
13 applications.

14 --o0o--

15 AIR RESOURCES ENGINEER HUFT: That said, we
16 recommend that the Board adopted the proposed amendments.

17 Assuming the Board approves the proposed
18 amendments, we also recommend that you direct staff to
19 issue an implementation advisory. Some businesses may be
20 in the process of purchasing new emergency standby engines
21 that may be delivered next year. It is important to let
22 them know that in the time period in which the amendments
23 are being finalized, it will be permissible to purchase an
24 emergency standby engine without after treatment.

25 Thank you. At this time, we will answer any

1 questions that you may have.

2 CHAIRPERSON NICHOLS: Any questions?

3 If not, they have two witnesses signed up to
4 testify. The first is Timothy French from the Engine
5 Manufacturers Association and Randal Friedman from the
6 Department of Defense.

7 MR. FRENCH: Good morning. My name is Tim
8 French. I'm here on behalf of the Engine Manufacturers
9 Association.

10 EMA fully supports the proposed amendments to
11 closely align the ATCM requirements for new stationary
12 emergency engines with the federal NSPS requirements. The
13 proposed harmonization will result in cost effective
14 regulations that result in savings while still preserving
15 the ATCM's public health and air quality benefits.

16 As you've heard and as you've read in the Initial
17 Statement of Reasons, Tier 4 after treatment controls are
18 not well suited or cost effective for emergency engines.
19 In addition it will not be economically viable for engine
20 manufacturers in the future to produce a separate line of
21 emergency standby engines solely for in California market.

22 Thus, the amendments at issue are both necessary
23 and well justified in that regard. And as you've heard,
24 the amendments will potentially save up to \$46 million per
25 year, and again will not cause any substantial significant

1 impact on any of the relevant emissions inventories.

2 Accordingly, we fully support these amendments.

3 And I also especially want to express EMA's
4 significant thanks and appreciation for the work of your
5 staff in this undertaking. When we came to them in 2009,
6 we were foreseeing the NSPS was creating a misalignment in
7 the creation of a sub-category of engines. We expressed
8 those concerns to your staff, and they dove in. As you've
9 seen, they've looked at the technologies. They've looked
10 at the costs. And they've looked at the emission impacts
11 and have come back with a very thorough, well-reasoned,
12 carefully thought out proposal. And they've done it in a
13 very timely basis in advance of the transition to Tier 4
14 in 2011. And we sincerely appreciate the good efforts.
15 Their work here has been exemplary on your behalf. We
16 thank you very much for your attention to this as well.

17 CHAIRPERSON NICHOLS: Well, thank you very much
18 for that.

19 Mr. Friedman.

20 MR. FRIEDMAN: Madam Chair, Board members, today
21 I'm wearing my Department of Defense Regional
22 Environmental Coordination, as this is an Air Force issue.

23 I just want to thank the staff for their
24 recognition of our unique operational requirements and new
25 mission requirements for something coming into California

1 regarding the military space planning and to say we're in
2 support of this. And we look forward to continue working
3 with you on our unique mission requirements.

4 Thank you.

5 CHAIRPERSON NICHOLS: Thank you very much.

6 All right. That's all the witnesses we have
7 signed up.

8 Are there any concluding remarks from the staff?
9 I don't know how you can top that. You can try.

10 DEPUTY EXECUTIVE OFFICER FLETCHER: I have just
11 one comment. And that is that I think this is -- of all
12 the regulations that Dan Donohoue has championed through
13 this Board, this is the first one where there is not a
14 15-day package associated with it.

15 CHAIRPERSON NICHOLS: Congratulations, Dan.

16 EMISSIONS ASSESSMENT BRANCH CHIEF DONOHOUE: This
17 is the first one out of 22 regulations that have I've come
18 before the Board on and I haven't had to do a 15-day
19 change on. So I can be hired now.

20 BOARD MEMBER RIORDAN: Madam Chair, I know you
21 have to do some ex parte, but I would certainly at the
22 appropriate time like to move the staff recommendation and
23 issue the direction to the advisory to the appropriate
24 companies.

25 And just as a comment, those of us who have

1 operated facilities, I'm thinking of hospitals, Boards of
2 Supervisors, operate hospitals, I'm thinking of
3 Ms. Kennard who's operated airports, and I assume there
4 are these emergency engines, and maybe even Ms. Berg has
5 one in her facility, but this makes such good sense.
6 Those are only turned on just to rev them up to be sure
7 they're going to work in an emergency and turned off. And
8 I just think this is the nicest way to go. And it makes
9 good sense. And I want to thank the staff for pursuing
10 it. Thank you.

