APPEARANCES

BOARD MEMBERS
Mrs. Barbara Riordan, Acting Chairperson
Dr. John Balmes
Ms. Sandra Berg
Mr. Hector De La Torre
Mr. John Eisenhut
Supervisor John Gioia
Mayor Pro Tem Judy Mitchell
Supervisor Phil Serna
Dr. Alex Sherriffs
Professor Daniel Sperling

STAFF
Mr. Richard Corey, Executive Officer
Mr. Alberto Ayala, Deputy Executive Officer
Ms. Edie Chang, Deputy Executive Officer
Ms. Lynn Terry, Deputy Executive Officer
Ms. Ellen Peter, Chief Counsel
Mr. Tony Brasil, Branch Chief, Heavy Duty Diesel Implementation Branch, MSCD
Ms. Sara Dastoum, Air Pollution Specialist, In-Use Control Measures Section, Mobile Source Control Division
Ms. Jennifer Gress, Legislative Director, Office of Legislative Affairs, Office of the Chair
APPEARANCES CONTINUED

STAFF

Ms. Annette Hebert, Chief Division, MSCD

Ms. Jackie Lourenco, Branch Chief, New Vehicle/Engine Programs Branch, Mobile Source Operations Division

Ms. Lisa Macumber, Air Pollution Specialist, Innovative Strategies Branch, Mobile Source Control Division

Ms. Irina Malkina, Air Pollution Specialist, Implementation Section, Air Quality Planning and Science Division

Ms. Carla Takemoto, Chief, Area Source and Emission Inventory Programs Branch, AQPS

Ms. Maryana Visina, Air Pollution Specialist, Implementation Section, Air Quality Planning and Science Division

ALSO PRESENT

Mr. Tim Carmichael, California Natural Gas Vehicle Coalition

Mr. Dave Cox, Coalition for Renewable Natural Gas

Mr. David Darling, American Coating Association

Mr. Steve Douglas, Alliance of Automobile Manufacturers

Mr. Mike Freeman, WD-40

Mr. Randal Friedman

Mr. Kurt Gabram, Blaster Corporation

Ms. Lesley Garland, Western Propane Gas Association

Ms. Jamie Hall, CALSTART
APPEARANCES CONTINUED

ALSO PRESENT

Ms. Bonnie Holmes-Gen, American Lung Association
Mr. Danny Massie, Maxima Racing Oils
Ms. Heidi K. McAuliffe, American Coating Association
Mr. Christopher Pearce, SC Johnson
Ms. Kristin Power, Consumer Specialty Products Association
Mr. Doug Raymond, WM Barr Company, National Aerosol Association, CRC Corporation, Radiator Specialties Company
Mr. John Reed, North American Power
Ms. Elaine Richardson, Calumet Specialty Products
Mr. Robert Sweger, Stoner Incorporated
Mr. Laki Tisopulos, SCAQMD
Ms. Eileen Tutt
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PROCEEDINGS

ACTING CHAIRPERSON RIORDAN: Good morning. My thought is today I'd like to start on time so we can end on time, because we have a series of meetings today for some of our members and so we want to keep on schedule. So let me formally open this meeting. It is September 26th. This is the public meeting of the Air Resources Board. And I'll ask that we come to order. As is our custom, we salute the flag. So if you would join me, please, in the flag salute.

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

ACTING CHAIRPERSON RIORDAN: Madam Clerk, would you please call the roll?

BOARD CLERK JENSEN: Dr. Balmes?
BOARD MEMBER BALMES: Here.

BOARD CLERK JENSEN: Ms. Berg?
BOARD MEMBER BERG: Here.

BOARD CLERK JENSEN: Mr. De La Torre?

Mr. Eisenhut?

BOARD MEMBER EISENHUT: Here.

BOARD CLERK JENSEN: Supervisor Gioia?
BOARD MEMBER GIOIA: Here.

BOARD CLERK JENSEN: Mayor Pro Tem Mitchell?

BOARD MEMBER MITCHELL: Here.
BOARD CLERK JENSEN: Mrs. Riordan?

ACTING CHAIRPERSON RIORDAN: Here.

BOARD CLERK JENSEN: Supervisor Roberts?

Supervisor Serna?

BOARD MEMBER SERNA: Here.

BOARD CLERK JENSEN: Dr. Sherriffs?

BOARD MEMBER SHERIFFS: Here.

BOARD CLERK JENSEN: Professor Sperling?

BOARD MEMBER SPERLING: Here.

BOARD CLERK JENSEN: Chairman Nichols?

Madam Chair, we have a quorum.

ACTING CHAIRPERSON RIORDAN: Thank you very much.

I have a few opening remarks. First and more importantly, I'd like to introduce our new member. That is John Eisenhut. John has been a manager of the growers relations at Hilltop Ranch, Incorporated, since 1994 and the owner of Eisenhut Farms since 1975.

He's also a member of the Stanislaus County Farm Bureau. And his expertise in agricultural issues really will help us address a number of those issues here at our Board.

I'm so pleased to welcome you and to welcome agriculture finally getting a seat again at our Board. And we welcome you and we look forward to working with you.
BOARD MEMBER EISENHUT: Thank you so much. Good morning.

ACTING CHAIRPERSON RIORDAN: Now, if I might, to the more mundane things, but important, anyone who wishes to testify and has not signed up online should fill out a request to speak card available in the lobby outside of our boardroom. Please turn it into the Clerk of the Board as soon as possible. And you have the option also -- if you have already signed up online using our online feature, you do not need to fill out that request to speak card. However, you must check in with the Clerk to the Board. And our Clerk is seated right here next to the dias. Your name, if you don't check in, unfortunately might be removed from the list. And you do want to give you an opportunity to speak.

As is our custom and for our new Board member, we do limit public speaking because we do want to try to finish our agenda. So each speaker is limited to three minutes. We ask that you keep those comments maybe in your own words. Many of our speakers have written testimony. That is always made a part of the record. But if you would just say what you want to say to the Board in your own words, it's very helpful to the Board members.

And finally, for safety reasons, I need to point out the exits. They are at the back of the room and
either left and right side of the dias. If we should have a fire alarm, you are asked to vacate the building using the stairs. And when we are outside, an all-clear signal will be given, and we can return to this hearing room and continue with the hearing.

Now, there is one consent item. This item is before us and this is Agenda Item 13-8-1. It is noncontroversial. That is why it's on consent calendar. But at this time if any Board member or someone from the public who wishes to speak on this item is here, then I will put it in and we will handle it as a regular Board item.

Let me ask, is there any Board member that wishes this taken off the consent calendar?

Madam Clerk, I'm assuming there are no public -- okay.

Let me then ask that the item that is before us to act on, if there is a motion to move this item.

BOARD MEMBER BERG: So moved.

BOARD MEMBER SHERRIFFS: Second.

ACTING CHAIRPERSON RIORDAN: Thank you.

Is there -- I think I can take a voice vote.

All those in favor signify by saying aye.

(Ayes)

ACTING CHAIRPERSON RIORDAN: Opposed no.
The motion is carried.

So we will welcome a new member to our Committee and move right along to our first item on the speaking calendar.

This is Agenda Item 13-8-2. This item is a proposal to amend the alternative fuels certification procedures for on-road motor vehicles and engines.

The alternative fuels industry approached the Air Resources Board and asked for a streamlined process for certifying alternative fuel conversions of motor vehicles in engines. Industry advocates highlighted that the increased market availability of low price natural gases has resulted in more interest in converting vehicles and engines to operate on that fuel.

Small volume alternative fuel conversion manufacturers outline specific requests for ARB's certification program to make it similar to the approval process used by U.S. EPA to request things like simplifying the application and approval process and streamlining testing.

Staff have focused on achieving a balance in an improved process that still ensures low emissions from converted vehicles.

So at this time, Mr. Corey, I'd like you to introduce this item and brief the Board.
EXECUTIVE OFFICER COREY: All right. Thank you, Madam Chair.

Staff considered the input from stakeholders regarding existing procedures for certifying alternative conversions of motor vehicles and engines and determine that changes could be made to streamline approvals and lower costs.

This is also an opportunity to update the current certification procedures to incorporate the more stringent low emission vehicle standards, LEV II and LEV III. The procedure was last amended in 1995.

Staff is, therefore, proposing to modify the existing alternative fuel conversion certification procedures and add a new test procedure that would reduce testing and would allow for added flexibility for small volume conversion manufacturers.

Staff has worked closely with both industry and environmental organizations to find the best balance between streamlining the existing procedures and preserving emission benefits. We expect these changes will remove the market barriers currently experienced by small volume conversion manufacturers without compromising the emission performance of converted vehicles and engines.

I'll now ask Sara Dastoum of our Mobile Source
Control Division to begin the staff presentation. Sara.

(Thereupon an overhead presentation was presented as follows.)

AIR POLLUTION SPECIALIST DASTOUM: Thank you, Mr. Corey.

Good morning, Madam Chairman and members of the Board. And thank you for the opportunity to discuss the proposed amendments to the alternative fuel conversion certification procedures for on-road motor vehicles and engines.

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AIR POLLUTION SPECIALIST DASTOUM: For today's presentation, I'd like to start with some background information on the current conversion certification procedures for light- and heavy-duty vehicles. When a manufacturer converts an in-use gasoline or diesel-fuel based vehicle to operate on an alternative, the manufacturer must demonstrate that the conversion does not increase emissions of the original vehicle. ARB must issue an anti-tampering exemption before the conversion system can be sold.

To receive an exemption, conversion system manufacturers must demonstrate compliance with the applicable emission standards, durability testing, on-board diagnostic or OBD system demonstration and
labeling requirements. For manufacturers, these testing and demonstration procedures can be both time consuming and costly.

Converted vehicles must be inspected by the Bureau of Automotive Repair, or BAR, and must continue to comply with smog checks as applicable. In addition, conversion manufacturers and installers are required to provide a three year, 50,000 mile warrantee coverage and are subject to enforcement and confirmatory testing.

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AIR POLLUTION SPECIALIST DASTOUM: Due to an abundance of low-priced natural gas and propane, the U.S. EPA has recently streamlined their conversion certification procedures. In turn, the natural gas industry and other alternative fuel advocates have asked for similar changes to ARB's conversion certification procedures.

Industry is requesting a number of reasonable changes which include simplifying the application and approval process, reducing testing where feasible to reduce time and cost involved, aligning ARB's current procedures with U.S. EPA's certification, shortening time for approval so manufacturers can bring their products to market sooner, and extending the production period for new vehicle conversions to allow manufacturers a full year of
AIR POLLUTION SPECIALIST DASTOUM: Staff worked closely with stakeholders and held three public workshops to discuss the proposed changes. These workshops were comprised of both industry advocates and environmental stakeholders. Staff held technical work group meetings to discuss details and worked jointly with conversion manufacturers. We believe that most requests for additional flexibility can be accommodated without a significant impact to emission reductions.

AIR POLLUTION SPECIALIST DASTOUM: Staff is proposing to update the requirements for aftermarket certification which apply to propane, natural gas, and alcohol fuels. Most of the proposed amendments would apply to small volume conversion manufacturers defined as a manufacturer with limited California sales of retrofit systems in any given calendar year. Initially, staff set the volume limit at 1,500 annual sales as currently identified in the staff report. Based on industry feedback, staff is now proposing to raise this limit to 4500. Staff is proposing to modify some existing test procedures and to add a new test procedure that would apply to 2004 through 2017 model years.
Where possible, staff has harmonized proposed changes with U.S. EPA's procedures. Staff believes that the proposed changes will simplify the certification procedures while preserving emission benefits.

Staff is also proposing to include a sunset provision that ends most flexibility options starting with the 2018 model year. Staff will track the implementation of these procedures over the next few years and will return to the Board to present its findings on whether or not to extend the sunset provision.

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AIR POLLUTION SPECIALIST DASTOUM: Now I'd like to cover the proposed changes in detail. Staff is proposing to streamline application requirements by limiting documentation to OBD system changes which reduces the time and cost of preparing certification documentation.

Manufacturers will be given the option to use commercially available fuels for testing because they are less expensive and readily available. Manufacturers will be able to use natural gas fuel that meets U.S. EPA's test fuel standards. Since there is no federally certified propane, the use of propane that meets ARB's motor vehicle fuel requirements will be allowed. The option to use testing flexibility and waivers when appropriate will be
available for manufacturers.

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AIR POLLUTION SPECIALIST DASTOUM: Staff is proposing to allow the use of assigned deterioration factors and alternative test methods instead of requiring high mileage durability emission tests. Staff is also proposing to streamline OBD requirements, which will allow the manufacturer to market its systems sooner.

If an alternative fuel conversion manufacturer obtains a new vehicles or engine certification from ARB, staff proposes to allow that manufacturer to take advantage of an expedited process to certify an identical alternative fuel conversion system as an aftermarket kit. This allows the conversion manufacturer to continue production after the end of the model year.

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AIR POLLUTION SPECIALIST DASTOUM: Staff believes that updating the alternative fuel conversion system certification procedures will provide several benefits. Many of the proposed changes will result in streamlined procedures for ARB's certification process.

