Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program

Public Workshops: January & February 2018

Background

• AB 109 and AB 134 allocated $135 million to CARB from three sources:
  – Air Quality Improvement Fund;
  – Alternative and Renewable Fuel and Vehicle Technology Fund; and
• Funds shall be used to reduce agricultural sector emissions.
Background

• Incentives for:
  – Agricultural harvesting equipment;
  – Heavy-duty trucks;
  – Agricultural pump engines;
  – Tractors; and
  – Other equipment used in agricultural operations.

• Funds must be encumbered by June 30, 2019 and expended by June 30, 2021

Funding Distribution
Proposed Funding Distribution

- Funds would be allocated to local air districts to administer
- Districts with at least 1% of the total mobile, off-road diesel agricultural equipment population included in the distribution formula
- District allocations based on each district’s off-road, diesel agricultural equipment population
- District allocations capped at each district’s Year 19 accepted Carl Moyer Program allocation, except for the San Joaquin Valley

Proposed Air District Allocations

<table>
<thead>
<tr>
<th>District Name</th>
<th>Proposed FARMER Allocation</th>
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</thead>
<tbody>
<tr>
<td>Bay Area</td>
<td>$7,330,000</td>
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<tr>
<td>Butte</td>
<td>$200,000</td>
</tr>
<tr>
<td>Colusa</td>
<td>$200,000</td>
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<tr>
<td>Feather River</td>
<td>$360,000</td>
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<tr>
<td>Glenn</td>
<td>$200,000</td>
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<tr>
<td>Imperial</td>
<td>$350,000</td>
</tr>
<tr>
<td>Monterey Bay</td>
<td>$780,000</td>
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<tr>
<td>Sac Metro</td>
<td>$2,750,000</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>District Name</th>
<th>Proposed FARMER Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego</td>
<td>$3,560,000</td>
</tr>
<tr>
<td>San Joaquin Valley</td>
<td>$107,550,000</td>
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<tr>
<td>San Luis Obispo</td>
<td>$370,000</td>
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<tr>
<td>Santa Barbara</td>
<td>$540,000</td>
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<tr>
<td>South Coast</td>
<td>$6,530,000</td>
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<tr>
<td>Tehama</td>
<td>$240,000</td>
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<tr>
<td>Ventura</td>
<td>$1,520,000</td>
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<tr>
<td>Yolo Solano</td>
<td>$520,000</td>
</tr>
</tbody>
</table>
Districts with Less than 1% of the Agricultural Equipment Population

- $2 million proposed for districts with less than 1% of the statewide mobile, diesel agricultural equipment population to fund FARMER Program-eligible projects
- To be administered by the California Air Pollution Control Officers’ Association (CAPCOA) on behalf of those districts
Traditional Carl Moyer Program Eligible Project Categories

- On-road, heavy-duty trucks;
- Off-road, mobile, diesel agricultural equipment ("farm equipment," as defined in Carl Moyer Program guidelines);
- Off-road, mobile, large-spark ignition (LSI) equipment; and
- Agricultural irrigation pump engines.

Proposed Project Categories

- Additional project categories outside of the Carl Moyer Program
  - Zero-Emission Agricultural Utility Terrain Vehicles (UTVs); and
  - Off-Road, Mobile Agricultural Trade-Up Pilot Project (Ag Trade-Up Project) in the San Joaquin Valley.
- Executive Officer authority to approve other project categories
Traditional Carl Moyer Program Eligible Projects

- Provides incentives for up to 80-85% of the cost of the repowered or replacement vehicle or equipment, subject to cost-effectiveness limits and surplus emission reduction requirements
- Funding levels are based on amount of emissions reduced during project life
  - Up to $30,000 per ton of weighted criteria and toxic emission reductions
  - Up to $100,000 per ton of weighted criteria and toxic emission reductions for select advanced technologies
- Requires old vehicle or equipment to be scrapped

Zero-Emission Agricultural UTVs

- Encourages and accelerates the use of off-road, zero-emission UTVs in agricultural operations
- Incentives for up to 75% of the cost of a new zero-emission agricultural UTV
- Must own and operate UTV for at least 3 years
- Requires old UTV to be scrapped
Ag Trade-Up Pilot Project in the San Joaquin Valley

• Two-step transaction
  – Owner of used (Tier 2 or 3) equipment receives incentive to purchase the cleanest available equipment
  – Owner of high-emitting (Tier 0 or 1) equipment scraps equipment in exchange for previously used and reconditioned equipment (Tier 2 or 3)
• Build upon FY 16-17 project and evaluate feasibility as a new, statewide incentive type

Additional Project Categories

• Considering options for on-road trucks used in agriculture
  – To be added in Summer 2018 (tentative)
• Ability for CARB’s Executive Officer to approve additional project categories as needed
AB 1550 Requirements

- Sets investment targets for projects that are within and benefitting disadvantaged communities and low-income households or communities
- Proposed targets for FARMER are:
  - 50% of funds for projects located within and benefitting disadvantaged communities; and
  - 5% of funds for projects within and benefitting low-income communities
Reporting and Recordkeeping

• Annual reporting required, including:
  – Carl Moyer Program reporting requirements;
  – Fuel consumption and usage data required to estimate greenhouse gas (GHG) benefits; and
  – Census tract data required to calculate AB 1550 targets.

• Districts are responsible to ensure that the reported information is complete, correct, and supported by documentation.

Next Steps
Next Steps

- Request comments by February 9
- Post proposed FARMER Program Guidelines for 30 day public comment on February 16
- Board considers FARMER Program Guidelines at public meeting in Riverside on March 22-23

Questions? Comments?

- Email farmer@arb.ca.gov
- FARMER Website: www.arb.ca.gov/agincentives
- FARMER Program contacts:
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