MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

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BYRON SHER AUDITORIUM
SECOND FLOOR
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SACRAMENTO, CALIFORNIA

THURSDAY, JULY 27, 2017
9:13 A.M.

JAMES F. PETERS, CSR
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Ms. Diane Takvorian

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Ms. Emily Wimberger, Chief Economist
Ms. Veronica Eady, Assistant Executive Officer
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Ms. Analisa Bevan, Assistant Division Chief, ECARS
Mr. Ben Carrier, Attorney, Legal Office
APPEARANCES CONTINUED

STAFF:

Mr. Joshua Cunningham, Branch Chief, Advance Clean Cars Branch, ECARS

Mr. Rhead Enion, Senior Attorney, Legal Office

Mr. Michael Gibbs, Assistant Executive Officer, Executive Office

Mr. Chris Gallenstein, Staff Air Pollution Specialist, Industrial Strategies Division (ISD)

Mr. Jason Gray, Branch Chief, Climate Change Program Evaluation Branch, ISD

Ms. Annette Hebert, Division Chief, ECARS

Mr. David Hults, Assistant Chief Counsel, Legal Office

Ms. Alexandra Kamel, Attorney, Legal Office

Ms. Elise Keddie, Manager, ZEV Implementation Section, Advanced Clean Cars Branch, ECARS

Mr. Jeffrey Lidicker, Air Resources Engineer, ZEV Infrastructure Section, ECARS

Ms. Rajinder Sahota, Assistant Division Chief, ISD

Mr. Craig Segall, Assistant Chief Counsel, Legal Office

Mr. Mark Sippola, Air Resources Engineer, Program Development Section, ISD

Mr. Floyd Vergara, Division Chief, ISD

ALSO PRESENT:

Mr. Alan Abbs, California Air Pollution Control Officers Association

Ms. Fariya Ali, Pacific Gas & Electric

Ms. Angelica Altamirano, Pacific Gas & Electric
APPEARANCES CONTINUED

ALSO PRESENT:

Mr. Craig Anderson, Solar Turbines
Ms. Meg Arnold, Valley Vision
Mr. Sam Bayless, California Independent Oil Marketers Association
Mr. Nathan Bengtsson, Pacific Gas & Electric
Mr. Dan Bergmann, City of Vernon, Long Beach, Palo Alto
Ms. Susie Berlin, Northern California Power Agency and MSR
Mr. Brian Biering, Turlock Irrigation District
Mr. Steve Bloch, EV Connect
Ms. Elan Bond, Nel Hydrogen
Ms. Laura Bone, San Joaquin Valley Partnership & EV Box
Mr. Charles Botsford, AeroVironment
Mr. Jack Broadbent, Bay Area Air Quality Management District
Mr. Susan Brown
Ms. Nancy Bui-Thompson, Sacramento Municipal Utility District
Mr. Michael Carr, Shell
Ms. Emily Cassi, Con J. Franke Electric
Mr. Michael Coates, Diesel Technology Forum
Mr. Derek Cole
Mr. James Corless, Sacramento Area Council of Governments
Ms. Kendra Daijogo, California Council for Environmental and Economic Balance
ALSO PRESENT:
Ms. Tanya DeRivi, Southern California Public Power Authority
Ms. Marjorie Dickinson, University of California, Davis
Mr. Roger Dickinson
Ms. Claire Dooley, EVgo
Mr. Robert Dugan, Sacramento Metro Chamber
Mr. Joel Espino, The Greenlining Institute
Mr. Linus Farias, Pacific Gas & Electric
Mr. Yuriy Fox, Absolut Electric
Ms. Genevieve Gale, Central Valley Air Quality Coalition
Mr. Brian Gini, Collins Electrical Company
Ms. JoAnne Golden, LA N Sync
Mr. David T. Gomez, Los Angeles Labor Management
Mr. Larry Greene, Sacramento Metropolitan Air Quality Management District
Ms. Jason Gumataotao
Ms. Lauren Hajik, California Dairies, Western Ag Processors, California Cotton Ginners & Growers Association
Mr. Michael Herrera, Contra Costa Electric
Ms. Bonnie Holmes-Gen, American Lung Association
Ms. Ashley Horvat, Greenlots
Mr. Doug Houston, Rio Tinto Mineral, US Borax, Gerdau Steel, Coalition for Sustainable Cement Manufacturing
Mr. Bill Hughes, Redding Electric Utility
APPEARANCES CONTINUED