The average cost of aftermarket certification will decrease, from approximately $170,000 down to approximately $90,000. The time to receive approval for aftermarket certification is also reduced by approximately
one to three months.

Manufacturers would, in turn, be able to market their conversion systems sooner. Staff has worked to meet industry's requests and believes that the proposed changes will reduce market barriers for small volume conversion manufacturers without significantly risking emission performance.

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AIR POLLUTION SPECIALIST DASTOUM: We recommend the Board adopt the proposed amendments to Title 13 CCR Sections 2030 and 2031, including the adoption of the new test procedure specified for aftermarket certification.

Staff requests the Board to approve the proposed staff modification on the definition for small volume conversion manufacturers to less than 4500 and other clarifying changes.

Staff believes these changes as presented are appropriate in updating the aftermarket certification procedures and will provide flexibility requested by the small volume conversion manufacturers.

This concludes our presentation. Thank you.

ACTING CHAIRPERSON RIORDAN: Thank you very much. Mr. Corey, any final remarks before I open up for Board questions of staff?

EXECUTIVE OFFICER COREY: No further comments.
ACTING CHAIRPERSON RIORDAN: All right. Board members, this is an opportunity before I open it up for public testimony for any questions that you might have of staff at this time. I don't see any. That means an excellent report.

We have four speakers. John Reed, you are the first speaker, if you'd come up to the microphone. And followed by Lesley Garland, Tim Carmichael, and David Cox. If you would give us your name and who you represent for the record, please, and then we will begin your three minute time.

MR. REED: Good morning, Board. I'm Dr. John Reed. I represent North American Power. We are a North American company --

ACTING CHAIRPERSON RIORDAN: Let's get your microphone working.

DR. REED: I'm Dr. John Reed. I represent North American Repower. We're a California company based in Oceanside. We produce technology to allow heavy-duty engines run on biogas, biomethane, propane, hydrogen, and any exotic combination of the above. We've been doing this for some time. I've surrounded myself with people who are a lot smarter than myself to do this.

I urge the Board to pass these regulations. The staff has worked very, very hard, especially with the
light-duty folks to make this a reality. By passing these, we have the opportunity to change what's happening here with particulate matter, with greenhouse gases, with a lot of things that you've worked very hard to try to reduce. And now that the 9th Circuit has upheld the low-carbon fuel standard, this is an opportunity for us to make AB 32 happen.

So I'm proposing a few other minor, not so much changes, but some direction that I'm asking the Board give to the staff to deal with heavy duty. The staff was given a lot to task with, especially for light duty, OBD, a lot of fuel stuff. They did a great job.

There's not a lot of people that try to do heavy-duty conversions. Let me be clear what my company does. We take big truck and bus engines that normally run on diesel, turn them into spark ignited auto cycle engines that run on gaseous fuels. We do it in an emission-compliant way.

The old rules were unworkable for a number of reasons. The majority of those have been taken away. Staff took care of that. There is one thing, however, that is not explicit that the heavy-duty folks can do. We cannot use the assigned deterioration factors that EPA generated.

Now, I've spoken with staff, and they've said to
me, well, we'd be willing to work on a one-to-one basis and
go case by case. I'd just like to have that direction
given to the staff so that they can do this so we can look
at how diesel engines converted to natural gas with spark
ignition are basically big gasoline engines now, why can
we not use the numbers that EPA already generated?

Concern from staff was they don't have
deterioration factors from old diesel engines. Well, EPA
didn't have that data. So in their directive, they said,
"We don't have this." But ARB actually does. We're in a
unique position. Because of the diesel particulate
filters we've mandated for all the old trucks, old diesel
engines had to be tested again. There is FTP data for
in-use diesel engines. So we can compare that to what the
OEMs submitted when they first certified. We can look,
are these deterioration factors real? Were there
problems? And how will this actually apply to a
spark-ignited auto cycle conversion? So I'm asking that
of the Board.

I'm also asking one other thing. That is for us,
as heavy-duty conversions, that we only have to do a
federal testing protocol, the FTP.

If I can have one more minute.

ACTING CHAIRPERSON RIORDAN: You can have about
one more sentence.
DR. REED: If I had the same size engine that was initially on gasoline but now I turned it and ran it on natural gas, I would only have to do the FTE. The fact that my engine originally ran on diesel but is basically identical with spark ignition auto cycle, why is it that I have to do diesel specific testing in order to get my conversion?

ACTING CHAIRPERSON RIORDAN: Okay.

MR. REED: Thank you.

ACTING CHAIRPERSON RIORDAN: Thank you, Mr. Reed. Mr. Corey, would you like to just respond a moment?

EXECUTIVE OFFICER COREY: Sure, Madam Chairman. Staff has been engaged in productive conversations with Mr. Reed concerning the points that he's raised. And what I'd like to do is call on Annette Hebert to provide a little bit more short context.

But my overall summation is we believe we have the flexibility to continue to work with him. And it may translate into a subsequent proposal and return to the Board.

But with that, I wanted to ask if Annette had anything to add to my comments.

BRANCH CHIEF LOURENCO: I'm going to jump in here.
What John Reed is asking for, the assigned deterioration factors are developed for the type of engine, whether diesel or gasoline. And there are factors for both kinds of engines and different technologies and that sort of thing. So they are available to us. We can also review the assigned deterioration factors that are developed and also look at on a case by case basis if there is better data or if a manufacturer has better data so we can adjust those.

So the main thing is we look at how the engine works and whether it really looks like a diesel or really looks like a gas engine. And then we would assign the factors accordingly. That would be something that would be done at a typical certification process. So it would be something within the regulations. So we do not need to make a change today, but it will be something that will be through the normal certification process.

The other term that he raised was test cycles. Again, test cycles are very important. They’re there to make sure that engines are tested to represent the way these engines are going to be used in real life. So there are multiple test cycles to do that, to generate the data, to show that the engines will be compliant regardless of whether they’re driving around in the city or they’re driving around on the highways. And so the manufacturers
do testing. Some of the testing they provide to us. Some of the testing they basically say, "I've done the testing. I attest that my engines will comply," to make sure that again those engines will comply in the real world. So the data should be available and the manufacturer should test it. For these alt fuel vehicles, we like to seem them do pretty much the same kind of testing that the original manufacturers did.

ACTING CHAIRPERSON RIORDAN: Okay. I think, Mr. Corey, if I hear you correctly, I hear the justification, the opportunity that is there to work with Mr. Reed and some of these issues; is that correct?

EXECUTIVE OFFICER COREY: That is correct. And the process affords the flexibility that Ms. Lourenco just spoke of. But to the extent that we would discover that it doesn't as we work through the process, we would advise the Board on that. And the discussion would be our future amendments would be necessary.

ACTING CHAIRPERSON RIORDAN: Thank you, Mr. Reed, for raising those points. We appreciate your comments.

Mr. Garland -- or Lesley. Excuse me. Sorry.

MS. GARLAND: Good morning. Thank you for having me. And thank you for your consideration.

I come to you today representing the Western Propane Gas Association, which represents about 125
propane companies that operate in the state of California. I come today in support of this, and I ask the Board's consideration to please vote in support of this.

The propane industry has been critics of the Air Resources Board certification procedures for quite some time because, quite frankly, we have looked in envy towards many of our colleges and other states where there are only EPA regulations. And so there are several hundred propane vehicle options that are available for retrofits that aren't available in California because of the market barriers.

We believe this proposal is moving us in the right direction, although we believe it's also just the start of a conversation. As Mr. Reed has pointed out, while the staff has done a Herculean job of revising this proposal -- or these regulations, we still believe there are some other issues that we'd like to consider in the future.

So again, I would just like to urge you to support and also thank the staff. They have done a tremendous job. And they have been willing to meet with us time and time again, especially in these last few weeks after the proposal. I'd just like to thank them personally. You made yourselves available to answer every single question and even multiple questions over and over
again to help us understand. So thank you. And again, thank you for your consideration.

ACTING CHAIRPERSON RIORDAN: Thank you. And thank you for those kind words.

Tim Carmichael.

MR. CARMICHAEL: Good morning. Tim Carmichael with the California Natural Gas Vehicle Coalition. Good to see you all.

The Natural Gas Vehicle Coalition is more than 25 companies that care about natural gas transportation here in California. Among that membership are three of the industry leaders in converting gasoline or diesel vehicles to run on natural gas; IMPCO Technologies, BAF Technologies, and Landi Renzo USA.

Two years ago this month, I was on back-to-back panels with Tom Cackette at a forum talking about alternative fuels. And I made some somewhat pointed comments about this program. And afterwards, Mr. Cackette walked up to me and let me mow what he thought of my comments and wondered where I got my misinformation. And I assured him I didn't make it up. I was hearing a lot of concerns from my membership about this program. And in fact, I think I characterized the program as an obstacle to getting more clean vehicles on California roads. And why would the Air Resources Board be supporting a program
like that or imposing a program of that.

That led to a series of conversations, a workshop last summer, a workshop in January of this year and a lot of hard work from Annette Hebert and her team. And I'm pleased to say we're here to strongly support the proposal before you and note that it is going to significantly lower costs, significantly shorten the time period, and significantly simplify this process for getting clean vehicles onto the roads of California. All very good things.

That said, I want to echo some of the comments that have already been made. Not every issue is being addressed in this proposal. Not everything in this proposal are we in love with. There is a sunset. We didn't think that there was a need for a sunset. There's some issues around assigned deterioration factors, as has already been mentioned. There's at least one testing protocol we question the value of. These are things we have heard from staff we can continue to talk about, see what comes from the implementation of this program early on, and hopefully come back to you with some additional changes to improve this program further.

With that, again I want to thank the staff for their work on this and note that this is a significant step forward. I think Mr. Corey noted the last time this
program was updated was the mid '90s. And a lot has happened in the development of technology since then. So we're pleased to be here in support. Thank you very much.

ACTING CHAIRPERSON RIORDAN: Thank you. We're glad to know where the genesis is for this effort. We'll have to give you some credit there.

Mr. Cox.

MR. COX: Honorable members, my name is David Cox. I am representing the Coalition for Renewable Natural Gas. We're an industry association. We're a nonprofit, and we represent the biomethane industry, also referred to as biogas or renewable natural gas.

This morning, in the interest of time, I wanted to associate our position with Dr. Reed's and Mr. Carmichael's. We're in support. We thought the staff did an excellent job. Increasingly, my members are looking to transportation fuels because of the benefits of biomethane can bring because of the reduction and because of the work you've done with the low carbon fuel standard. California is a very attractive market for biomethane.

So with that, I would ask that you favorably consider the proposal before you and thank you for your time.

ACTING CHAIRPERSON RIORDAN: Thank you for your testimony. Thank you very much.
Board members, any questions? Ms. Berg.

BOARD MEMBER BERG: I just had a follow up. Mr. Carmichael reminded me that I wanted to ask about the date that you'll be circling back on that sunset class. Not a specific date, but about when do you think you'll be coming back to the Board? And is that in the Resolution?

DIVISION CHIEF HEBERT: We anticipate that be about 2016, 2016 calendar year.

BOARD MEMBER BERG: Is that commitment in the Resolution to circle back with the Board?

BRANCH CHIEF BRASIL: The commitment in the Resolution, that date specific, isn't identified. It would be within roughly a three-year period.

BOARD MEMBER BERG: I don't need a date specific. Thank you.

ACTING CHAIRPERSON RIORDAN: Yes, Dr. Sperling.

BOARD MEMBER SPERLING: I have a few short questions. One is just so we understand better.

With these certification process, is it a principle -- I'm wondering what the principle underlying is. This is a naive question. I don't have any agenda here. But I would think that the idea would be if you're using an alternative fuel, it should be at least as good, if not better. So if the emission rates are less and the deterioration factor is no worse, is that acceptable? Is
that the principle we're operating on here?

     DEPUTY EXECUTIVE OFFICER AYALA: That is essentially the basic concept. What we are trying to do is achieve a balance between promoting changing technology that we think makes sense to cleaner fuels. But at the same time, we want to make sure that through testing and system monitoring and making sure that OBD systems are working just as good as in the original system, we want to make sure those emission benefits remain for the life of the conversion. So that's essentially the concept.

     BOARD MEMBER SPERLING: But the presumption is they're going to be at least as good as the diesel or gasoline engines they're replacing.

     DEPUTY EXECUTIVE OFFICER AYALA: The presumption based on what we know is that they are going to be much better. What we want to do is make sure we have a framework in the program that will allow us to document that.

     BOARD MEMBER SPERLING: The second question is as these emission standards for these gasoline and diesel engines get tightened over time, I would think that retrofits are just not going to be viable and be it so complicated and so difficult. Do I misunderstand the business?

     DEPUTY EXECUTIVE OFFICER AYALA: So a couple
things. You're right on target in terms of the standards getting more stringent. That's really the justification for the sunset provision.

The other point is these are more sophisticated conversions than simple retrofits. These are really essentially putting a new engine, replacing a conventional engine. So these are fairly sophisticated system changes. So again, we recognize that the industry has stepped up to do this. And some of them spoke today.