11 CHAIRPERSON NICHOLS: You will be the maker of
12 the motion.

13 We will close the record at this time.

14 And we do need to ask for any ex parte
15 communication. Are there any Board members who have ex
16 parte communication to disclose? No. Nor do I.

17 Okay. Then we have a motion. Do we have a
18 second.

19 BOARD MEMBER BALMES: Second.

20 CHAIRPERSON NICHOLS: Second.

21 There anybody need to look at the resolution?
22 It's number 10-3-3. If not, I think I will just call for
23 a vote.

24 All those in favor, please say aye.

25 (Ayes)

1 CHAIRPERSON NICHOLS: Any opposed?

2 Motion carries unanimously.

3 Thank you. And congratulations to all.

4 We will take a lunch break, and we'll resume at
5 1:00.

6 CHIEF COUNSEL PETER: We're having a closed
7 session today.

8 CHAIRPERSON NICHOLS: Yes, thank you for the
9 reminder. There will be during the lunch break a report
10 from our counsel on the litigation. Thank you.

11 (Thereupon a lunch recess was taken
12 at 11:49 a.m.)

13

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1 ARB's Periodic Smoke Inspection Program, or PSIP,
2 has been in place for the past 12 years. It requires
3 diesel-powered trucks greater than 6,000 pounds residing
4 in California fleets to conduct annual smoke testing and
5 perform repairs where necessary.

6 In 2007, legislation was signed into law that
7 requires 1998 and after diesel-powered vehicles weighing
8 14,000 pounds and less to be included in the biennial smog
9 check program starting in 2010.

10 As a result, the two laws required that the
11 owners of approximately 76,000 diesel-powered vehicles
12 would have to perform both the PSIP and smog check
13 inspection on some portion of the vehicles in any given
14 year. While each program has slightly different focuses,
15 both are expected to result in reduction of diesel PM
16 emissions by controlling visual smoke. However, we don't
17 believe there is a PM emission benefit from conducting
18 both testing programs in a single year.

19 Staff has developed a proposal to require only
20 one type of smoke test, either PSIP opacity or smog check
21 visual smoke, to be performed in any one year. This will
22 remove the duplicate testing and maintain the requirement
23 of annual testing consistent with the larger trucks not
24 subject to smog check.

25 Mr. William Sobieralski will present the proposal

1 for Board's consideration. Wayne.

2 (Thereupon an overhead presentation was
3 presented as follows.)

4 AIR RESOURCES ENGINEER SOBIERALSKI: Thank you,
5 Mr. Goldstene.

6 Good afternoon, Chairman Nichols and members of
7 the Board.

8 I will be presenting staff's proposal to amend
9 the Periodic Smoke Inspection Program in response to
10 recent legislation that incorporates smaller diesel
11 trucks, as illustrated on this slide, into the smog check
12 program.

13 As mentioned by Mr. Goldstene, this results in
14 unnecessary and duplicate test requirements for a small
15 portion of the diesel trucks which we are proposing to
16 correct with this action.

17 --o0o--

18 AIR RESOURCES ENGINEER SOBIERALSKI: First, I
19 would like to present some background on the two programs,
20 the Periodic Smoke Inspection Program, or PSIP, and the
21 Diesel Smog Check Program.

22 The PSIP is required by statute and has been
23 implemented by regulation since 1998. The PSIP requires
24 annual smoke opacity inspections on diesel trucks,
25 weighing over 6,000 pounds and residing in a California

1 fleet. A fleet is defined to consist of two or more
2 diesel trucks. We estimate that approximately 379,000
3 trucks are subject to the PSIP in 2010.

4 Trucks determined to have excessive smoke must be
5 removed from service, repaired, and re-tested before being
6 put back into service. Fleet maintenance records and
7 smoke test results must be kept for two years and are
8 subject to ARB audits. The average cost of PSIP smoke
9 test is \$55.

10 --o0o--

11 AIR RESOURCES ENGINEER SOBIERALSKI: The second
12 program was established by Assembly Bill 1488 mandating
13 the addition of diesel vehicles into the Smog Check
14 Program. All 1998 and newer diesel vehicles weighing
15 14,000 pounds or less were pulled into the program this
16 year.