ALSO PRESENT:
Mr. Michael Jarred, Assembly Natural Resources
Dr. Olivia Kasirye, Sacramento County
Mr. Ernest Kirkpatrick
Mr. Bernie Kotlier, California Labor Management Cooperation Committee
Mr. John Krueger, Greater Sacramento Economic Council
Sergeant Major Mike Kufchak, Veterans
Mr. John Larrea, California League of Food Producers
Mr. Lloyd Levine, SacEV
Mr. Henry Li, Sacramento Regional Transit
Ms. Laurie Litman, 350 Sacramento
Ms. Ashley, Lubaway, Toyota
Mr. Bill Magavern, Coalition for Clean Air
Mr. Mark McNabb, Electrify America
Ms. Amy Mmagu, Cal Chamber
Mr. David Modisette, Breathe California Sacramento
Mr. Pete Montgomery, Charge Everywhere Coalition
Mr. Colin Murphy, NextGen California
Mr. Ross Nakasone, Blue Green Alliance
Supervisor Don Nottoli, Sacramento County Board of Supervisors
Ms. Rachel O'Brien, Agricultural Council
Ms. Cindy Parsons, Los Angeles Department of Water and Power
APPEARANCES CONTINUED

ALSO PRESENT:
Ms. Beth Percynski, Procter & Gamble
Mr. Ivan Pereda, Pacific Gas & Electric
Mr. Ilya Puzankov
Ms. Tiffany Roberts, Western States Petroleum Association
Ms. Judy Robinson, Sacramento Area PEV Collaborative
Mr. Israel Salas, CoCalGas
Mr. Michael Shaw, California Manufacturers & Technology Association
Mr. David Siao, Roseville Electric
Mr. Ross Silberfarb, BTC Power
Ms. Anne Smart, ChargePoint
Mr. Adam Smith, SoCal Edison
Mr. Jeremy Smith, Pacific Gas & Electric
Mayor Darrell Steinberg, City of Sacramento
Mr. Joseph Sullivan, International Brotherhood of Electrical Workers, National Electrical Contractors Association
Ms. Shelly Sullivan, Climate Change Policy Coalition
Ms. Katelyn Sutter, Environmental Defense Fund
Mr. Kasitalea A. Talakai, Jr.
Mr. Tim Taylor, Sacramento Clean Cities Coalition
Mr. John Tillman, Nissan
Mr. John Tolliver
Mr. Dennis Tristao, JG Boswell Company
A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Ms. Eileen Tutt, California Electric Transportation Coalition

Mr. Tim Tutt, Sacramento Municipal Utility District

Mr. Marc Voorhoeve, EFACEC

Mr. Craig Weckman, Los Rios Community College

Mr. Peter Weiner, Crockett Cogeneration

Mr. Justin Wynne, California Municipal Utilities Association

Mr. Ryan Zulewski, SemaConnect
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CHAIR NICHOLS: Good morning, everybody, the July 27th, 2017 public meeting of the Air Resources Board will come to order. And we will begin with the Pledge of Allegiance to the flag.

Please rise.

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

CHAIR NICHOLS: Madam clerk, would you please call the roll?

BOARD CLERK McREYNOLDS: Dr. Balmes?

Mr. De La Torre?

BOARD MEMBER DE LA TORRE: Here.

BOARD CLERK McREYNOLDS: Mr. Eisenhut?

BOARD MEMBER EISENHUT: Here.

BOARD CLERK McREYNOLDS: Senator Florez?

Assembly Member Garcia?

Supervisor Gioia?

BOARD MEMBER GIOIA: Here.

BOARD CLERK McREYNOLDS: Senator Lara?

Ms. Mitchell?

BOARD MEMBER MITCHELL: Here.

BOARD CLERK McREYNOLDS: Mrs. Riordan?

BOARD MEMBER RIORDAN: Here.