All we're trying to do is remove the barriers that the regulation may have, and at the same time allow for these conversions which we think makes sense to occur.

BOARD MEMBER SPERLING: Last, is it really necessary to come back to the Board on this? I mean, it seems given that the principles are pretty clear and seems pretty straight forward to me.

DEPUTY EXECUTIVE OFFICER AYALA: We think we do need to come back because the applicability of the sunset provision is something that we do need to track. And I think staff would like to take the opportunity to come back to the Board and report on where we see the technology making progress.

As Mr. Carmichael pointed out, a lot has happened in the last couple decades. We think that this is going to transform the transportation sector to some extent by
allowing more of these conversions to happen. I think it's advisable for us to come back and give the Board just a brief update on -- I think this is a good new story and we'd like to share that with you.

ACTING CHAIRPERSON RIORDAN: Thank you. Yes?

BOARD MEMBER MITCHEL: This is kind of a technical question. But now you can buy on the market a natural gas vehicle. You probably can buy a natural gas heavy duty truck as well.

So I'm wondering, these conversions, would someone prefer to do a conversion rather than buy a new vehicle that meets this that can be converted? I wonder how those two things inter-relate.

MSCD BRANCH CHIEF BRASIL: Currently, there are some new natural gas engines that would fit in the heavy duty sector. But there are two issues. One is for existing vehicles that owners already have, they can make conversions of their existing diesel or gasoline engine and operate on a fuel that's essentially half the cost of operating on diesel.

Also addresses diesel PM issues that we do have other regulations that are trying to reduce. There isn't a new engine available for all types of vehicles. There is for some, but not for most.

So there is a market segment that isn't served by
new engine certifications currently. And we do hope that that does change in the future. But currently conversions are really the only option.

BOARD MEMBER MITCHELL: I see. Okay. Thank you. That answers that.

ACTING CHAIRPERSON RIORDAN: Any other questions? All right.

Staff, I appreciate your comments and let us bring it back. I'm going to close the record now on this agenda item. However, the record will be reopened when the 15 day notice of public availability is issued. Written or oral comments received after this hearing date but before the 15 day notice is issued will not be accepted as part of the official record on this agenda item.

When the record is reopened for the 15 day comment period, the public may submit written comments on the proposed changes which will be considered and responded to in the Final Statement of Reasons.

The Board has before them a Resolution, which is in your packet, numbered 1335. Do I have a motion to adopt and I need a second.

BOARD MEMBER DE LA TORRE: Moved.

BOARD MEMBER SPERLING: Second.

ACTING CHAIRPERSON RIORDAN: I'm going call for a
roll call vote. All those in favor signify by saying aye.

(Ayes)

ACTING CHAIRPERSON RIORDAN: Opposed no.

Motion carries.

Thank you very much. And thank you, staff. I know you did a lot of good work with your stakeholders, and we know you'll continue to do that.

While they're changing positions there, we'll move onto our next item.

BOARD MEMBER BERG: Madam Chair, while they're making a staff change, I'd like to let you know I'm reusing myself from this next item, as LS Paint Company is a manufacturer of aerosol paint products. So I'll see you at the next item.

ACTING CHAIRPERSON RIORDAN: Ms. Berg, thank you very much. I'll note that for the record.

For the record, while everybody is getting organized out there, we are considering the adoption of the proposed amendments to several of the State consumer products regulations.

At this point, I'd like to ask Mr. Corey to introduce the item.

EXECUTIVE OFFICER COREY: Thank you, Madam Chairman.

Staff will begin the presentation by providing an
overview of ARB's Consumer Products Program. And then we'll describe the proposed amendments.

ARB's Consumer Products Program is an important part of our overall effort to achieve reductions in volatile organic compounds, or VOCs, that along with nitrogen oxides react to form ozone. Reducing VOC emissions is necessary to meet ozone air quality standards.

Regulating consumer products can be challenging due to the large number and diversity of products and frequent changes that occur in the marketplace. It's also an area where both ARB and air districts have specific regulatory authority, making program coordination important. The South Coast Air Quality Management District has adopted requirements to achieve additional emission reductions in its region.

Today's proposed actions include regulatory amendments that ensure ARB and South Coast requirements are coordinated and achieve expected reductions.

Staff is proposing amendments to four of the five consumer products regulations, plus other supporting changes to aid in the implementation and compliance. The purpose of the proposed amendments is to lower the impact of VOC emissions from the use of consumer products. When fully effective, the amendments will reduce VOC emissions
by about four tons a day statewide.

I'll now ask Maryana Visina of our Air Quality Planning and Science Division to provide an overview of the program. Following Maryana's overview, Irina Malkina will present the proposed amendments. Maryana.

(Thereupon an overhead presentation was presented as follows.)

AIR POLLUTION SPECIALIST VISINA: Thank you, Mr. Corey.

Good morning, Madam Chairman and members of the Board.

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AIR POLLUTION SPECIALIST VISINA: Before we describe our proposal, I will present an overview of the Consumer Products Program.

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AIR POLLUTION SPECIALIST VISINA: To reduce volatile organic compounds, or VOC emissions, we have been developing and implementing the consumer products regulations for 25 years. Three regulations have been adopted to establish requirements for various types of consumer products. Two regulations have been adopted to provide compliance flexibility.

There are also federal consumer product regulations. However, as allowed by federal law, ARB
regulates many more categories and, in general, VOC limits are lower. As set forth in State law, ARB is required to achieve the maximum reduction in VOCs that is technologically and commercially feasible. We also cannot eliminate product forms. We also have responsibilities under AB 32 to reduce greenhouse gas emissions from consumer products.

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AIR POLLUTION SPECIALIST VISINA: Consumer products are defined as chemically formulated products used by household and institutional consumers. Examples of consumer product are listed on this slide. It is a dynamic market with new types of product being regularly introduced. Note that architectural coatings are separately regulated by the districts.

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AIR POLLUTION SPECIALIST VISINA: Among the challenges of regulating consumer products is that VOCs are often the compounds that make the product work. They are also the propellents used in aerosol products and are the ingredients that provide a product's scent.

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AIR POLLUTION SPECIALIST VISINA: VOC reductions, including those from consumer products, are an important part of State Implementation Plan to attain ambient air
quality standards.

The amendments proposed today will achieve the VOC reductions from consumer products that were expected when the 2007 SIP was adopted.

While each individual can of glass cleaner or deodorant may seem to be a small emission source, the combined use of consumer products by over 40 million California residents results in consumer products being a significant source of VOC emissions.

We estimate that VOC emissions from use of consumer products constitute about 12 percent of the statewide inventory. And they will be the largest source of VOC emissions in the South Coast district in future years. Because consumer products VOC emissions continue to grow, as California's population grows, further reductions will be necessary in the future.

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AIR POLLUTION SPECIALIST VISINA: In addition to developing and interpreting our consumer products regulations, there are numerous ongoing implementation activities. We have a fully equipped laboratory and staff to analyze products for compliance and enforcement inspectors to pursue rule violations.

The program also offers compliance flexibility with emissions averaging and innovative products programs.
Staff reviews, approves, and carefully tracks these programs to ensure that overall emission reduction benefits are maintained.

Because the market changes rapidly and California's population continues to grow, we also regularly update the emissions inventory. When requested, we also assist other jurisdictions.

As needed, we also report to the Board on specific issues. The next few slides provide information on some specific program activities.

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AIR POLLUTION SPECIALIST VISINA: To guide regulatory development, staff conducts surveys of the consumer products industry to obtain the information necessary to assess the feasibility of further reducing VOC emissions.

We collect detailed information on product sales and VOC ingredients. We also collect economic information to help us evaluate the costs to comply with our requirements.

The survey data are also used to update our emissions inventory.

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AIR POLLUTION SPECIALIST VISINA: To control VOC emissions, we use both mass-based and reactivity-based
standards.

Under a mass-based approach, the standards are set to limit the total amount of VOCs a product can contain. However, these VOC limits do not apply to low vapor pressure VOCs.

Under a reactivity-based approach, standards are set to limit the types of VOCs. This strategy considers the ozone forming potential of different VOCs and requires use of less reactive compounds.

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AIR POLLUTION SPECIALIST VISINA: In the previous slide I mentioned that low vapor pressure VOCs, or LVP VOCs, are exempt when determining compliance with VOC standards. These LVP VOCs are large compounds that evaporate at a slower rate and are less likely to participate in ozone chemistry.

However, some recent initial research conducted by South Coast staff suggests that some of these LVP VOCs may be more volatile and readily evaporate and therefore could be available to form ozone.

In light of these findings, we are undertaking a research program to evaluate the air quality impacts of these compounds. The research results will be used as part of an assessment to determine if the LVP VOC exemption should be modified.
AIR POLLUTION SPECIALIST VISINA: I mentioned earlier that we also have reactivity based VOC limits. Reactivity is a concept that each VOC has a different ability to form ozone. The reactivity of VOCs is quantified and compared using the maximum incremental reactivity, or MIR, scale.

Our proposed amendments to the aerosol coating products regulations, which will be presented today, use the reactivity-based approach to control VOCs. This strategy targets VOC reductions from the types of VOCs that are most reactive with respect to ozone formation.

AIR POLLUTION SPECIALIST VISINA: Another example of our ongoing implementation is our process to monitor the progress of manufacturers in meeting upcoming limits. At the direction of this Board, staff conducted a technical assessment to ensure feasibility of the 3 percent by weight VOC limit for multi-purpose solvent and paint thinner products.

Staff concluded that the limits can be implemented as scheduled at the end of this year. Implementation of these limits will achieve about 4 tons per day VOC reduction as expected.
AIR POLLUTION SPECIALIST VISINA: I also want to mention that State law allows air districts to adopt standards for consumer products if ARB has not adopted standards for the same product category. In addition, the district's rule remains in effect if it pre-dates ARB action.

The South Coast Air District has exercised this authority for a few categories, but other consumer product categories are regulated on a consistent statewide basis.

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AIR POLLUTION SPECIALIST VISINA: In conclusion, the Consumer Products Program has been successful in reducing VOC emissions by almost 50 percent statewide. These reductions have been achieved even though California's population has grown by almost 40 percent since we began regulating these products.

In addition, exposure to toxic air contaminants has been reduced by over 13 tons per day by prohibiting use of certain chlorinated compounds.

We have also reduced the impacts of greenhouse gases emitted from consumer products. Even with this progress, new lower ozone standards will likely require more VOC reductions from consumer products.

And now Irina Malkina will present proposed amendments to the consumer product regulations.
AIR POLLUTION SPECIALIST MALKINA: Thank you, Maryana.

Good morning, Madam Chairman and members of the Board.

AIR POLLUTION SPECIALIST MALKINA: As Mr. Corey mentioned, today, we are proposing for your consideration changes to four of the five consumer products regulations. Three regulations would be amended, and the fourth regulations, the hair spray credit program, would be repealed. This regulation was designed to sunset in 2010. We are also proposing amendments to test method 310, which is used to determine compliance with the regulatory requirements.

In addition, we are proposing to reorganize the tables of MIR values which are used in the aerosol coatings regulations.

We also have minor modifications to our original proposal.

AIR POLLUTION SPECIALIST MALKINA: First, I'll present proposed amendments to the consumer products regulation, which is often called the general consumer product regulation. Most VOC standards affecting consumer
products are in this regulation.

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AIR POLLUTION SPECIALIST MALKINA: The proposed
amendments to the consumer products regulation include new
requirements for several aerosol adhesives and provisions
for multiple purpose solvent and paint thinner products,
particularly for those sold in the South Coast district.

In addition to these primary elements, numerous
other amendments and definitional changes are proposed.

Many of the definitional changes, such as those
for hair care products, lubricants, and single purpose
products are in response to industry requests for
clarifications.

When fully implemented, these amendments would
reduce VOC emissions by about .4 tons per day.

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AIR POLLUTION SPECIALIST MALKINA: Staff's
proposal for aerosol adhesives would set new or lower
limits for three categories.

We are also proposing to prohibit the use of
three chlorinated toxic air contaminant solvents and limit
the types of greenhouse gases used in these adhesives. To
allow time for research and development efforts to
reformulate these products, their requirements would
become effective on January 1, 2017.
AIR POLLUTION SPECIALIST MALKINA: Maryana earlier mentioned that districts may adopt standards for consumer products if ARB has not, or if it is prior to ARB's action. Such is the case for multi-purpose solvent and paint thinner products.

As shown here, in 2009, the South Coast district adopted rule 1143 which set VOC limits for these categories.

After this action, in 2010, VOC limits adopted by ARB for these two product categories became effective.

However, neither the South Coast district's rule nor ARB's rule has achieved all of the expected air quality benefits.

AIR POLLUTION SPECIALIST MALKINA: This slide summarizes the issues the proposed amendments are designed to address.

First of all, we have seen aerosol products entering the market for the first time because the current requirements only apply to non-aerosol products.