17 Diesel smog check is a registration-based
18 biennial program which will affect approximately 511,000
19 vehicles, half of which will require a smog check in 2010.
20 The vast majority of these trucks in smog check are
21 privately owned and not subject to the proposal before you
22 today.

23 A diesel smog check inspection consists of a
24 visual tampering inspection, an on-board diagnostics
25 check, and a visual smoke test. The estimated cost of the

1 inspection is \$47.

2 --o0o--

3 AIR RESOURCES ENGINEER SOBIERALSKI: Since the
4 implementation of diesel smog check, this past January,
5 approximately 77,000 commercial fleet trucks are now
6 subject to both the PSIP and Smog Check Program, with
7 approximately 38,500 trucks subject to both smoke tests
8 each year. Staff estimates that this duplicative testing
9 will cost fleet owners \$2.1 million annually.

10 --o0o--

11 AIR RESOURCES ENGINEER SOBIERALSKI: This slide
12 shows graphically the current situation where a fleet
13 owner is required to perform both an annual PSIP and a
14 diesel smog check inspection every other year.
15 Approximately 77,000 trucks are subject to both programs.

16 Keep in mind that both programs require a truck
17 to pass some form of a smoke test. We are proposing to
18 eliminate the duplicative test, saving the industry \$2.1
19 million a year.

20 --o0o--

21 AIR RESOURCES ENGINEER SOBIERALSKI: Staff is
22 proposing to allow the mandatory smog check test to be
23 substituted in place of the PSIP smoke test. This would
24 result in only one test being required per diesel truck in
25 any one year as illustrated in this slide.

1 All other diesel vehicles not covered by smog
2 check would still be subject to an annual PSIP test.

3 --o0o--

4 AIR RESOURCES ENGINEER SOBIERALSKI: To evaluate
5 the air quality impacts of the overlapping test
6 requirement, staff performed an air quality impact
7 assessment. These trucks emit lower emissions per mile
8 and travel less miles than the larger line haul diesel
9 trucks.

10 Therefore, while the 77,000 commercial trucks
11 represent about ten percent of the diesel truck
12 population, they account for less than one percent of the
13 PM emissions.

14 In addition, staff's evaluation of the PSIP
15 opacity testing and smog check smoke visual test leads us
16 to believe the PM benefits will be similar with both types
17 of testing. Therefore, duplicative emissions tests in a
18 single year are not expected to provide any additional PM
19 benefits.

20 --o0o--

21 AIR RESOURCES ENGINEER SOBIERALSKI: Staff
22 considered two alternatives.

23 The first alternative is to leave the PSIP
24 regulation as currently written. However, this option
25 results in unnecessary costs to fleet owners.

1 Finally, staff will commit to further public
2 outreach to the affected industries and will enhance its
3 outreach efforts through fleet visits, presentations, and
4 through our existing truck stop website.

5 This concludes the staff's presentation. We
6 would be happy to answer any questions. Thank you.

7 CHAIRPERSON NICHOLS: Thank you.

8 I want to ask one question about your concern or
9 your suggestion that alternative two -- actually, I'm not
10 sure there is alternative two. You're looking at an
11 alternative which exempted all of the trucks that are in
12 the program from -- didn't raise the suggestion that we
13 would eliminate the PSIP for all the trucks that are
14 subject now to smog check; is that right? That's not
15 included at all. It is alternative two.

16 But you're recommending -- I'm sorry. Excuse me.
17 I misread the slide. I apologize.

18 In alternative two, I really wanted to focus on
19 the question of whether your assumptions about the
20 emissions that would be increased as a result of that,
21 what that was based on. Does that assume that we are
22 enforcing or we would be enforcing the PSIP program for
23 all of those trucks that were subject to -- is that how
24 you got that number?

25 MOBILE SOURCE OPERATIONS DIVISION CHIEF HEBERT:

1 Annette Hebert, Chief of the Mobile Source Operations
2 Division.

3 I think our primary assumption is based on the
4 original regulatory development for PSIP and heavy-duty
5 smoke in that it was shown that having an annual smoke
6 test provided a greater benefit than not having an annual
7 smoke test. So with that assumption, exempting the
8 vehicles would mean you go back to only having a smoke
9 test every other year. So we assumed if you don't have
10 the annual smoke test, you would probably lose some of
11 those emissions that expected from a smoke test in that
12 year.

13 CHAIRPERSON NICHOLS: But we do believe that the
14 smog check test is considerably more effective, right,
15 than a visual smoke test.