BOARD CLERK McREYNOLDS: Supervisor Roberts?
BOARD MEMBER ROBERTS: Here.
BOARD CLERK McREYNOLDS: Supervisor Serna?
BOARD MEMBER SERNA: Here.
BOARD CLERK McREYNOLDS: Dr. Sherriffs?
Professor Sperling?
Ms. Takvorian?
BOARD MEMBER TAKVORIAN: Here.
BOARD CLERK McREYNOLDS: Vice Chair Berg?
Chair Nichols?
CHAIR NICHOLS: Here.
BOARD CLERK McREYNOLDS: Madam Chair, we have a quorum.
CHAIR NICHOLS: Very good. Thank you.
A couple of announcements before we get started.
First of all, for the interpreter, interpretation services are going to be provided today in Spanish for the first two items, the Cap-and-Trade Regulation, and California's proposed compliance for the Clean Power Plan. Headsets are available outside the hearing room at the attendant sign-up table, and can be picked up at any time.
Would you please also translate these remarks?
Thank you.
(Thereupon the remarks were translated.)
CHAIR NICHOLS: Thank you.
Anyone who wishes to testify, should fill out a
request-to-speak card. They're available in the lobby outside the Board room. If you think you might want to speak and decide not to, that's okay, but it's very helpful for us in managing our time, and the court reporter's time, if we can have a list as early as possible of those who wish to speak. In any event, we need it prior to the actual beginning of a hearing on the item.

Speakers should all be aware that we're going to be imposing our normal three minute time limit on the oral testimony. So please put your testimony in your own remarks rather than reading it, because it will go better that way. And we don't need to have a written submission because that can be submitted into the record.

For safety reasons, we are required to remind you that there are emergency exits to the rear of the room. And in the event of a fire alarm, we're required to evacuate this room immediately, go downstairs, and go outside the building into the park across the street until we get the all-clear signal when we can return to the hearing room and resume the hearing.

I think that's it for opening comments.

So with that, the first item on today's agenda is the proposed amendments to the Cap-and-Trade Regulation. As I think everybody now knows, last week, the legislature
passed AB 398, AB 617, and Assembly Constitutional Amendment 1. All of these three items were passed as a package. Our own Assembly Member Garcia played a pivotal role in moving this package of bills.

This legislative package is the product of a compromise, and shows clearly that there was a diversity of points of view about how we should pursue our climate program. But there was a general recognition of the importance and the necessity of reaching the goals that were stated in law last year under SB 32.

So we know that there are people on both sides of the aisle who are not entirely happy with where the package ended up. But I think in the end, the vast majority and indeed a two-thirds majority, which is not easy to get, agreed that we should pursue our climate targets using cap-and-trade as a way of pricing carbon and as an important element of the strategy. I'm certainly very pleased about this outcome.

So I think we will continue on with the presentation here.

Cap-and-Trade Program continues to be and will continue to be a key part of our suite of climate initiatives, but it's certainly not the only program. The renewable portfolio standards, the clean car standards, the low carbon fuel standard are all critical
elements and quite uniquely crafted by California as well. But the Cap-and-Trade Program is the thing that actually puts a cap on emissions - this is for accounting purposes - which is a key part of the credibility of the program, being able to actually demonstrate that we're meeting our goals. And it does it in a way that is as cost effective or more cost effective than any of the other alternatives.

In addition, the Cap-and-Trade Program inspires actions beyond our borders. We see that this has been an important element. It's brought about the linkage with Quebec and a linkage with Ontario that's proposed in the package that's before us today. And we've also seen the importance of this program, although people are often confused and need to be walked through the details of how it actually works. But in many other countries, people are trying to find ways to do something similar if not identical to what we've already done.

Certainly the lack of any action at the federal level is putting an added emphasis on the importance of our actions and to the legislative leadership in this regard. California's role provides a vision here which has been supported by action, and so it is a model that can be emulated by others.

Before we proceed further with this item, I want
to acknowledge a member of our team who's played a critical role in the development of this program. He's sitting at the staff table today, but I don't know if all of you know him, because he works rather quietly.

(Laughter.)

CHAIR NICHOLS: His name is Michael Gibbs, and he's an assistant executive officer. But he really has served as CARB's chief diplomat, working with jurisdictions all over the country and the world to promote climate programs.

He's retiring early next month, so we won't get a chance to do this at any other point so we thought we'd embarrass him today.

(Laughter.)

CHAIR NICHOLS: And really we're going to be missing his insights and analyses, his strong insistence that we rely on facts as well as his wit and his friendship to everybody.

