



# Air Resources Board



**Matthew Rodriguez**  
Secretary for  
Environmental Protection

**Mary D. Nichols, Chair**  
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**Edmund G. Brown Jr.**  
Governor

DATE: March 1, 2016

Mail-Out #MSC 16-02

TO: All Interested Parties

SUBJECT: PUBLIC WORKSHOP ON DEVELOPMENT OF THE FISCAL YEAR (FY)  
2016-17 FUNDING PLAN FOR LOW CARBON TRANSPORTATION AND  
FUELS INVESTMENTS AND THE AIR QUALITY IMPROVEMENT  
PROGRAM (AQIP)

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The Air Resources Board (ARB or Board) invites you to participate in a public workshop on the FY 2016-17 Funding Plan for Low Carbon Transportation and Fuels Investments and AQIP.

The meeting will be held at the following time and place:

Date: Monday, April 4, 2016  
Time: 9:30 a.m. to 4:00 p.m.  
Place: Cal/EPA Headquarters Building  
Coastal Hearing Room, 2nd Floor  
1001 I Street  
Sacramento, California 95814

This meeting will be webcast for those unable to attend in person. The broadcast can be accessed on the day of the workshop at <http://www.calepa.ca.gov/broadcast/>. Information on submitting questions or comments will be provided during the webcast for remote participants.

A draft meeting agenda is attached. ARB staff plans to post a discussion document outlining its draft recommendations on project categories, funding allocations, and project criteria for the Funding Plan several days before the workshop on ARB's Low Carbon Transportation/AQIP website at <http://www.arb.ca.gov/aqip/>. Staff's presentation will also be posted on this website the morning of the workshop.

This is the final planned public workshop for development of the FY 2016-17 Funding Plan. ARB staff plans to release the proposed FY 2016-17 Funding Plan on May 20, 2016 for public comment prior to Board consideration at the June 23-24, 2016 Board meeting.

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency

## Background

**Cap-and-Trade Auction Proceeds Low Carbon Transportation and Fuels Funding:** Cap-and-Trade auction proceeds provide funding for ARB's advanced technology, clean transportation incentive programs, expanding the types of projects ARB has funded through AQIP. Low Carbon Transportation is identified as a priority investment area in the first two Cap-and-Trade Auction Proceeds Investment Plans. These investments accelerate the transition to low carbon freight and passenger transportation, supporting the Governor's climate change strategy pillar of a 50 percent reduction in petroleum use in vehicles by 2030 and the Administration's goal to deploy 1.5 million zero-emission vehicles in California by 2025.

The Legislature has appropriated \$325 million to ARB for Low Carbon Transportation investments to reduce greenhouse gas emissions over the last 3 budget cycles. These appropriations are being used to fund:

- The Clean Vehicle Rebate Project (CVRP) which provides consumer rebates for the purchase of zero-emission and plug-in hybrid passenger vehicles.
- Light-duty vehicle pilot projects to benefit disadvantaged communities which are designed to increase access to the cleanest vehicles in disadvantaged communities and lower income households. These include car sharing and vehicle retirement and replacement, among others.
- Deployment incentives for clean trucks and buses through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and incentives for larger commercial deployments of zero-emission trucks and buses.
- Advanced technology demonstration projects for freight equipment and other heavy-duty engines and equipment.

More than 50 percent of the funds will provide benefits in disadvantaged communities, and more 10 percent of the funds will be invested in disadvantaged communities.

The Governor's proposed FY 2016-17 Budget includes \$500 million for ARB to continue Low Carbon Transportation investments. This proposal includes \$40 million for very low carbon fuel production incentives, a new element to ARB's Low Carbon Transportation incentive program. At least 50 percent of these FY 2016-17 Low Carbon Transportation funds will be invested to benefit disadvantaged communities and at least 10 percent will be invested directly in disadvantaged communities.

**AQIP:** AQIP is a mobile source incentive program that focuses on reducing criteria pollutant and diesel particulate emissions with concurrent reductions in greenhouse gas

emissions. AQIP has an annual budget of about \$25 million. AQIP has provided funding for CVRP, HVIP, and demonstrations for advanced emission reduction vehicle technologies since 2009. In recent years, these projects have been primarily funded from the Low Carbon Transportation appropriations because demand has exceeded AQIP's budget, and the majority of AQIP funds have been directed to the Truck Loan Assistance Program which helps small business truckers to secure financing for newer trucks and diesel exhaust retrofits to meet compliance deadlines for ARB's in-use truck and bus regulation.