16 MOBILE SOURCE OPERATIONS DIVISION CHIEF HEBERT:
17 We believe in the year that the smog check test is
18 performed it would be as effective if not more effective
19 as an OBD interrogation and tampering inspection.

20 The concern comes in the second year how
21 effective will it be in the second year and how long would
22 it hold out versus have an annual inspection. I think the
23 way we see it is having annual tests more often leads to
24 greater benefit.

25 CHAIRPERSON NICHOLS: Well, obviously the concern

1 here is a tradeoff of whether the cost is worth the
2 benefit that we're getting. Because I'm questioning the
3 number in terms of the benefit that we assign to the
4 program, when we don't actually have any data based on any
5 enforcement to know whether that works or not.

6 Supervisor Roberts.

7 BOARD MEMBER ROBERTS: That's I wanted to pursue
8 that. I mean, if I'm reading this correctly and listening
9 to you as intently as I can, it's over a million dollars a
10 year per ton. And, I mean, I can't remember anything with
11 that kind of performance.

12 You're saying we're going to actually -- the cost
13 savings is 4.2. So I presume that's what's would be paid
14 for those tests that are going to be held every other
15 year. And we're looking at a total of 3.65 tons for year.

16 MOBILE SOURCE OPERATIONS DIVISION CHIEF HEBERT:
17 There's correct. It's because the savings is from not
18 having the smoke test in a year, which roughly half the
19 vehicles will not be smoke tested at all every other year.
20 And then half the vehicles will go through a smog -- you
21 see, it's like the total 77 any one year only 38,000
22 trucks would be tested.

23 BOARD MEMBER ROBERTS: The point I was getting
24 to, it seems like there was a lot of money involved with a
25 minuscule benefit here. And that's my concern.

1 CHAIRPERSON NICHOLS: I think the problem, of
2 course, is always we hate to do backsliding. So I'm just
3 trying to figure out if this really does represent
4 backsliding. In my mind, it's somewhat questionable
5 whether there actually is that much of a loss.

6 Ms. D'Adamo.

7 BOARD MEMBER D'ADAMO: Well, I'm concerned on a
8 number of front.

9 First of all, on the issue of outreach -- and
10 I've spoken with staff about this. And I do believe that
11 staff did make efforts with respect to outreach.

12 But for whatever reason, the folks I've been
13 talking with in the ag community, it just hasn't filtered
14 on down to them. And initially when I started looking
15 into this reg, I was picturing a medium-sized truck. But
16 the 6,000 pound truck is -- every farmer has got one of
17 those, and many of them have two or more. So I can see
18 where things may have slipped through the cracks.

19 So at a minimum, I think if we continue this,
20 we'd have to go back and do some significant outreach.
21 Most people I talk with don't even know what a smoke test
22 is. Smog test, you know, that's in the realm of everybody
23 knows about anyway.

24 With respect to alternative one versus
25 alternative two, a couple questions.

1 First of all, when I spoke with staff about this,
2 I thought the emissions increase, I was told was on the
3 .01. And now it's gone up significantly. And just
4 wondering why the change, first question.

5 And then second question has to do with cost
6 effectiveness. Where would this fit in with our other
7 regulations? And I know staff have given me some
8 information. But rather than me reporting it to the
9 Board, it would probably be better to hear from staff how
10 this compares to our other diesel rules in terms of cost
11 effectiveness. Because I think this might be out of
12 whack.

13 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Let me
14 first say the 01 versus three, that's the tons per day
15 versus tons per year. I's just a calculation.

16 You know, the difference -- I'm not sure I can do
17 the calculation in my mind and get it right.

18 But the difference here is the PM, the costs per
19 pound of PM reduction is substantially numerically higher
20 than it is for what we normally think of for HC and NOx.
21 So, for example, the diesel rules are something on the
22 order of 60, 80, to \$100 a pound for PM, and they're one
23 dollar, five dollars a pound for NOx. That's just what
24 they are. And so what I have to do is try to calculate it
25 by pound here to figure out whether --

1 BOARD MEMBER D'ADAMO: I think Annette had
2 something.

3 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: They're
4 saying it's 287, which is at the upper range of the -- we
5 had a rule. I believe that was in the \$200 per pound of
6 PM reduction that the Board adopted.

7 I think it was one of the retrofit rules for
8 municipal fleets or something like that that was -- that
9 was an example of one that was at the upper range.
10 There's no absolute value for dollars per ton. It's a
11 relative thing. It is a lot worse or better than things
12 we've done in the past. This would be at the upper range.