Second, specialty thinners for industrial maintenance coatings are currently exempt from regulatory requirements. While there is a need for the exemption, it is being inappropriately used.
Third, and probably most important, we have seen products relabeling to avoid compliance with the South Coast district rule.

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AIR POLLUTION SPECIALIST MALKINA: To illustrate their relabeling concern, here is an example product label. The front of the label displays the term odorless mineral spirits, which is consistent with a multi-purpose solvent category. If sold in the South Coast, based on the front of the label only, this product would be subject to the South Coast district's rules.

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AIR POLLUTION SPECIALIST MALKINA: However, language on the back of the label indicates that product is a general purpose degreaser. Because of provisions in our regulation and the multi-purpose solvent definition in South Coast's rule, this product becomes subject to ARB's rule and is regulated as a general purpose degreaser.

In reality, this product is a multi-purpose solvent. However, manufacturers are using provisions in ARB's rule which are designed to ensure that our limits are not circumvented to avoid complying with the district's rule. This is not intent of our regulation, and we are proposing amendments to close this loophole.

Next, I'll discuss proposals to address these
issues.

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AIR POLLUTION SPECIALIST MALKINA: We are proposing to specify VOC limits for non-aerosol products sold in the South Coast district that are consistent with those in the district's rule.

We are also proposing:

To set new VOC limits for aerosol forms,
strengthen the exemption criteria for specialty thinners,
extend safety labeling provisions. And finally, we would clarify at what dilution the limits would be applied by specifying that VOC content of non aerosol products would be determined prior to any recommended dilution.

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AIR POLLUTION SPECIALIST MALKINA: We are proposing to set a ten percent by weight VOC limit for aerosol products.

We are also proposing to prohibit use of three chlorinated toxic air contaminants solvents, limit the types of greenhouse gases used, and set one percent by weight aeromatic compound content limit. The last three proposals are consistent with already adopted requirements for non-aerosol forms.

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AIR POLLUTION SPECIALIST MALKINA: The proposed
amendments pertaining to multi-purpose solvent and paint thinner products sold in the South Coast district are shown here.

To address the labeling issue, we are proposing language such that, regardless of claims made on the label, non-aerosol products must comply with the district's rule.

To further ensure that relabeling does not change rule applicability, we are proposing to specify a VOC limit of 25 grams per liter for non-aerosol products, which mirrors the limit in the South Coast district's rule.

These changes can be implemented quickly, on January 1st, 2015, because they only require labeling changes. This date is about as early as the law allows. In addition, all provisions of the State's rule would apply.

The goal of these proposals is to ensure that the district is able to fully achieve the expected air quality benefits from their rule.

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AIR POLLUTION SPECIALIST MALKINA: Stakeholders have asked for a specific exemption to stove and heater fuels. However, stove and heater fuels are not regulated under ARB's consumer products regulations as long as they
are prominently and predominantly labeled as fuel and no other claims are made that the fuel is suitable for use as another regulated consumer product category. In our view, no exemption is needed. Examples of labels are provided on the next slide.

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AIR POLLUTION SPECIALIST MALKINA: While the product on the left indicates in small font that it may be used as a stove fuel, the predominant claims are that it is an alcohol and cleans glass. In this case, the denature of alcohol would not be considered a fuel. It is a consumer product.

The label on the right, which clearly and prominently indicates it is a fuel, would not be subject to regulations by ARB, as long as no other claims are made or implied elsewhere on the label or any other product literature.

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AIR POLLUTION SPECIALIST MALKINA: As to other amendments, staff is proposing an exemption from the VOC definition in both the consumer products and the antiperspirants and deodorants regulations for the hydrofluoroolefin fin shown here. This propellant has a negligible ozone formation potential, a low global warming potential, and is nonflammable.
Based on results of a multi-media evaluation, staff concluded that the exemption would not likely pose any adverse health or environmental impacts.

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AIR POLLUTION SPECIALIST MALKINA: In addition, we are proposing to prohibit use of three toxic chlorinated solvents in single purpose cleaner and single purpose degreaser products. As a result of a technical assessment and discussions with industry, we are also proposing to extend the effective date of the ten percent by weight VOC limit for multi-purpose lubricants for three years. We have determined that extra time is needed to ensure product efficacy.

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AIR POLLUTION SPECIALIST MALKINA: Next, I will discuss the proposed amendments to the aerosol coating products regulation.

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AIR POLLUTION SPECIALIST MALKINA: The proposed amendments to the aerosol coating products regulation are primarily designed to lower the ozone-forming potential of aerosol coating emissions.

Other amendments include modification and clarification of existing regulatory language, new or modified definitions, deletion of expired mass-based
provisions, and alignment with specific provisions in the consumer products regulations to provide consistency.  

As mentioned earlier, reactivity limits are based on the numerical MIR scale. Our other proposed amendments would clarify assignment of MIR values and add provisions to clarify the testing and compliance processes.

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AIR POLLUTION SPECIALIST MALKINA: We are proposing new or lower reactivity limits for six general coating categories and ten specialty coating categories. These 16 categories represent over 90 percent of aerosol coating emissions.

Therefore, the proposal is designed to focus research and development efforts on those categories where the greatest air quality benefits can be achieved.

For the remaining 23 small specialty coating categories, we are proposing to set limits that cap the ozone-forming potential of these products. Most of these limits are lower than the current limits and are set as low as possible to preserve air quality benefits without requiring reformulation.

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AIR POLLUTION SPECIALIST MALKINA: The proposed reactivity limits would result in an equivalent VOC reduction of about 3.7 tons per day statewide with about
1.6 tons per day of the reductions occurring in the South Coast district beginning in 2017.

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AIR POLLUTION SPECIALIST MALKINA: We are also proposing several changes to the test method 310, which is used to determine compliance with our regulations.

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AIR POLLUTION SPECIALIST MALKINA: We are proposing to add testing procedures for multi-purpose solvents and paint thinners sold in the South Coast district to closely assign with testing procedures used by the district. However, there could be minor differences in results.

We are also proposing amendments to add an improved analysis for hydrocarbon solvents. And although not shown on this slide, we would also modify analytical procedures for fabric softener products.

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AIR POLLUTION SPECIALIST MALKINA: As part of the rulemaking, we evaluated the environmental and economic impacts.

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AIR POLLUTION SPECIALIST MALKINA: The overall benefit of the proposed amendments is a four tons per day VOC emission reduction.
Other amendments pertaining to multi-purpose solvent and paint thinner products are designed to achieve the expected air quality benefits from regulation of these products.

The prohibition on the use of certain toxic air contaminants and certain types of greenhouse gases will prevent their use as products are reformulated to comply with the proposed VOC limits.

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AIR POLLUTION SPECIALIST MALKINA: We have also evaluated the economic impacts of our proposal and determined that, depending upon the types of products purchased, the annual cost to the consumer would be about 10 cents to $1.60.

The cost effectiveness of the proposed amendments is estimated to be $1.82 per pound of VOC reduced, which is comparable with other consumer products rule makings.

The overall cost to manufacturers to comply with the proposed limits is about $5.3 million per year over a project horizon of five years.

This concludes our discussion of the staff's original proposal.

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AIR POLLUTION SPECIALIST MALKINA: We have minor proposed modifications to our original proposal.
First, in the consumer products regulation, we have a clarification on the process to determine VOC content for multi-purpose solvent and paint thinner products sold in South Coast.

Second, we are correcting drafting errors in test method 310.

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AIR POLLUTION SPECIALIST MALKINA: In conclusion, we are recommend that the Board approve adoption of the staff's proposed amendments to the consumer products regulations and method 310 and staff's suggested modifications presented today.

This concludes my presentation. At this time, we will be happy to answer any questions you may have.

ACTING CHAIRPERSON RIORDAN: Thank you very much. Are there any questions, Board members, before we hear the testimony from the public at this time?

I see nothing, so we will move onto those who have signed up to speak. We have approximately twelve. And I will begin by calling Laki Tisopulos. If you would give us your name and who you represent, followed by Kristin Power and Christopher Pearce.

DR. TISOPULOS: Good morning, Madam Chair and members of the Board.

My name is Dr. Laki Tisopulos, Assistant Deputy
Executive Officer with the South Coast Air Quality Management District.

I would like to start my comments by thanking staff for formulating the proposal before you. We fully support the proposal. Specifically, the portions of the proposal that relate to -- that clarify that multi-purpose solvents and paint thinners in the South Coast will have to meet the South Coast Rule 1143 limits. These changes, in addition to the tightening of the exemption applicable to the maintenance coating thinners, will go a long way to alleviate some of our challenges that we experienced in the past -- with enforcement challenges that we experienced in the past and also will allow the 17 million southern Californians to experience fully the air quality benefits of Rule 1143 and the consumer products regulations estimated at 10 tons per day in South Coast alone.

We fully support the changes, the clarifications and changes, that have been introduced within the 15 day procedure. They are very reasonable. And in fact, they'll provide some added flexibility to the formulators to experiment with alternative solvents such as soy-based products.

And lastly, we are looking forward to continue our working relationship as it relates to the LVP issue,
the low vapor pressure issues, and the research that will be conducted on this particular area and hope that will result in a much more refined tool that we can both use in our future control strategy development.

With that, I would like to conclude by again thanking staff for the very good work in formulating the proposal that is before you and urge the Board to adopt the proposal as proposed. Thank you.

ACTING CHAIRPERSON RIORDAN: Thank you very much.

And you're right, it should help you with your enforcement because it was a bit troubling to see the label that was being used and very, you know, I think misleading.

DR. TISOPULOS: Absolutely.

ACTING CHAIRPERSON RIORDAN: Thank you.

Kristin Power.

MS. POWER: Madam Chair, members of the Board, I'm Kristin Power with the Consumer Specialty Products Association representing the interests of companies engaged in the manufacture, formulation, distribution, and sales of more than $100 billion annually in the U.S. of familiar consumer products that help household and institutional customers create cleaner and healthier environments.

We appreciate the efforts of the Air Quality
Planning and Science Division to engage stakeholders in the development of the consumer products regulation. CSPA and our member companies have been very actively engaged in the development of the proposed regulation.

We are particularly appreciative of the efforts to address our concerns with provisions in early draft impacting the low vapor pressure volatile organic compounds. And as I stated at your June ARB meeting, we do support the research plans that includes two LVP research projects.

At this time, we are in support of the proposed regulation and will continue to work with staff on several of those technical issues identified this morning which we understand will be the subject of the 15 day public comment period.

I do wish to call your attention to our written comments, specifically our support for ARB's proposal to clarify the South Coast AQMD standard for non-aerosol and multi-purpose paint thinner apply in that district, while maintaining the existing ARB standards as applying in other parts of the state.

While we do not believe that incorporation of the South Coast regulation is necessary to accomplish this goal and could cause confusion since the standard is enforced by different test methodologies, we understand
the importance of clarifying what standards apply in each jurisdiction. However, CSPA urges that ARB not use this action as precedent for any other categories of consumer products.

CSPA members commit to investing the necessary resources to reformulate products to comply with these new VOC limits and related regulatory requirements. Thank you for the opportunity to comment.

ACTING CHAIRPERSON RIORDAN: Thank you. And your written comments will be made part of the record. Thank you very much.

Christopher Pearce followed by Heidi McAuliffe and Robert Sweger.

MR. PEARCE: Madam Chairman and members of the Board, thank you for the opportunity to testify today.

My name is Christopher Pearce. I'm Director of Government Relations with the consumer product company SC Johnson and Son. SC Johnson is a family company that manufacturers and markets a variety of household cleaning products, as well as products for air care, pest control, and shoe care that are regulated by ARB for VOC content.

Let me say at the outset we strongly support the goal of improving air quality for all California residents. We have a long history of working alongside ARB and through our trade association CSPA, the previous
speaker, to develop and implement regulations that have resulted in significant reductions in emissions of VOC compounds. And I assure you, our company will continue its efforts to manufacture products that deliver maximum benefits to consumers with minimal environmental impact to California and around the country.

In the time I have today, I just want to touch upon four brief points. First, SC Johnson fully supports the proposed limits and definitions contained in the amendment to the aerosol coating and consumer product regulations. We especially appreciate the inclusion of new and revised definitions that not only improve clarity in the regulation, but also recognize the characteristics of water-based aerosol technologies.

Second, we're pleased that ARB remains committed to conducting additional research of the air quality impacts of low pressure VOC compounds you've heard about already this morning, rather than taking any regulatory action relative to LVPs in this particular rulemaking. The vast majority of our products have been optimally formulated using LVP compounds. We stand ready to work with ARB to ensure that any regulatory decisions affecting the current exemption will be grounded in the best available science. To that end, we look forward to being an active participant that ARB has formed on this issue.
Third, we encourage the ARB to consider ways to expand the current alternative control plan program, which we believe has over the years produced quantifiable environmental benefits. Together, with CSPA, we would be very pleased to work with the staff to enhance and broaden the current ACP in a manner that provides additional flexible and verifiable compliance options, including opening the ACP to aerosol coating products without overburdening ARB staff resources.

Finally, we wish to recognize the very open and transparent manner in which the ARB staff has conducted this rulemaking, which has provided ample opportunity for stakeholder input and engagement with the regulated community.

