

State of California
AIR RESOURCES BOARD

Final Statement of Reasons for Rulemaking,
Including Summary of Comments and Agency Response

PUBLIC HEARING TO CONSIDER THE ADOPTION OF AN EMISSIONS FORMULA FOR
EMPLOYER-BASED TRIP REDUCTIONS

Public Hearing Date: June 29, 1995
Agenda Item No.: 95-6-5

I. GENERAL

The Initial Statement of Reasons for Rulemaking, entitled Public Meeting to Consider the Adoption of An Emissions Formula for Employer-Based Trip Reductions, Staff Report, released May 12, 1995, is incorporated by reference herein.

At the June 29, 1995, public hearing, staff presented the proposed regulations to the Board along with minor modifications in response to comments received since May 12, 1995. The modifications clarified that employers with employment sites in more than one air district may use a single formula to calculate the emissions reduction target at all their sites. The formula set forth in the regulations provides air districts and employers a consistent way to calculate an emission reduction goal for employers who wish to use alternatives to meet trip reduction requirements. The modifications are particularly important for employers who must comply with trip reduction rules in multiple air districts.

At that time, the Board approved the regulations and directed the Executive Officer to adopt sections 2330, 2331, and 2332, Subchapter 8.5, Title 13, California Code of Regulations as modified, after making the modifications available to the public for comment for a period of at least 15 days. The Board further directed the Executive officer to consider such written comments as may be submitted during this period, to make such modifications as may be appropriate in light of the comments received, and to present the regulations to the Board for further consideration if warranted.

The modifications were released to the public on July 28, 1995 and the comment period ended August 18, 1995. No comments were received.

The Board has determined that this regulatory action will not create costs or savings, as defined in Government Code section 11346.5(a)(6), to any state agency or in federal funding to the State; costs or mandate to any local agency or school district whether or not reimbursable by the state pursuant to Part 7 (commencing with section 17500), Division 4, Title 2 of the Government Code; or other nondiscretionary savings to local agencies).

The adoption of the proposed regulation will enhance implementation of air districts' employer-based trip reduction regulations and provide additional flexibility to affected parties which may reduce compliance costs. As a result, the Board has determined that adoption of the proposed regulatory action will not have a significant adverse economic impact on businesses, including the ability of California businesses to compete with businesses in other states.

In accordance with Government Code section 11346.3, the Board has determined that the proposed regulatory action will not affect the creation or elimination of jobs within the State of California, the creation of new businesses or elimination of existing businesses within California, or the expansion of businesses currently doing business within California. An assessment of the economic impacts of the proposed regulatory action can be found in the Staff Report.

The Board has also determined, pursuant to Government Code section 11346.5(a)(3)(B), that the regulation will affect those small businesses which are now required to meet air district employer trip reduction regulations by providing them a methodology to assess the emission benefits of alternative compliance strategies.

Further, the Board has determined that there will be no, or an insignificant, potential cost impact, as defined in Government Code section 11346.5(a)(9), on private persons or businesses directly affected by the proposed action.

In addition, the Board has determined that no alternative considered by the agency would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

Finally the Board has determined that the action will have no adverse environmental impacts.

II. SUMMARY OF COMMENTS AND AGENCY RESPONSE

The Board received written comments from Mr. Milton Feldstein, Air Pollution Control Officer of the Bay Area Air Quality Management District (BAAQMD), Dr. James Lents, Executive Officer of the South Coast Air Quality Management District (SCAQMD), and Mr. Ted Holcombe of Pacific Gas & Electric (PG&E). Oral comments were received from Ms. Deborah Kurilchik of Southern California Edison (Edison).

1. Comment:

Southern California Edison is a member of the California Council for Environmental and Economic Balance (CCEEB). CCEEB is a business coalition that worked to pass AB 2358, the enabling legislation for the proposed rulemaking. The ARB approach allows for formulas "that produce the same mathematical results". The proposed rule falls short of mandating one statewide formula, which we originally envisioned. It does provide an option for multi-site employers to use the ARB formula. We are hopeful that this approach will work well. However, we reserve the opportunity to

revisit the rule with your staff and Board as is provided in the legislation. We encourage adoption of the proposed rule. (Edison)

Agency Response:

The proposed rulemaking does establish one statewide formula and standard data inputs; however, because the proposed rule is designed to work in concert with local regulations, air districts are given the option to algebraically manipulate the formula to fit local regulatory language. The proposed modifications to the rule allow multi-district employers to use a single expression of the formula for ~~all~~ of their employment sites. ARB staff believe the proposed modifications will keep analyses for multi-site employers as simple as possible.

*any and all
clarify in
addendum*

2. Comment:

Edison supports inter-sector trading between stationary and mobile sources to satisfy employer obligations to meet an equivalent emissions reduction target for average vehicle occupancy (AVR) requirements. Edison believes trading mechanisms are needed to expand the Emission Reduction Credits (ERCs) and Mobile Source Emission Reduction Credits (MSERCs) market to provide flexible and cost-effective compliance options. Edison supports inter-pollutant trading (e.g., credit trades between pollutants) to satisfy emissions reduction equivalency to AVR requirements. (Edison)

Agency Response:

These comments addresses issues outside the scope of this rulemaking. The regulations define a calculation procedure but do not establish any requirements related to the use of emission reduction credits. The ARB is embarking on the larger action of developing trading mechanisms and requirements pursuant to new legislation (AB 1777, Brewer).

3. Comment:

The BAAQMD and the SCAQMD expressed support of the proposed formula. Both air districts were particularly supportive of the flexibility given in the regulation to allow use of an algebraic expression of the formula that gives the same mathematical result.

Agency Response:

None needed.

4. Comment:

The use of average vehicle emission factors does not adequately reflect the emissions for an employer that has an aggressive alternative fuel vehicle program. The employer's emissions reduction target should be adjusted to reflect compressed natural gas vehicles (CNG) that are less polluting. (PG&E).

Agency Response:

The mechanism for giving employers credit for fleets that are cleaner than average is outside the scope of the calculation procedure

established by this regulation. ARB is working with air districts on a separate approach to credit CNG vehicles and on appropriate emission factors to use for credit purposes. These emission factors will be provided to districts to use with the calculation procedure.