13 BOARD MEMBER D'ADAMO: I'll just read what I had
14 and what I got from Annette made a little bit of sense to
15 me anyway, that this rule would result in \$287 a pound.
16 And the truck fleet rule is \$40 a pound. And the public
17 fleet rule is about 160 a pound. So if you have a chart?
18 It looked like you had a chart over there. Is that
19 something that you could put up on the board?

20 BOARD MEMBER BERG: Ms. D'Adamo, did you see that
21 the original smoke opacity program was \$1.12 a pound?

22 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Those
23 are the numbers that -- was that for PM per pound?
24 Because that's extremely low.

25 BOARD MEMBER BERG: That's what I was given.

1 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Does it
2 say for PM?

3 BOARD MEMBER BERG: It doesn't say. It just says
4 for the 800,000 trucks impacted.

5 MOBILE SOURCE OPERATIONS DIVISION CHIEF HEBERT:
6 Yes.

7 CHAIRPERSON NICHOLS: While we're gathering the
8 information, maybe we should go to the witnesses and hear
9 from the public on this one and then we can draw this back
10 together again.

11 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Let me
12 just say the \$1.12 includes NOx which makes it hard to
13 compare the other numbers.

14 BOARD MEMBER BERG: I appreciate that additional
15 information.

16 CHAIRPERSON NICHOLS: We had three witnesses who
17 had signed up on this item: Cynthia Cory from the Farm
18 Bureau Federation, followed by Kendra Daijogo from the
19 Gualco Group and Bonnie Homes-Gen.

20 MS. CORY: Good afternoon, Chairwoman Nichols and
21 members.

22 Cynthia Cory, California Farm Bureau.

23 I've been thinking about this for a while, and
24 I'm going to forget everything I was going to say.

25 First off, I agree with a number of the comments

1 that have been made. This was not on my radar screen. As
2 you know, because talked to me many times about the truck
3 rule, was very involved, heavy-duty and agriculture does
4 not mean pickups. I've kind of heard about this rule. I
5 never ever, ever, ever thought it belonged to my
6 community. And I would have been very happy to talk to my
7 community about it, if I had known that.

8 And I don't blame that completely on ARB. If you
9 look at Vehicle Code, there's 25 million definitions of
10 heavy duty and medium duty and light vehicle. I can show
11 you all of them, and they're all over the place. Heavy
12 duty does not mean pickups to a farmer.

13 It was off my radar screen until about a month
14 ago when I got a call from a Salinas rancher who got a
15 \$16,000 fine for the smoke test. And so it caught my
16 attention big time.

17 And so I put that article out. And I want to
18 tell you, I've been working for the Farm Bureau for
19 20 years. I've never gotten so much feedback.

20 One thing I'm going to do for sure next time is
21 put a frown on my face instead of a smile, because one of
22 my farmers called and asked to quit the Farm Bureau
23 because he thought that my smiling face was denoting that
24 I thought it was a great idea. All I was trying to do is
25 say here is the facts. You need to comply. I didn't

1 mention anybody being fined. I just said here's what's
2 going on. By next time I know I have to put a frown on
3 the compliance.

4 One of the things I wanted to bring to your
5 attention -- I'm glad you're talking about this. In one
6 of my discussions with the Board members, this was
7 mentioned. I'm an ergonomist. I'm not an economist.
8 When I look at the cost savings that have been put
9 forward, the 4.2 million, the savings is the fact that you
10 don't have to do two smoke tests in a year. To me, that's
11 just common sense. So now I don't have to do two smoke
12 tests in a year. So I can save a savings of \$4.2 million.

13 That's because they're using 55 dollars as the
14 cost of the test. And that's it. They're not taking into
15 account that I know it's going to take a half an hour to
16 do that. So let's say \$10 for my time. And that's very
17 conservative. \$10 for my half-hour. So you say that \$10
18 times 4.2, I think that's 42 million. Right.

19 What about the fuel? I know in northern
20 California you have to travel quite a ways to find a
21 diagnostic center that will do this test.

22 So let's round it off to 50 million. That makes
23 a difference to me. It's much bigger than the 287 you're
24 looking at. Double it. Triple it.

25 I can assure you that September 1st, I have

1 already gotten you .01 tons per day already. Already. I
2 can vow it. If you do -- I've already called the staff.
3 I said I will work with you. You know me. I will do
4 anything to get the word out and get my guys in
5 compliance. But I was not ever called and told, hey, you
6 need to do this.