In conclusion, we urge your support for the 2013 amendments that have been proposed. And thank you again for the opportunity to speak today.

ACTING CHAIRPERSON RIORDAN: Thank you, Mr. Pearce.

Heidi McAuliffe and followed by Robert Sweger and Elaine Richardson.

MS. MCAULIFFE: Good morning, Madam Chair, members of the Board, and ARB staff.

The American Coatings Association supports the proposed amendments to the aerosol coating regulation.
ACA represents paint coatings, adhesives, and sealant manufacturers and are raw material suppliers to these industries.

We recognize that the standards, the product weighted MIR standards and the aerosol coatings regulations, are very aggressive. In some cases, these reductions are 30 to 40 percent for some of the general categories. The survey and the rulemaking process that we're engaged in by the staff and the stakeholders was very comprehensive, thorough, and transparent. We had a lot of very, very frank discussions about the survey results and the state of aerosol coatings technologies. We can support these limits.

We support the bifurcated compliance deadline. This allows our manufacturers to manage their resources, the human resources required to reformulate the thousands of formulas in those general categories.

There are new categories, amended categories, and there are some clarifying amendments in this regulation that we worked very hard with Air Resources Board staff to hammer out language that was reasonable and much more reflective of how these product are formulated, marketed, and used in the field. And many of these changes were brought to the Air Resources Board by the industry. We certainly appreciate their patience in discussing these
changes with us and adopting some of these changes. We are very, very supportive of use of the 2010 table of MIR values. We believe this is of vital importance to the aerosol coatings industry and our formulators. It is very, very important that the most scientifically accurate MIR values are available to the industry to use as quickly as possible.

The proposed changes to how product weighted MIR is calculated are very important also. Use of a default value, use of the MIR value for isomers and clarifying which compounds receive a zero value is very important to the industry and will help provide a level playing field for all manufacturers in this industry.

Again, we certainly appreciate the rulemaking process that was executed by this ARB staff. It was very transparent. It was as transparent as the confidentiality regs allow in California. It was executed very professionally. We had many, many stakeholder meetings where we discussed many of the technical issues confronted by our formulators, and we do appreciate the ARB staff's patience.

Having said that, we do have some remaining issues with the aerosol coatings regulations, and I want the highlight just two of those very briefly. We had lost emissions over the course of time. And when I say lost
emission --

ACTING CHAIRPERSON RIORDAN: You can have a real long sentence.

MS. MCAULIFFE: I need two really long sentences. My first long sentence is aerosol coating manufacturers historically manufactured their products below the current standards. What this means is that there are emission reductions that occurred over the course of time that are not accounted for in this rulemaking. These emission reductions are 2.23 tons per day. There should be some way for the Air Resources Board to take credit for that in the State Implementation Plan. We encourage that conversation to continue.

My second long sentence the effective date for the rulemaking needs to be as quickly as possible. The changes this regulation are really reflective of how these products are marketed. And aerosol coatings manufacturers need to begin immediately to comply with this regulation in order to come into compliance on the date specific. So I'd like to continue talking with the Air Resources Board staff about that. Thank you for your patience.

ACTING CHAIRPERSON RIORDAN: Thank you very much. Robert Sweger, Elaine Richardson, followed by Mike Freeman.
MR. SWEGER: Good morning, Madam Chair, members of the Board, ARB staff.

My name is Bob Sweger. I'm the R&D team leader at Stoner Incorporated. Stoner Incorporated is a small specialty chemical manufacturer privately owned, family owned. Been in business for over 70 years specializing in cleaners, lubricants, coatings, and automotive care products.

We are here today to support the amendments for the consumer products regulation. Stoner has a number of issues, but in particular, we support the new definitions for the single purpose cleaners and degreasers. The addition of these terms clarifying the regulations and we feel they were needed.

We support the new definitions changes to the multi-purpose lubricant definition, which also adds products designed for a single use are exempt from this definition. We believe the clarification to the dry lubricant definition was needed. Dry lubricants are, indeed, unique. And we believe they cannot be regulated as another lubricant.

We also support the extension of time for the ten percent VOC limit for the multi-purpose lubricants.

And finally, we support the additional definition changes to the aerosol coating regulation. We appreciate
the staff's willingness to work with us on these technical
issues and clarifications to the rules. Thank you.

ACTING CHAIRPERSON RIORDAN: Thank you. Thank
you for your testimony.

Elaine Richardson, Mike Freeman, and Kurt Gabram.

MS. RICHARDSON: Good morning. Thank you for
allowing me the opportunity to speak.

My name Elaine Richardson. I'm here representing
Calumet Specialty Products Partners. We are a producer of
LVP solvents, as you've heard about for the regulation.

For many years, ARB has urged manufacturers to
use LVP solvents in their formulations for consumer
products.

I want to thank you for listening to our
customers, many of whom are here today and continuing to
allow the use of the LVP solvent exemption to promote
products with lower volatile emissions. Calumet supports
this proposed regulation, and we support the scientific
research studies currently being conducted regarding this
issue. Thank you.

ACTING CHAIRPERSON RIORDAN: Thank you very much.

Mike Freeman.

MR. FREEMAN: Good morning. My name is Mike
Freeman. I'm President of the Americans for the WD-40
company. We have a long history of working successfully
with CARB leadership and staff and look forward to continuing to build on that foundation.

The WD-40 company fully supports the staff's approach to low vapor pressure, or LVP, issue. The scientific studies are justified. Without LVPs, we would not be able to be compliant with any of the VOC regulations for WD, WD-40, Spot Shot, and a number of our brands. We feel LVPs have been very successful the last 20, 25 years in generating clean air and good business results. So we just say let the science speak.

We also fully support the change in the future effective date of multi-purpose lubricants from 2015 to 2018. We spent significant time, talent, and treasure the past several years to try to come up with compliance methods for the 10 percent VOC limit. It's been our number one R&D priority since the regulation came into existence.

In 2008, we scoured the globe looking at thousands of universities and companies to find a formula that already existed that met our performance criteria which is work as well WD-40 and also meet the regulatory compliance. Unfortunately, came back with notta, zero. So we had to go out and invent something.

We've done lots and lots of marketing research over these years. Two key take-aways. One, 93 percent of
WD-40 end users expect any new formula to be at least as good or better than the current WD-40 in performance.

And second of all, despite all the regulatory agencies telling us you're WD-40 and you can charge whatever you want and they'll just come buy it, the market research does not support that.

We did a price elasticity study, ten million data points, three years, all the trade classes in the U.S. that does not support that kind of approach. And unfortunately, we have several real life price increase experiences that do not say that's not a true statement.

So we have to be sensitive about pricing. We did come around and generate a new product. It's not petroleum based, but soy based. And the challenges with it -- and it works as well as WD-40 -- it costs 30 percent more and has a two-year shelf life, where WD-40 is indefinite.

We took that soy-based formula and put it into our Blue Works brand that goes towards the industrial end user. We did a test market in the South Coast Air Quality Management District for about 15 to 18 months and sold a whopping $1,200 worth of product.

Meanwhile, in twelve months, we sold over $100 million of WD-40 in the United States, to bet a $100 million brand on that kind of sales result and not that
good a business decision. We took that same formula and put it into a new category that we're developing where we thought it had a very, very relevant place. We took that to Walmart, Home Depot, Lowe's, Ace, True Value, and everybody was very interested. And all the offers we have on this category, except for the one soy-based product. No one was interested in it at all.

In conclusion, we still have lots of work to do. We need more time. Thank you.

ACTING CHAIRPERSON RIORDAN: Thank you very much.

Kurt Gabram, Danny Massie, and David Darling.

MR. GABRAM: Good morning, Madam Chair, members of the Board and staff.

My name is Kurt Gabram. I'm the Vice President of Operations for the Blaster Corporation.

For 50 years, the Cleveland, Ohio, based Blaster Corporation has manufactured penetrants, lubricants, rust inhibitors, and a full line of specialty formulas for the automotive industry, industrial industry, and hardware.

My purpose here today is to support amendments to consumer products regulations. And I would like to comment on specific amendments being made.

First of all, Blaster is in full support of the change and effective date for the ten percent VOC limit. Blaster research and development is working diligently,
but needs the extension to develop feasible technology that will meet the very stringent ten percent limit.

Blaster also supports the clarification to the dry lube definition. Dry lubricants should not be categorized with other lubricant categories. The change in definition makes the issue very clear.

Finally, Blaster supports the single purpose cleaner and degreaser definition, clarification that all cleaners and degreasers are not multi-purpose was needed.

Thank you for your time and consideration on those comments.

ACTING CHAIRPERSON RIORDAN: Thank you very much. Thank you for being here.

Danny Massie followed by David Darling and Doug Raymond.

MR. MASSIE: Good morning, Madam Chair and members of the Board.

My name is Danny Massie. I'm the President of Maxima Racing Oils. We're a California-based company, privately held, located in San Diego.

I'm here today to support two very important amendments to the consumer products regulation.

Our company develops product for the racing industry. The definition change to gear wire and chain lubricant which exempts chain-over vehicles was a needed
change to preserve the products based on fundamentals of safety.

We also support the new definitions for single purpose cleaners and degreasers. As stated before, our products are specifically designed for racing and are not general purpose products. CARB and their staff made themselves available to discuss these details in much more detail, and we appreciate the staff's willingness to meet with us to discuss the issues.

And thank you for the opportunity to comment.

ACTING CHAIRPERSON RIORDAN: Thank you. We appreciate your input. And we recognize staff has really tried to reach out. We appreciate that, too.

David Darling.

MR. DARLING: Hi. Good morning. My name is Dave Darling with the American Coatings Association. Here today to support the use of the ARB method 310. It's a different compliance with the 25 gram per liter VOC standard for multi-purpose solvent and paint thinner products sold in South Coast. We also support the CSPA technical comments on method 310. And we really appreciate the staff's help on this issue. Thank you.

ACTING CHAIRPERSON RIORDAN: Thank you very much. Thank you for being here.

Doug Raymond. And you're going to be followed by
Bonnie Holmes-Gen, our last speaker.

MR. RAYMOND: Good morning, Madam Chair, members of the Board. I'm here to represent four companies or organizations and try to do that in three minutes.

The first three is -- the first one is the National Aerosol Association, association which represents fillers, marketers, and suppliers to the aerosol industry. Second one is CRC Industries. The third is Radiator Specialty Corporation. And both the last two are manufacturers of household, industrial, and automotive products.

The first three organizations fully support the amendments that are put in. And we support the LVP issue as the scientific studies will proceed.

The last one is the WM Barr company. The WM Barr company is the largest supplier of retail solvents in the country. And unfortunately, we cannot support the amendments as put in. We would like clarification to the one issue that was brought up with the fuels. We appreciate the two slides that were put up. We appreciate that we have worked with Kurt, Terry, and Carla on all of these issues that we have the multi-purpose solvent issue down to the one last issue of fuels. We respectfully request that we get an exemption for fuels put into the definition.
They're going out for a 15 day comment period. Again we respectfully request that fuels -- or packaged fuels for stoves, lamps, and heaters be specifically exempt as they have exempted rubbing alcohol. We appreciate the two slides. But in a couple of years when a customer asks us a question, we don't want to have to pull out slides from this proceeding to show them that it's not being regulated.

Throughout the Initial Statement of Reasons, we've been portrayed as circumventing the rule. We did not purposely circumvent the rule. We met the letter of the law of the rule. And we want to do that here. And we want to make sure there is no confusion in any of the labeling that we plan to go ahead with.

So again, we would respectfully request that the staff add that simple exemption. You've put it up on the slide. You've put two slides up. I don't see where the issue is.

One last thing is we really appreciate the staff being available. My frequent flyer miles this year have been outrageous. And we thank you for that, too. But we've come a long way from where we started with this. And we think this should settle all the issues with the South Coast. Thank you very much.

ACTING CHAIRPERSON RIORDAN: Thank you, Mr.
Raymond.

Staff, before I have Bonnie -- and Bonnie, why don't you come towards this podium?

Do you want to comment on this request?

CHIEF TAKEMOTO: This is Carla Takemoto.

Yes, we are aware of the request. And as Mr. Raymond mentioned, we did have slides in our presentation specific to this.

Staff does not believe that an exemption is needed. We have clearly stated on the record we do not regulate the stove fuels, as long as they are properly labeled.

And to be honest with you, the company that is making the request is a company that has been involved in creative labeling. And we just want to ensure that we're not opening up another loophole by providing an exemption for this category which isn't regulated as long as it's carefully labeled.

ACTING CHAIRPERSON RIORDAN: So it's sort of we will agree to disagree.

CHIEF TAKEMOTO: I think that's correct.


MS. HOLMES-GEN: I actually was hoping to speak on the next item. Somehow my card got in there. We
certainly support your efforts with this regulation.

ACTING CHAIRPERSON RIORDAN: It's nice to see you, Bonnie.

MS. HOLMES-GEN: We certainly support your efforts with this regulation.