So I want to just say on behalf of all of us, Michael, that you have played a really critical role in the development of this program that we're discussing today, starting back in the early days of the Western Climate Initiative when you were part of a CalEPA team, and then we were able to recruit you to move downstairs a few floors and come work for CARB, and it's made a huge
difference.

So I just think it's important that we acknowledge that this has been a massive undertaking and that we're going to miss you very much.

I was about to turn this over to Richard. But before I do, I want to welcome our Board Member Garcia who I just referenced in his absence as the critical author of the legislation that we're going to be implementing moving forward, and ask you if you have any opening remarks that you would like to make before we begin.

ASSEMBLY MEMBER GARCIA: Well, thank you. I will be brief. We are working in collaboration, right, with not just the Air Resources Board but a number of different other stakeholders, in the capitol as well outside the capitol. I'm looking forward to the implementation, and ultimately ensuring that, you know, the objectives of reducing emissions is at the forefront. But you all know that, you know, my involvement in this issue is based on improving air quality in communities throughout California, and ultimately public health and well-being of the people that we represent in the State.

So I look forward to working here on the Air Resources Board but also with the stakeholders from across the State to make sure that the implementation of this is on point.
Thank you, Chair.

CHAIR NICHOLS: Thanks very much. We're happy to claim you as one of our own.

Now, I will turn the agenda over to Richard Corey, our Executive officer, to present the item that's actually before us.

EXECUTIVE OFFICER COREY: All right. Thanks, Chair Nichols.

We started on these regulatory changes in October 2015, and have held 11 public workshops since then to discuss the changes with stakeholders. The staff also held numerous informal meetings to discuss specific topics related to the proposed amendments. The proposed amendments reflect those discussions.

These amendments would enhance existing provisions in the third compliance period - that's 2018 through 2020 - including clarifications to electricity sector provisions, allowance allocations, and offset and program registration requirements. The proposed amendments also set up the framework for a post 2020 program.

The legislation you mentioned earlier, AB 398, provides legislative direction on some elements of the post 2020 program. We'll be initiating a rulemaking later this year to begin work on regulatory modifications to
implement the Legislature's direction on the post 2020 program.

I think it's also important to point out that the companion legislation that the Chair mentioned, AB 617, is a significant complement to our criteria pollutant and toxics programs by focusing on the communities that experience the worst air quality.

We're already beginning to get organized to implement AB 617, and we'll be returning to the Board to report on our plans in the next few months.

Finally, you recall that we've been working on a scoping plan for the last two years as well. AB 398 also directs ARB to finalize modifications to the scoping plan by January 1 of 2018. We're currently evaluating what changes we need to make to the scoping plan to reflect legislative direction and what modeling we may need to rerun. We'll release an updated proposed plan later this year for public comment before bringing the plan to the Board for consideration.

I'll now ask Mark Sippola of the Industrial Strategies Division to give the staff presentation.

Mark.

(Thereupon an overhead presentation was Presented as follows.)

AIR RESOURCES ENGINEER SIPPOLA: Thank you,
Mr. Corey.

Good morning, Chair Nichols and members of the board.

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AIR RESOURCES ENGINEER SIPPOLA: This is the second of two Board hearings on the proposed Cap-and-Trade Regulation amendments. The first hearing was September of last year, and the Board took no action at that time.

Today we are asking that the Board vote to adopt the proposed amendments.

The Final Statement of Reasons for this rulemaking which will include staff’s responses to all comments received on the record will be completed by August 4th.

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AIR RESOURCES ENGINEER SIPPOLA: AB 32 was enacted in 2006 and it requires California to reduce GHG emissions to 1990 levels by 2020, to maintain and continue GHG reductions beyond 2020, and to coordinate with other State agencies to develop the scoping plan to lay out the State’s plan for achieving the maximum technologically feasible and cost effective emissions reductions.

The Cap-and-Trade Regulation was originally adopted in 2011 as one of the suite of measures to reduce GHG emissions and meet the goals set by AB 32, and the
State is currently on course to meet the 2020 target.

More recently, SB 32 has passed, and it requires the State to reduce its GHG emissions to 40 percent below 1990 levels by 2030.

Again, just last week the legislature passed and this week the Governor signed AB 398, which clarifies ARB's authority to use the Cap-and-Trade Program to help achieve the 2030 target. The amendments proposed today are not specifically responsive to the requirements of AB 398. They make needed near-term changes and they provide a framework for a post 220 program.