The Governor's proposed FY 2016-17 Budget includes \$28.6 million for AQIP projects.

**Annual Funding Plan:** The annual funding plan is each year's blueprint for expending Low Carbon Transportation and AQIP funds appropriated to ARB in the State budget. The plan describes ARB's policy drivers and vision for advanced technology mobile source investments, eligible project categories and criteria, project funding allocations, program implementation details and provides the justification for these investments.

Two bills signed into law in 2014 guide ARB's implementation of these programs and specify requirements related to the annual funding plan. Senate Bill (SB) 1275 (De León, Chapter 530, Statutes of 2014) establishes the Charge Ahead California Initiative to increase the number of zero-emission and near-zero emission vehicles on California's roads and increase access to these vehicles for lower-income Californians and disadvantaged communities. SB 1275 requires ARB to include a long-term plan for CVRP and related programs in the FY 2016-17 Funding Plan.

SB 1204 (Lara, Chapter 524, Statutes of 2014) creates the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program intended to help accelerate the introduction of the next generation of cleaner heavy-duty vehicles and engines with a priority on projects that benefit disadvantaged communities. Among other requirements, SB 1204 directs ARB to develop an annual framework and plan to guide these investments.

### Meeting Information

At this workshop, staff will discuss and seek input on:

- Draft funding allocations and project categories to implement proposed FY 2016-17 funding for Low Carbon Transportation and Fuels investments and AQIP, including possible refinements to project criteria for ongoing projects to improve implementation, including recommendations for:

- CVRP and the light-duty pilot projects focusing on expanding access to clean transportation for lower-income consumers and disadvantaged communities as required by SB 1275.
- Clean truck, bus, and off-road vehicle and equipment projects as directed by SB 1204 and continued funding for the Truck Loan Assistance Program.
- Draft project design for the new low carbon fuels production incentives.
- The SB 1275-required long-term plan for CVRP and related light-duty vehicle incentives, including staff's analyses on: the three year forecast of funding needs; market and technology assessment; and an assessment of the progress toward long-term zero emission vehicle market sustainability.

#### Special Accommodations

If you require a special accommodation or need this document in an alternate format (i.e. Braille, large print) or another language, please contact Ms. Stella Ling-Taylor, Air Pollution Specialist, at (916) 322-6369 or [stella.lingtaylor@arb.ca.gov](mailto:stella.lingtaylor@arb.ca.gov) as soon as possible, but no later than 10 business days before the scheduled meeting. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

If you have questions regarding the workshop, please contact Mr. Andrew Panson, Staff Air Pollution Specialist, at (916) 323-2809 or [andrew.panson@arb.ca.gov](mailto:andrew.panson@arb.ca.gov).

Sincerely,

/s/

Jack Kitowski, Chief  
Mobile Source Control Division

#### Attachment

cc: Mr. Andrew Panson  
Staff Air Pollution Specialist  
Mobile Source Control Division

Ms. Stella Ling-Taylor  
Air Pollution Specialist  
Mobile Source Control Division

**Attachment  
Mail-Out 16-02**

**Public Workshop on the Development of the FY 2016-17 Funding Plan for Low  
Carbon Transportation and Fuels Investments and AQIP**

**April 4, 2016**

**Draft Agenda**

9:30 am – 10 am	Introduction and Overview of Project Category Funding Allocations
10 am – Noon	Light-Duty Vehicle Investments (SB 1275) <ul style="list-style-type: none"><li>• Long Term Plan for CVRP and Light-Duty Incentives</li><li>• CVRP: Recommendations for 2016-17</li><li>• Projects to Benefit Disadvantaged Communities: Recommendations for 2016-17</li></ul>
Noon – 1 pm	Lunch Break
1 pm – 2:30 pm	Truck, Bus, and Off-Road Equipment Investments (SB 1204/AQIP)
2:30 pm – 4 pm	Low Carbon Fuels Incentives

*A final agenda will be posted on ARB's Low Carbon Transportation/AQIP web site (<http://www.arb.ca.gov/aqip/>) several days before the workshop.*