ACTING CHAIRPERSON RIORDAN: Mr. Corey, do you have any final comments before we bring this back to the Board?

EXECUTIVE OFFICER COREY: No, I do not.

ACTING CHAIRPERSON RIORDAN: All right. Board members, you've heard the witnesses. I'm going to close the record now on this agenda item. Any written or oral comments received after this comment period will not be accepted as part of the official record on this agenda item.

There is a resolution before us, and I think we can ask questions. Why don't we put the Resolution at least on the table and then follow it by discussion or questions that you might have. Is there a motion for the Resolution, which is 13-36?

BOARD MEMBER DE LA TORRE: So moved.

BOARD MEMBER SHERRIFFS: So moved.

ACTING CHAIRPERSON RIORDAN: I have a mover and a seconder.

Any further discussion or questions of staff?
Ms. Mitchell.

BOARD MEMBER MITCHELL: Not of staff. Is this time for discussion?

ACTING CHAIRPERSON RIORDAN: Yes.

BOARD MEMBER MITCHELL: I just want to say that as the representative from South Coast district, I appreciate staff's working with our staff at South Coast on this rule. It's been around for a while, and there have been discrepancies between the ARB approach to this issue and South Coast.

And also mention how important this rule is to South Coast, because as you know, we struggle to get to attainment. And the reduction in VOCs is a very difficult issue. But this could, as Laki said, mean as many as ten tons per day. The staff report says four tons per day. But it's very important to South Coast that we adopt this Resolution. So thank you staff for working with South Coast on this.

ACTING CHAIRPERSON RIORDAN: Thank you. Thank you for those comments.

Yes, Dr. Balmes.

BOARD MEMBER BALMES: As the official physician member of the Board, even though there is another physician member, I have to comment on one public health aspect I'm really pleased with, which is the prohibition
on the use of methylene chloride perc and
trichloroethylene in the multiple consumer product
categories. These are highly toxic chemicals that have
been shown in occupational studies to make workers sick,
including some recent deaths from industrial use of
methylene chloride, which we're not prohibiting here. But
I just think it's a good idea, and I'm glad we're doing
it.

ACTING CHAIRPERSON RIORDAN: Okay. Thank you.

Any further comments or discussion? All right.

Let me take a voice vote on the motion to adopt Resolution
13-36. All those in favor signify by saying aye.

(Ayes)

ACTING CHAIRPERSON RIORDAN: Opposed no.

The motion carries.

DEPUTY EXECUTIVE OFFICER TERRY: I just wanted to
let the Board know that Carla Takemoto is retiring this
year. I didn't want that to go unacknowledged since she
has been doing this for over 20 years and incredibly
successful program and a great leader with her team. So
thank you, Carla.

ACTING CHAIRPERSON RIORDAN: Thank you, Carla.

Yes, I must say for all the years I've been on the Board,
I've really appreciated the work that you have done and
your team has done. I think we sometimes forget the
consumer products a little bit. We concentrate on fuels, and we concentrate on engines and all sorts of other things. But really we do have a lot of consumer products. And just from the numbers today, we have to recognize there is a lot of success. Thank you. And so we are sorry you're retiring. It seems like everybody is retiring. But we wish you well. We do indeed.

CHIEF TAKEMOTO: Thank you, Madam Chair. It's been a pleasure to serve.

ACTING CHAIRPERSON RIORDAN: All right. We will change staff. Those of you who are on the Board know you can take a break at any time. We can hear the meeting in every room of this meeting. So they're not really missing the testimony.

Staff do you want to indicate -- are you ready?

You know, I would be remiss if I didn't acknowledge Mr. Dunlap, a former Chair of this Board. And it's good to see you this morning, Mr. Dunlap. Long, long time advocate for clean air, both in the South Coast and the state of California. So we're happy to see you.

All right. We will move on to -- this is the last agenda item. We have an optional closed session later.

But this item is really an update and amendments to the AB 118 Air Quality Improvement Program, which we
call AQIP funding plan for fiscal year 2013-14, which we
approved when we met last July. And just very succinctly,
if you'll remember July’s meeting, we are extremely
successful people in terms of this program. We just
didn't have any money to go with our success. And we sort
of said to the staff, do something, do something magic.
And I think some people did some magic.

And let's just move right on into -- part of that
was legislative. And we have our Legislative Director
here, who I think will give us a brief update on the
significant legislation regarding ARB's incentive program.
Jennifer, would you like to share with us what happened?

(Thereupon an overhead presentation was
presented as follows.)

LEGISLATIVE DIRECTOR GRESS: Thank you. Good
morning.

I'm pleased to report on several bills the
Legislature passed this year that bolster funding for the
State's incentive programs. Most notably, AB 8 by
Assembly Member Perea will extend the motor vehicle
related vessel and tire fees, the AB 118, and local air
district programs until January 1, 2024, pending the
Governor's approval. This bill will preserve our current
funding for these programs for the next ten years.

AB 8 also dedicates 20 millions per year from the
California Energy Commission's 118 program to fund hydrogen fueling stations. Station providers have been reluctant to build stations due to lack of fuel cell vehicles on the road, and the auto makers have been reluctant to offer fuel cell vehicles because of the lack of fueling infrastructure.

AB 8 addresses this problem by fully funding the number of stations needed to complete a fueling network that will support the initial commercial launch of fuel cell vehicles beginning in 2015. It is for this reason that ARB has withdrawn amendments to the clean fuels outlet regulation that you would have considered today.

AB 8 was supported by unprecedented coalition that included industry, such as agriculture, oil, trucking, and clean energy businesses, environmental organizations, government entities such as the Energy Commission, the air districts, and of course, us, as well as many others. We anticipate the Governor will sign this bill.

While AB 8 preserves our existing funding, the Legislature passed two bills that augment funding for this fiscal year: SB 95, which we affectionately refer to as budget bill junior, appropriates 24 and a half million to the Air Quality Improvement Program, which as you know funds projects like the Clean Vehicle Rebate Project. SB
359 by Senator Corbett also provides funding for AQIP. SB 359 provides loans of 20 million to the Clean Vehicle Rebate Project, ten million to the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project, and ten million for Truck Loan Assistance.

As we approach the most critical phase of the truck and bus rule, the Truck Loan Assistance Program will be key to easing the transition for small fleet owners. The staff will be updating you on the implementation of the truck and bus rule at the October Board meeting.

SB 359 also increases available funding for the Enhanced Fleet Modernization Program by eight million. The Enhanced Fleet Modernization Program, EFMP, is a vehicle retirement program authorized by AB 118 and administered by the Bureau of Automotive Repair. We anticipate the Governor will approve this funding.

Finally, SB 459 by Senator Pavely provides direction for revising the enhanced fleet modernization program regulations to ensure that the program is achieving air quality benefits, while also ensuring that low income drivers are served by the program. And this bill is pending approval by the Governor.

ARB was heavily involved in this bill, and it will give the flexibility necessary to implement beneficial changes to the program. You'll be hearing an
update on this program at the November Board meeting.

A couple points are worth noting. The collective funding made available through these bills supports cleaner vehicles and equipment across the transportation sector, including passenger vehicles, heavy-duty vehicles, on-road, off-road, and the program's focus on near-term emission reduction strategies to turn over the existing vehicle fleet and long-term strategies, such as investing in advanced technologies.

The last point I want to highlight is simply to acknowledge that the program supported by these measures have been successful in reducing emissions and advancing cleaner technologies and service to air quality and climate goals that the Governor and the Legislature support and believe in.

That concludes my update today. I will be providing a full legislative report at the November Board hearing. Until then, I would be happy to answer any questions you have.

ACTING CHAIRPERSON RIORDAN: All right. Maybe what we'll do is let's hold our questions for Jennifer until we finish the entire staff presentation.

And Mr. Corey, would you like to introduce the rest of the staff presentation?

Thank you, Jennifer.
EXECUTIVE OFFICER COREY: Certainly. And I'm couldn't miss the opportunity to just express so much appreciation for the collaborative that led to the summary that Jen just provided, including very close working relationship with the districts and many, many others, and obviously the Legislature. So it's a good day. Very good day.

All right. AB 118 was signed into law in 2007, created the Air Quality Improvement Program, which provides ARB between 30 and $40 million annually depending on revenues through 2015 to invest in clean vehicle and equipment projects to reduce criteria pollutants and air toxic often with concurrent greenhouse gas benefits.

AQIP is ARB's only incentive program structured in able investments and technology-advancing projects that provide immediate emission reductions.

AQIP also provides a unique opportunity to fund loan assistance for truckers facing compliance deadlines with the in-use truck and bus regulation.

In July, the Board approved the 2013-14 AQIP funding plan identified in four projects for funding:

Clean Vehicle Rebate Project, the Hybrid and Zero Emission Truck and Bus Voucher Incentive Program, Advanced Technology Demonstration Projects, and the Truck Loan Assistance Program.
The funding plan also identified a modest reserve to be used for projects that demonstrate additional need. As you heard in July, despite the significant investments of AQIP funding, demand for these projects, in particular AQIP's deployment projects, was expected to outstrip available funding. For example, the demand for the Clean Vehicle Rebate Project alone is greater than what AQIP had available.

Because of this, the Board directed staff to continue an evaluation to clean vehicle rebate project and explore options for supplemental funding to the project and to the Truck Loan Assistance Program.

Since July, as mentioned, staff has continued to engage stakeholders in a focused process to develop a more sustainable vision for the project. This process remains ongoing. Despite the additional funding as highlighted by Jen for this year, a longer-term vision for both the sustainability and effectiveness of the AQIP remains a high priority for this team.

We'll continue the dialog with stakeholders with regard to the Clean Vehicle Rebate Project and our other AQIP projects over the course of this next year. And next month, we'll return to the Board with a comprehensive update on the truck and bus regulation and our overall strategy for assisting truckers affected by the rule's
upcoming implementation deadlines.

Now Lisa Macumber of the Innovative Strategies Branch will provide an update on the progress made over the past few weeks, including an overview of the longer-term process underway, and present staff's proposal for near-term changes to AQIP. And with that, I'll turn it over to Lisa.

(Thereupon an overhead presentation was presented as follows.)

AIR POLLUTION SPECIALIST MACUMBER: Thank you, Mr. Corey. Good morning, Madam Chair and members of the Board.

Today, I will present an update on the Air Quality Improvement Program, or AQIP, and staff's recommendations for adjustments to the approved fiscal year 2013-2014 funding plan.

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LEGISLATIVE DIRECTOR GRESS: AQIP is one of three incentive programs created by Assembly Bill 118, signed in 2007. The other two programs are administered by the Bureau of Automotive Repair and the California Energy Commission. The Bureau of Automotive Repair funds early vehicle retirement, while the Energy Commission focuses on fuel and vehicle projects that help meet California's climate change goals.
AQIP has traditionally received funding authority for up to $35 million each year from a variety of fees to pay for clean vehicles and equipment projects designed to reduce criteria pollutants and toxics with concurrent climate change benefits.

As noted earlier by Jennifer Gress, recent legislation proposes to extend funding for AQIP from 2015 through 2023. This extension is great news, as AQIP is ARB's only incentive program with the statutory authority to target mobile source technology advancing projects that are critical to meet California's post-2020 air quality and climate change goals.

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LEGISLATIVE DIRECTOR GRESS: AQIP has funded four key projects in recent years. First, the clean vehicle rebate project, or CVRP, provides consumer rebates to partially offset the higher incremental costs of light-duty zero emission and plug-in hybrid electric vehicles relative to comparable conventional vehicles.

Currently, the rebate is $2500 for a zero-emission vehicle, such as a Nissan Leaf or Ford Focus electric and $1500 for a plug-in hybrid, such as a Chevy Volt or Toyota Prius plug-in.

To date, AQIP has funded the deployment of 34,000 near zero and zero emission light duty cars in California
since 2010.

Complimenting CVRP, the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project, or HVIP, provides vouchers for California fleets to buy down the incremental cost of hybrid and zero emission trucks. HVIP has paid for over 1700 vehicles through vouchers averaging about $30,000 per hybrid truck and $35,000 per electric truck. HVIP has driven 37 percent of all hybrid sales since it went into operation and represents 75 percent of all electric truck sales nationwide.

The Truck Loan Assistance Program enables lenders to provide affordable financing to small business owners that fall just outside conventional underwriting standards and that may not qualify for traditional financing. Financing is used to upgrade or retrofit trucks ahead of regulatory compliance schedules for existing in-use fleet rules. Without this program, there may be no financing options for these business owners.

And last, our Advanced Technology Demonstration Projects help accelerate the next generation of advanced emission reduction technologies with a focus on technologies within three years of commercialization.

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LEGISLATIVE DIRECTOR GRESS: Now I'll update you on why we are here today. In July, staff proposed and the
Board approved the fiscal year 2013-14 funding plan for AQIP, which identified funding for the projects just discussed.

One of the critical issues in approving the plan was a lack of sufficient funding to meet demand for all four of AQIP's projects. In recent years, our revenue has come in lower than anticipated, resulting in about $25 million annually for the program, while at the same time demand for the program increased.