7 And I've already got in place with one of the
8 staffers we're going to do outreach with ARB -- outreach
9 with ARB to my membership and that I -- I ask that you
10 pick alternative two, which is to do PS -- only do smog
11 check and not have to do PSIP also for 1998 and newer
12 vehicles.

13 Thank you.

14 CHAIRPERSON NICHOLS: Thank you.

15 MS. DAIJOGO: Madam Chair and members, I'm Kendra
16 Daijogo on behalf of the Gualco Group on behalf of the
17 California Council for Environmental and Economic Balance.

18 We appreciate the work that you've done and staff
19 has done on this issue.

20 And I agree that although it says minor
21 amendment, it is a major concern to our membership. Our
22 membership crosses over -- is business, labor, and public
23 members. And I can tell you our business members are
24 statewide. We have folks who regulate at the local level
25 and provide services at the local level and state level

1 publicly and privately. They are all concerned about
2 this.

3 We agree with the staff alternative number two.
4 We agree that this would be almost straightforward
5 approach, and we would urge you respectfully to take that
6 into consideration.

7 And one of the -- one more point. I think that
8 there is confusion out there not just in the agriculture
9 community, but in the business community as well as to
10 what doing one test or the other or both tests would mean
11 in a single year or every other year.

12 So I would add to your burden of if this does
13 move forward, if there is outreach, that you continue to
14 do outreach to not just agriculture, but urban folks as
15 well.

16 One of the unintended consequences that we do see
17 if this does move forward is there will have to be some
18 type of internal recordkeeping. And so that means a whole
19 new system that needs to be created within these
20 businesses in order to ensure compliance.

21 So thank you so much for your time.

22 CHAIRPERSON NICHOLS: Thank you.

23 Bonnie Holmes-Gen.

24 MS. HOLMES-GEN: Good afternoon, again Madam
25 Chair, Board members.

1 And I'm Bonnie Holmes-Gen with the American Lung
2 Association of California.

3 And we were a strong supporter of the legislation
4 that brought diesel vehicles in the smog check program and
5 we continue to think that both the smoke test and the smog
6 check are very important components. And we do remain
7 concerned about the public health impacts of diesel
8 emissions. And annual smoke inspections do play an
9 important role in keeping vehicles maintained and
10 therefore reducing public exposure to diesel pollution.

11 You're looking at numbers that frame the total
12 emission impact of these two alternatives, but we are
13 concerned that you also think about the near source
14 impacts. These vehicles are traveling through communities
15 and neighborhoods, and there are a lot of people who are
16 impacted just because they live close to highways or
17 facilities where these vehicles are operating.

18 So we're just considering the fact these
19 requirements have been on the books for 12 years and
20 fleets have been, as far as we understand, under legal
21 obligation to conduct the smoke checks every year. So it
22 seems reasonable to us to blend the two requirements and
23 have the smog check one year and smoke test itself
24 implemented. So they don't have to take it to a smog
25 check station.

1 I just think that there are, again, some
2 near-source impacts that aren't being taken into
3 consideration. There are still a lot of information that
4 we're learning about diesel vehicles and the smog check
5 program, getting a better understanding that the
6 durability and the consistency of the diesel smog -- of
7 the equipment on the diesel vehicles that's reducing
8 emissions. And I think there is a lot of uncertainty
9 about how these vehicles are going to operate over time.

10 So from our perspective, we feel it would be a
11 better safety net to keep both programs going, the smoke
12 test and the smog check.

13 CHAIRPERSON NICHOLS: Thank you.

14 Does the staff have the chart up? Are you ready
15 to talk about that now?

16 EXECUTIVE OFFICER GOLDSTENE: Do you want to
17 explain it?

18 CHAIRPERSON NICHOLS: Do you want to explain it?

19 MOBILE SOURCE OPERATIONS DIVISION CHIEF HEBERT:
20 Just keep in mind on that first one, which is misspelled,
21 there may be an error I made also include NOx, the 112 per
22 pound. The rest we're pretty confident that that was
23 PM-related cost effectiveness numbers. And as you go down
24 the list, you'll see different ones.

25 Probably the highest one is a public fleets rule

1 that was adopted quite some time ago, which is really one
2 of the few that go below the 14,000 because we have to
3 keep in mind that the smaller the truck, the less
4 emissions they're going to emit per mile and have less
5 VMT, so there's less tonnage coming out of them.