The Board heard from many stakeholders about the importance of our projects, especially CVRP, and directed staff to continue to evaluate opportunities to extend available funding or seek out additional funding to support CVRP and the Truck Loan Assistance Program.

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LEGISLATIVE DIRECTOR GRESS: Throughout August and September, staff continued an ongoing evaluation of CVRP and participated in efforts to secure additional funding through several AQIP projects.

As you've already heard, efforts at the State Capitol to secure additional funding for AQIP projects were successful. Senate Bill 95 directs $24.5 million to AQIP, and Senate Bill 359 directs $20 million to CVRP, $20 to HVIP, and $10 million for truck loans. These funding additions, once approved by the Governor, are a big win.
for AQIP this year and will go a long way toward achieving critical air quality and climate change benefits in California. In addition to acting on our new under funding allocations, staff is here today to seek amendments to the funding plan and to provide support for truck loans.

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LEGISLATIVE DIRECTOR GRESS: Regarding CVRP, since July, ARB staff continued a stakeholder process which considered options for near-term refinements to stretch current year funding, long-term options for supporting market sustainability while optimizing future program funding, and identifying measures of success to help define when incentives are no longer needed. These topics were discussed in numerous meetings with CVRP stakeholders, including two public work group calls. While there was common agreement that an effective and fiscally maintainable program moving forward is necessary for continued success, additional funding to support CVRP remained a priority for the current fiscal year.

In response to the anticipated infusion of funding, staff is asking the Board today to approve an additional $44.5 million for the project, bringing the total for this fiscal year to $59.5 million. With enough funding to support current demand for the year, staff is
transitioning its efforts towards an evaluation of metrics for gauging overall program success and will continue to work with stakeholders on potential longer-term options and metrics.

Staff plans to have recommendations for the Board when we present our fiscal year 2014-15 AQIP funding plan next year.

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LEGISLATIVE DIRECTOR GRESS: As an update on HVIP, when we presented the AQIP funding plan to the Board in July, we reported on their funding shortfall and identified that funding demand projections ranged from 15 to $25 million. As a part of funding plan, the Board approved $5 million for HVIP. Combined with the $10 million from Senate Bill 359, $15 million in HVIP will support between 400 and 500 new hybrid and zero emission trucks and buses in California over the course of this next fiscal year.

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LEGISLATIVE DIRECTOR GRESS: The Truck Loan Assistance Program was developed as one component of ARB's comprehensive funding assistance program to support the in-use truck and bus regulation. The program reduces lenders' financial risk, thereby enabling them to provide financing to small business fleet owners to upgrade their
fleets. Specifically, ARB funds are set aside in a lender's loan loss reserve account as loans are enrolled in the program. The more loans a lender makes, the more dollars are deposited into the loan loss reserve account to cover potential losses resulting from loan defaults, thereby enabling more loans to be issued.

To date, about 80 percent of the loans issued through the program have been to owner-operators with one truck which would not obtain financing elsewhere. Also, for every dollar we have spent in the form of loan assistance, participating lenders have provided about six-and-a-half dollars in private financing to a trucker, thereby maximizing our limited State incentive dollars.

Moving forward, the Truck Loan Assistance Program remains a key component of our ongoing and multi faceted strategy for implementing the in-use truck and bus regulation. Recognizing the importance of the upcoming compliance dates for the regulation, at the October meeting, staff will update the Board fully on all elements of our comprehensive strategy to ensure effective and equitable implementation of the regulation.

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LEGISLATIVE DIRECTOR GRESS: Based on our need to continue financing assistance for a significant number of small fleet owners, additional funding for the Truck Loan
Assistance Program is necessary to carry the program through 2014. In addition to the $2 million already allocated to the program, staff recommends allocating another $8 million from AQIP. Under staff's recommendation, $5 million will come from the reserve established in this year's funding plan. The other $3 million will come from the reallocation of the funding from advanced technology demonstration projects, thereby postponing funding for the identified demonstrations this year.

Advanced technology demonstration projects remain an important part of AQIP, and staff understands the impacts of reallocating funding away from these projects this year. To address this, we plan to partner with local air districts and the Energy Commission to find alternative ways to fund projects that are ready for demonstration.

When combined with an additional $10 million from Senate Bill 359, the total allocation for truck loans for this fiscal year is $20 million. With this, the program should support upgrades for over 3,000 cleaner trucks in the small business trucking sector.

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LEGISLATIVE DIRECTOR GRESS: This slide summarizes the changes in allocations to AQIP projects.
from what was approved in July to what is proposed today. As you can see, for CVRP, $59.5 million from ARB and CEC has been allocated. With roughly $15 million spent so far this fiscal year, about 45 million of that remains.

The bills sent to the Governor will bring a new total for HVIP to $15 million, which will help support a robust program. And the Truck Loan Assistance Program sees a critical and necessary increase of $20 million, which is expected to carry the program through the fiscal year.

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LEGISLATIVE DIRECTOR GRESS: Moving forward, staff recommends that the Board approve the additional allocation for funding to CVRP. ARB staff will continue its assessment of the project as part of the development of the next funding plan.

An increase of $10 million is also anticipated for HVIP for the current fiscal year.

Staff recommends that the Board approve further support of truck loans with the transfer of $8 million to the Truck Loan Assistance Program.

Last, as noted earlier, staff plans to return to the Board in October to update the Board on all elements of our comprehensive strategy to ensure effective and equitable implementation of the in-use truck and bus...
regulations.

That concludes my presentation. We would be happy to take any questions you have at this time.

ACTING CHAIRPERSON RIORDAN: Let me give the last word to Mr. Corey, and I'll open it up to questions.

EXECUTIVE OFFICER COREY: I think the summary covers it. We're prepared to respond.

ACTING CHAIRPERSON RIORDAN: Board members, to my left, are there any questions for staff? Ms. Berg.

BOARD MEMBER BERG: Just congratulations. We sat here in July thinking how is this going to happen. You guys pulled the rabbit out of the hat. And thank you to the Legislature and all the coalition, because there's no question this was a very joint, very focused effort. And so it is as Mr. Corey said a great time for congratulations.

ACTING CHAIRPERSON RIORDAN: Supervisor Gioia.

BOARD MEMBER GIOIA: I'm glad we're able to do this. One of the things we talked about at the last meeting was a program of research to understand the effectiveness of the various programs. Can you just sort of update us on that? Because these are for this particular fiscal year, as we get into the funding levels for the following fiscal year, we want to understand, you know, the effectiveness of this investment of dollars,
which we think is the right thing, but we want to understand through research. We approved some contracts I believe on that before. Talk a bit about that. You're looking around to see who's going to answer that question.

DEPUTY EXECUTIVE OFFICER AYALA: I'll give it a try.

I think in general when you look at every project funded, we always keep an eye on it and try to track it to answer that very question. Because it's obvious to us that we want to make sure that the investment is getting us what we're expecting.

So we're very actively -- in fact, it's integrated into the framework of how we allocate the funding. And there's always opportunity to add specific research. For example, any demonstration project that we may fund for advanced technology, we always look for opportunities, particularly working with the districts, to see if there is additional investigation we can do to make sure we're getting the benefit we're expecting. It's included in the program. We would be more than happy to structure some information for you and others that may be interested to get more specific in terms of --

BOARD MEMBER GIOIA: I know we had talked about, for example, the level of the rebate. What's the right level of a rebate. How does that affect, you know, a
consumer's purchasing decisions, all of that. So I think -- I thought we had talked about working with the industry on this.

DEPUTY EXECUTIVE OFFICER AYALA: That's a very good point and that's a very specific point. We most definitely want to do that. And as staff reported, what we would like to do is to include that assessment as part of the next fiscal funding plan. But that, to me, is a very critical aspect of what remains to be done, because there are different knobs that we can turn to structure the program. There are different combinations of turning the knobs. What we need to do is to get to a point where we can balance the benefit versus the investment.

The amount of the rebate is one of the key points, one of the key knobs, as you pointed out. There are other options. So that's something that we are going to be undertaking as we move forward. And we will bring you back our findings as we bring back also the recommendation for funding.

BOARD MEMBER GIOIA: What's the timing of that?

DEPUTY EXECUTIVE OFFICER AYALA: Typically, we like to bring you back the funding plan in the midyear time frame. This year, we came in July. We're shooting for June. But you will hear back again not only a recommendation for next year's funding plan, but also and
most importantly, the very issue that you're getting to. That's one of the issues we hope to work with stakeholders on.

ACTING CHAIRPERSON RIORDAN: So you'll put that on the agenda for June of next year.

EXECUTIVE OFFICER COREY: We will. I did want to amplify because it goes directly to Supervisor Gioia's question and Albert's response is really the question about what is the longer-term strategy. There's underlying questions with respect to having the longer-term strategy. One is the amount and how those -- what research, what analysis, what industry data can help to inform a response. Because obviously you want to continue to send the right signal.

The other is the role the dealers play. There is information that needs to be further culled in terms of the overall structure of the program, the role the dealers have. There is information in terms of sales of existing vehicles and then understanding consumer response information. So that underlying research, that underlying data is what needs to be further explored and what needs to inform this longer-term plan proposal that is brought back to you all.

BOARD MEMBER GIOIA: Right. I know a few Board members had a tour of Tesla a while back. I remember in
my conversation with their CEO after the tour, I asked him so what percent of folks who buy a Tesla -- of course Tesla is an $80,000 car. What folks avail themselves of the rebate. He thought the number was 50 percent, which tells me when someone is buying an expensive car like that, the rebate means a lot less to them and is less a factor in their decision making. For Volt or another vehicle it would be more important. We know it's a good thing. We want to incentivize EV. Exactly how much it incentives. I think it's important to have that data.

EXECUTIVE OFFICER COREY: We agree with that. That needs to be part of the assessment.

ACTING CHAIRPERSON RIORDAN: Dr. Sherriffs, did you have a --

BOARD MEMBER SHERRIFFS: Thank you.

And yes, while congratulations staff. I think table one speaks for itself. Those kinds of numbers that we've been able to bring to bear to the entire AQIP program, because its success really is predicated on again the multi-faceted approach that we engage in.

Coming from the agricultural heartland, I have to speak to the truck issue strongly. And I'm very glad we're coming back in October. But it gets closer and closer to the January deadline. I get more and more nervous.
I certainly strongly support the staff's proposition to move funding around and reallocate $8 million towards this. And that's a very important move. Now we're calculating the Truck Loan Assistance Program. This might be 3,000 trucks, which is extremely important. This is an extremely important group that we're reaching. And even though this has been coming for five years, got postponed for a couple of years because of the recession. And certainly ARB has put extra effort in the last two years in terms of outreach and working on this. But we're probably talking at least at a minimum five times as many firms that we need to reach. So it is important that we continue to -- there is a lot of work to do between now and October and thinking about creative ways to try to move that forward and be in an assisting role because nobody likes to be in the enforcing role.

ACTING CHAIRPERSON RIORDAN: Yes. Good point. Well taken.

Ms. Mitchell.

BOARD MEMBER MITCHELL: I just want to echo what Dr. Sherriff's has said, because the single owner-operator truck driver in our area is also very important as we do goods movement and agriculture, Central Valley, they do lots of movement through there, too.

And thanks, staff, for finding the money
somewhere, our legislative staff. Thank you so much for working on this so well. We're very pleased. The AQIP program was extremely important. The truck loan project is certainly important. There was no money for either one of them so -- or limited funds. We're very happy to see this AB 118 extended and AB 359 come into play.

The other thing I want to mention is that some money was taken from technology advancement to put into the Truck Loan Program. And I support that because the truck loans are really important. But so is advanced technology. And we hope that in the future you will find some money to fill that gap so we can move technology forward. That's really important to the zero emissions initiative and moving that forward in the state.

So thank you staff very much for squeaking some blood out of the turnip or out of the rock or whatever it is. Thank you very much.

ACTING CHAIRPERSON RIORDAN: Okay. We do have some speakers. And let me invite Jamie Hall, Eileen Tutt and Bonnie Holmes-Gen, in that order.

I assume maybe they were some of our partners in pushing this legislation. I think there are some others of you in this room who probably helped, too. And we say thank you. Because it has to be a collaborative effort. And some of our folks from the districts, I'm assuming
they helped as well. It takes a big team to move the Legislature. Okay.

Jamie.

MR. HALL: It does, indeed. Good morning, everyone. My name is Jamie Hall. I'm Policy Director for CALSTART. We were a sponsor and major supporter AB 8 and SB 359, so I agree with what a lot of people have said today. It's a good day. It feels good to be here. This is a lot different place than we were in about a month ago.

I want to thank Board members and staff for working with us over the past several months on the HVIP and CVRP programs in particular. These program are critically important if we want to meet our long term clean air and zero emission goals as a state. They're really one of the only tools we have to drive zero emission vehicle deployment and get to economies of scale. And this hasn't been mentioned today, but they are directly supporting jobs in California at advanced vehicle manufacturers and suppliers that moved here in part because of these incentive programs. It's a real win-win.