6 CHAIRPERSON NICHOLS: Well, I wasn't given his
7 proxy, but I did have an opportunity to talk with Dan
8 Sperling, who had to leave to go teach his class, but who
9 expressed his view that the smog check program that is
10 going to be now effecting this category of vehicles that
11 we're talking about here and which is OBD based is so much
12 more effective than any possible smoke test that we could
13 do, but especially at least in his view the current smoke
14 test, which he is not very fond of I guess or not very
15 impressed by that he was recommending that we simply waive
16 the smoke test for the vehicles that are in this biennial
17 smog check program. It's a brand new program. So we're
18 predicting how effective it's going to be.

19 But I think it is rather hard to say that a
20 program that we have not really been enforcing at least in
21 certain communities is getting us a lot of reductions.
22 Now, whether we should be enforcing this smoke program is
23 a different question. I know I've seen enforcement
24 actions coming across my desk for fleets that were
25 urban-based fleets. It's not like this rule is a dead

1 letter. We do smoke checks on different vehicles.

2 But I think on this particular category of
3 vehicles that hasn't been the focus. It hasn't been
4 considered the most important.

5 So I'm open to the proposal that we simply --
6 that we simply go with option two, if others are inclined
7 in the same direction.

8 BOARD MEMBER ROBERTS: Yeah, Madam Chair, I mean,
9 I feel that's not an unreasonable thing to be doing. And
10 I think we'll find that 1/100th of a ton somewhere, but at
11 the cost and the confusion of these programs themselves.
12 I think we want to simplify things. At the end of the
13 day, we want to get real results. And I think this is an
14 example of alternative two I think is a good suggestion.

15 CHAIRPERSON NICHOLS: If we do go in that
16 direction --

17 BOARD MEMBER ROBERTS: I would move that.

18 CHAIRPERSON NICHOLS: I would like to see the
19 staff come back to the Board not only with some results on
20 the smog check program, which we probably won't know for a
21 couple years given it's brand-new, but also maybe some
22 mechanism for follow up on some of the trucks that do go
23 through smog check to see if we're experiencing this kind
24 of fall off in emissions benefits from the program that we
25 have seen on the light-duty side where we know that

1 cars that fail once are likely to fail again the next
2 year.

3 Yes?

4 BOARD MEMBER BALMES: I just want to echo what
5 Ms. D'Adamo said about outreach. I mean, obviously the
6 staff has tried getting the word out.

7 But I think based on the communications we've all
8 gotten various letters and testimony today, we have to do
9 a better job at outreach. I'm not a communications
10 expert, so I'm not sure how that should be done.

11 But it seems like it would be easier to do it on
12 smog check, because everybody knows about smog check for
13 their cars. So it would seem it would be easier to have
14 effective communications about smog check for a new class
15 of vehicles then to have to try to bring the smoke test
16 back up to speed communications wise. So I guess I'm
17 leaning towards doing away with the smoke test.

18 CHAIRPERSON NICHOLS: Other Board members have
19 any comments this point or a second?

20 BOARD MEMBER RIORDAN: I'll second the motion.

21 CHAIRPERSON NICHOLS: We have a motion and a
22 second to substitute -- I guess it would be a suspension
23 of the smog check.

24 BOARD MEMBER BERG: Take alternative two.

25 EXECUTIVE OFFICER GOLDSTONE: We should do ex

1 parte.

2 CHAIRPERSON NICHOLS: Yes, we should before we
3 vote on anything. Absolutely correct.

4 Any down at this end? Any meeting that anybody
5 has?

6 BOARD MEMBER D'ADAMO: Yes. Day before yesterday
7 I spoke with Justin Olfield with the California
8 Cattleman's Association.

9 And then I think it was prior to the 45-day
10 period, but I'll just mention it anyway that I spoke with
11 Cynthia Cory regarding the same issues that she brought up
12 today.

13 CHAIRPERSON NICHOLS: And I had a meeting with
14 that included staff and also included Justin Olfield from
15 the California Cattleman's Association, Cameron King from
16 the California Association of Wine Grape Growers, and
17 Kendra Daijogo in which they covered the same points that
18 they raised here.

19 Any others?

20 BOARD MEMBER BERG: On October 19th, I had a
21 phone call with Kendra Daijogo and also Justin Olfield and
22 Cynthia Cory, and our conversations mirrors their
23 testimony today.