I want to thank the Board and staff for working closely with stakeholders to figure out how to address the funding shortfall. As has been mention with the passage of SB 95 and SB 359, it looks like we'll be able to
totally avoid the market disruption in the program and the light duty vehicle market, which is really good news. There's now enough funding for the HVIP program. The program is currently on hold until the FY 13-14 funds become available. Now that we know there are sufficient resources, we've been working with staff to minimize the gap in HVIP funding, get things up and running quickly. And we appreciate the creative thinking and engagement on that issue, too.

Like I said, things are looking much better than they were recently. These are very successful programs. We look forward to working with you over the next several months on a sustainable long-term plan for the vehicle deployment programs and also for advanced technology demonstration because that is an important category as well.

So thank you everyone. It's a good day.

ACTING CHAIRPERSON RIORDAN: Thank you, Jamie. Eileen.

MS. TUTT: Good morning, Madam Chair and members of the Board. I'm Eileen Tutt with the California Electric Transportation Coalition.

It is a good day. I told Lucina I was going to hug her, but I'm going to wait until after the meeting. So I decided not to coordinate the group to stand
behind me this time. I don't know if you remember that. But they're all still here. They're all either watching or in this room. And they're very committed to working with you, the staff, the Board. It will take Board member support as it did this last time to develop a long-term plan.

I want to make it clear that we don't think this program we should plan to wind down. We actually think we need to plan to wind up because we got fuel cell vehicles coming. We need to do something about the heavy duty and non-road fleet. So that's the direction we're thinking about going with, and that is a heavier lift. So we're all going to be needed.

And everybody did support this legislative action, everybody you mentioned. The only folks I haven't heard and they were critical to this effort was the Governor's office, in all honesty. All the way up to the Governor, they really helped us design a strategy and push this through. And we already know the Governor's already said publicly to the press he's going to sign AB 8 and SB 359.

So congratulations everyone and thank you very much. And we do look forward. Our coalition is still committed to working over the next year with you and even less than a year I guess to develop this long-term plan.
So thank you.

ACTING CHAIRPERSON RIORDAN: Thank you very much.
And Bonnie.

MS. HOLMES-GEN: Bonnie Holmes-Gen, Senior Director for Policy and Advocacy at the American Lung Association of California.

And we were very pleased to be a co-sponsor along with CALSTART and the Air Pollution Control Officer's Association and really the Air Board and others on AB 8.

And I did want to thank you all for the hard work and thank Board Member Berg, who put a lot of work in to try to build the coalition that we made, this unprecedented coalition of groups. People keep looking at us saying, "Are you really on the same page as some of these groups?"
And, yes, for this bill, we were. Yes.

And you know, the bill, AB 8, also provided us -- it's a monumental accomplishment, but it provided us with the opportunity to educate the Legislature -- that's very, very important -- about the importance of both efforts, the Carl Moyer program and getting these near-term reductions in soot pollution that assist communities, and the AB 118 program which puts us on the road to getting these near and longer term solutions in terms of the electric vehicles, plug-ins, the fuel cell vehicles. There is a lot of education for legislators to understand.
We need both of these and they're both critical to reaching our air quality and greenhouse gas goals.

I think it's important to note that we need ongoing education of legislators as these programs continue to roll out. We need to be front and center and showing the successes that are achieved. Because of the bill, we had a great effort of listing and categorizing all of the successes in the past. And we need to keep doing that and bringing those forward and publicizing the great projects that are improving health, improving air quality, and transitioning our state to cleaner fuels and technologies.

So also of course want to support the staff recommendations here today. And on the Truck Loan Program, you know, this is really important. We've been a strong supporter of the State Truck and Bus Program. Look forward to the update next month on this. But it's just incredibly important to keep this loan program going. And we want to urge you to not only help with these financial assistance funds, but to continue the important work you're doing in terms of outreach to the truck operators, ensuring all the operators are fully informed about the rule deadlines and financial assistance tools available and the penalties for non-compliance. And this on track moving forward, and California needs these reductions.
So thank you again for all these efforts. Again, the Lung Association is a strong supporter of AB 118 and AQIP. We look forward to working with you to implement these programs. And we're just truly excited to be a partner with you in this effort. Thanks.

ACTING CHAIRPERSON RIORDAN: Thank you very much.

Mr. Douglas.

MR. DOUGLAS: Thank you, Mrs. Riordan and members of the Board.

I just wanted to be very quickly and take an opportunity to say that we sincerely appreciate all the work the Board has done. Our members have invested tens of billions of dollars into plug-in hybrid vehicles, battery electric vehicles, and the development, the production, and promotion of these vehicles.

We were pleased to partner with a large coalition, both on AB 8, extending that as well as on the CVRP for this year, the funding for that. And finally on the HOV line extensions which were extended for four years in this legislative session.

And finally, we're committed to working with our coalition partners and with the Air Resources Board. I agree with what Eileen said that we shouldn't look to ramp this program down. It's still a very nascent market. It's still one percent of the market. There is a long
ways to go. There's a lot of new technologies coming out. So we're looking forward to working with the Board and the coalition as well. So thank you.

ACTING CHAIRPERSON RIORDAN: Thank you very much. And thank you for assisting the effort. And you know, it's amazing what can happen when everybody gets together on the same page. I'm just so pleased about that. Thank you, Steven.

Let me close the record on this agenda item and it's such a pleasure. Know that having this rather pleasant meeting on this item and many others, that's just to get the Board ready for the marathon next month. So if you think this was a nice Board meeting, just wait until next month.

So Board members, are there any comments that you'd like to make or I'll entertain a motion to adopt the resolution that is before us. That's Resolution 13-38.

BOARD MEMBER BERG: So moved.

BOARD MEMBER SHERRIFFS: Second.

ACTING CHAIRPERSON RIORDAN: Moved and seconded.

All right.

Any further discussion? Seeing none, I'll have a voice vote. All those in favor signify by saying aye.

(Ayes)

ACTING CHAIRPERSON RIORDAN: Opposed, no.
Motion carries.

Board members, we have one item public comment. Randal Friedman, if you'd come forward. Were you part of the coalition, I hope?

MR. FRIEDMAN: Actually, I'm here as a private citizen today.

ACTING CHAIRPERSON RIORDAN: Okay. Introduce yourself.

MR. FRIEDMAN: Madam Chair and Board members Randal Friedman, today as a private citizen and Nissan Leaf EV owner.

My first observation is the abysmal state of the charging network in California. Once I stopped to drive my Leaf to the city of Berkeley. Thankfully the city of Vacaville on its own installed a Level III station. It single-handedly makes feasible driving from the bay area to Sacramento. With limited public charging support in Berkeley, I had to charge at a private home and ended up getting a parking ticket.

A second incident occurred when Vacaville's Level III charger was broken, while the Level II charger worked for me, a poor airman from Travis Air Base was stuck for several hours on his way to the base.

A third incident occurred last Sunday on a second drive to Berkeley. The Vacaville Level III was fine in
the morning, but broken for the return. At 9:30 p.m.,
there were three Leafs waiting for several house,
including a woman by herself that had to make it back to
San Francisco. I got home at midnight.

Why should a basic trip to the State Capitol be
dependent on city's decision to construct nd maintain this
charging station?

Further, from Sacramento, I cannot go to Lake
Tahoe, Reno, Oregon, given the lack of a charging network.
Thankfully I still have my Prius.

My fear, a backlash as words gets out people
can't really use EVs for anything by a hobbyist car and
all this public money used for incentives is down the
drain. Imagine the discussion on certain talk radio.

Speaking of Oregon, look at any charging station
and you'll be amazed at their support. If I can just get
my Leaf to the border, I could do many wonderful trips. I
haven't found a way to do it yet. Why doesn't someone
pick up the phone and see how Oregon and Washington have
done it?

There is this great concept called the West Coast
Green Highway. Per its website, it doesn't exist in
California.

To conclude my first point, ARB should identify
California's deficiency in public charging stations and
establish an immediate goal to implement Governor Brown's Executive Order. If no other agency will do it, use your AB 32 powers. The West Coast Green Highway must not stop at the Oregon border.

My second point concerns the significant cross benefits from EVs on water quality not addressed in your programs. I've submitted information showing a key to successful and more efficient compliance with federal stormwater standards is clean transportation. I'm proud to say my Leaf has no oil that needs to be changed, no oil filter, no transmission or coolant anti-freeze, et cetera. Nothing to drip, nothing to create expensive externalities. The regenerative brakes significantly reduced toxic cooper loading. Oh, and there is no tailpipe.

ARB should be working hand in hand with the State Water Board to maximize these cross benefits to water quality. Sadly, this isn't happening.

In closing, I'd like to relate Facebook post within the San Francisco Bay Area Nissan Leaf owner. A woman, a music teacher for the Berkeley school district, wrote how sad she was that the despite hours of effort, she couldn't find a way o take her Leaf to Pismo Beach for vacation. She had to take her old diesel truck. Think of those air and water quality impacts that could have been
avoided.

People won't move to the future with these limitations. You need to use your authority so people like myself, the teacher, can make EVs our only car. So that woman last Sunday isn't stuck alone late at night. I offer my assistance, and I'm sure as do many other EV drivers. Let's fix this and move California in a clean direction. Thank you.

ACTING CHAIRPERSON RIORDAN: Thank you, Randal.

Let me, if I may Board members, assign this to the appropriate staff. Mr. Corey, I'll leave it up to you to then assign to somebody.

I do have some concerns about this, as we probably all do. And you know, hopefully we can put our collaborative effort together to figure out a way to do this. I know Ms. Berg has great experience not driving necessarily from the bay area.

BOARD MEMBER BERG: I'd like to echo it, because I just trailered my Leaf from Los Angeles to Davis because I couldn't get it up. So I would like to lend my full support as well, Madam Chair.

ACTING CHAIRPERSON RIORDAN: And I'm sure we all want to be successful.

I would give you just one little capsule of information. And that is we were invited, some of the
Board members, to tour the Tesla facility. I think Supervisor Gioia mentioned that. And key to their thought process to make Tesla successful is the installation of charging facilities for their vehicles.

Now, I wasn't sure -- and Mr. De La Torre, maybe you can remember -- but I think there was some talk that if they placed their charging station, there might be a way if it was a match between the car you were driving and their Teslas they would let somebody use their charger. Do I remember that correctly? I think there was just a brief sentence.

BOARD MEMBER DE LA TORRE: The swapping out of the battery.

BOARD MEMBER GIOIA: They talked about the swapping out.

ACTING CHAIRPERSON RIORDAN: I don't think -- no. This had to do with the charger. Forget that. But the point is that they were key to making that successful. They had told me that one of the locations -- I think they're going to do one at the Tejon Ranch and one at Harris Ranch to make that drive up.

On my return after my meeting last time we were here, believe it or not, I stopped at the Harris Ranch, which I always do, and there is their charging station.

So the point is, you know, to make it successful,
they know what to do. We better know what to do for some
of our other facilities and auto makers.

So Mr. Corey, would you take this on, please?

EXECUTIVE OFFICER COREY: Hearing direction from
several Board members, you bet.

I do want to make a few points, but recognizing
at the core, the core point is the need for additional
stations and the need for their strategic location. That
absolutely is correct.

And within the Governor's ZEV Action Plan -- and
there was about a week ago an announcement by several
companies, both private additional charging stations are
being put in, as well as some the public can have access
to. Not the solution in its entirety, but part of the
solution. Part of the solution is the reauthorization
that we talked to about this as because it's going to be
several elements to ultimately deal with this and deal
with it in an effective way. But keying off of Chair's
and other comments and that of Ms. Berg, we will follow
up. We'll be following up with CEC and others on what the
long term plan is.

ACTING CHAIRPERSON RIORDAN: Great. And
especially these highly used potential traffic, i.e., the
Bay Area to Sacramento.

Now, the next item on our agenda Board members is
something that we are offering. It's called an optional closed session, which means that we will adjourn to a closed session, as indicated on our public notice for today's meeting. The purpose of this optional closed session is for Board members to confer with and receive advice or information from our legal counsel regarding pending litigation listed on today's public agenda.

But where it becomes optional, because it was somewhat short notice for you, if you can join us, fine. If you have a meeting scheduled, we understand. And you can return. I will come back and announce any action, if there is any -- I don't anticipate any, but you never know. So I'll leave that open. So I won't close the meeting until we've had the closed session. We hold the closed session back here in the same room in the corner of this building, this floor. And unless there is some other comment, I'm going to adjourn us to our optional closed session.

(Whereupon the Air Resources Board recessed into closed session from 11:27 a.m. to 12:02 p.m.)

ACTING BOARD MEMBER RIORDAN: Thank you. We finished our closed session and I will ask our Counsel Peter to make any comments that are appropriate for that.

CHIEF COUNSEL PETER: Yes, Madam Chair. The
Board did meet in closed session. We discussed pending litigation, and no action was taken at the closed session.

ACTING BOARD MEMBER RIORDAN: Thank you. And we will adjourn the meeting.

(Whereupon the Air Resources Board adjourned at 12:02 p.m.)
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 10th day of October, 2013.

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