24 BOARD MEMBER ROBERTS: I do have one to report.
25 On October 15th, I had a telephone conversation with Eric

1 Larsen who's with the San Diego County Farm Bureau, and he
2 expressed his concern of the confusion that results from
3 these two different tests.

4 CHAIRPERSON NICHOLS: I suspect that the staff
5 doesn't feel very strongly about this issue one way or the
6 other, although I think they've done a valiant effort to
7 explain the reasons why we might want to keep the smoke
8 test in effect in the alternate years. And I think you
9 know there is -- it's hard to simply waive a program that
10 you had in effect, even if you don't think it's getting
11 much in the way of results. But hopefully this will
12 enable us to focus our very limited resources in the
13 enforcement and outreach area on the program that we think
14 is the one that's likely to get us the best results.

15 BOARD MEMBER BERG: I think that's a very
16 important point, Chairman. And I would like to re-affirm
17 that the smoke test is in place for all diesel vehicles
18 14,000 pounds or greater every year.

19 EXECUTIVE OFFICER GOLDSTENE: That's right.

20 MOBILE SOURCE OPERATIONS DIVISION CHIEF HEBERT:
21 And those under 14 that are older than 1998.

22 BOARD MEMBER BERG: And those that are under 14.
23 So I think that's an important --

24 CHAIRPERSON NICHOLS: Very limited slice of
25 vehicles that are actually covered by this new program.

1 BOARD MEMBER RIORDAN: And the vehicle that is
2 going to probably be more problematic is covered. And we
3 would hope that with good care newer vehicles are going to
4 pass these tests and not have any problems.

5 EXECUTIVE OFFICER GOLDSTENE: We'll be able to
6 monitor that more closely and keep you posted if we see
7 the need to make any adjustments and let you know what the
8 results are over time.

9 CHAIRPERSON NICHOLS: All right. Then we do have
10 a motion and a second. I think everybody understands what
11 we're voting on.

12 Would all in favor please say aye?

13 (Ayes)

14 CHAIRPERSON NICHOLS: Opposed?

15 Okay. It carries.

16 The only other item we have left is public
17 comment. We have two people who signed up for the general
18 public comment on matters that are not in front of the
19 Board for any action at this time. So no action can be
20 taken. But we will listen to what they have to say.

21 So would Hank DeCarbone and Betty Plowman please
22 come forward. Thank you, staff. Good job.

23 MR. DECARBONE: I'm going to pass.

24 CHAIRPERSON NICHOLS: All right. Ms. Plowman,
25 come over to this one because of the mike on it.

1 MS. PLOWMAN: Once again, good afternoon.

2 You know, I identify myself as being with the
3 California Dump Truck Owners Association, and today I've
4 written down I'm with the Ad Hoc Working Committee. And
5 I've come before you today to ask you to direct staff to
6 separate the on- and off-road diesel rules, which would
7 give staff more time to reduce the requirements for the
8 on-road trucks.

9 The Ad Hoc Working Committee commissioned an
10 independent study because staff has repeatedly refused
11 requests for the underlying data and the emission models
12 and inventories prepared in the run up to the 2008 truck
13 and bus rule.

14 The group has also been persistent in asking for
15 an independent science studies on CARB's public health
16 determinations.

17 We have had no response basically, and we felt it
18 was necessary to form this group. This was made up of
19 individuals in the trucking business, because we did get
20 such little help from staff. So we did have our own
21 report. And once again, it appears that you've
22 overestimated the truck and bus emissions.

23 So I would like to just finish up by saying that
24 this was released today to the press. The study was done
25 by 12:30 this afternoon. This study was done by Sierra

1 Research. And we ask you for time and can we please get
2 it right. Thank you.

3 CHAIRPERSON NICHOLS: Okay. Thank you,
4 Ms. Plowman. I'm sure the staff will take a look at this
5 Sierra Research report and let us know what it says and
6 factor it into their recommendations.

7 We're expecting we believe in December to have
8 the staff recommendations on both the on-road and
9 off-road, but I certainly would encourage staff to look at
10 the Sierra Research results before that and let us know if
11 there's anything that needs to be changed.

12 EXECUTIVE OFFICER GOLDSTENE: We will.

13 CHAIRPERSON NICHOLS: Okay. Thank you. And with
14 that, if there are no more public commentors, we will be
15 adjourned.

16 (Thereupon the California Air Resources
17 Board meeting adjourned at 1:46 p.m.)

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CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of November, 2010.

TIFFANY C. KRAFT, CSR, RPR
Certified Shorthand Reporter
License No. 12277