The Cap-and-Trade Program has several features that make it well suited to meeting our future targets. The main goal of the Cap-and-Trade Program is to reduce statewide GHG emissions. The cap limits total annual GHG emissions from all regulated sources, and this cap declines each year to reduce emissions over time.

The Program is designed to provide compliance flexibility, including through allowance trading, so the lowest cost reductions in the economy can be targeted. It works together with traditional measures; a GHG reduction to satisfy command and control regulations also reduces a compliance obligation on the Cap-and Trade Program.

Additionally, if other climate programs don't perform as anticipated, the Program will deliver needed reductions in
covered sectors.

The Program places a price on GHG emissions, which incentivizes change and spurs innovation for low-emitting and energy-efficient technologies.

This combination of features — environmental certainty, compatibility with other measures, and flexible cost-effective compliance — make the Cap-and-Trade Program effective for continued GHG reductions.

The Program also ensures transparency and a large amount of program information, like auction results, aggregated allocation information, annual compliance reports, and offset project-related data, is publicly available on our website.

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AIR RESOURCES ENGINEER SIPPOLA: The next several slides discuss amendments to the third compliance period, CP3, which runs from 2018 through 2020, and later slides cover amendments regarding the post 2020 program.

Most CP3 changes aim to simplify participation by covered entities, streamline implementation, ensure that allowance — and ensure that allowance allocations and compliance obligations are appropriate and equitable.

This slide covers CP3 changes to free allocation to industrial-covered entities, which is provided to protect against emissions leakage.
We eliminate and update some product-based benchmarks and product definitions used to determine allocation. These changes ensure benchmarks accurately represent their sectors and they allow streamlining of product data reporting.

Third compliance period assistance factors are proposed for three sectors that are newly covered by the Program, and for one sector with an assistance factor that doesn't appropriately reflect the industry. All four new assistance factors were calculated using the same methods previously used for all of the sectors.

Staff has also added provisions to allow for the return of free allowance allocation to ARB in cases where entities do not incur a compliance obligation or do not conduct an activity with a designated leakage risk. The primary purpose of industrial allocation is for emissions leakage prevention. When an entity has no compliance obligation, there is no leakage risk. So there is no justification for free allocation and those allowances must be returned to ARB.

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AIR RESOURCES ENGINEER SIPPOLA: Free allowances are allocated to utilities on behalf of their ratepayers. EDUs are the investor-owned electrical distribution utilities. Currently they must consign all allowances to
auction, and natural gas suppliers must consign a portion of allowances to auction. Publicly owned electrical distribution utility may choose to consign allowances the auction as well. All utilities are required to use the auction proceeds for ratepayer benefit, consistent with the goals of AB 32.

Amendments align requirements on how electrical distribution utilities and natural gas suppliers may use the value of auctioned allowances. There's a new requirement that any auction proceeds returned to ratepayers by EDUs must be returned in a non-volumetric manner, thus ensuring that there's no blunting of GHG costs to electricity consumers. This ensures the program continues to incentivize conservation and efficiency. The existing regulation already requires natural gas suppliers to return proceeds non-volumetrically.

We also add a 10-year deadline for spending auction proceeds to ensure that this value is put to use in a timely manner.

Additionally, amendments clarify the auction proceeds may not be used to pay for costs of GHG reporting and verification or the AB 32 Cost of Implementation Fee. Proceeds may be used for projects that reduce GHG emissions and for non-volumetric return of revenue to ratepayers.
Finally, the current reporting on the use of allocated allowance value has gaps such that some proceeds may go unreported to ARB. We close that reporting gap to give ARB a more complete picture of the use of these proceeds.

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AIR RESOURCES ENGINEER SIPPOLA: The 2014 expansion of CAISO's real-time electricity market to include out-of-state areas, creating the energy imbalance market, has led to an incomplete accounting of GHG emission associated with the imported power serving California load. This incomplete accounting is resulting in emissions leakage.

Staff continues to coordinate with CAISO staff and stakeholders to enact a long-term two-pass solution, which would modify the CAISO tracking system and EIM tariff for more accurate emissions accounting. In the interim we propose a bridge solution whereby ARB retires allowances unsold at auction in the amount of emissions that are underreported by the current system.

The Voluntary Renewable Electricity Program ensures that voluntary renewable generation reduces emissions by retiring allowances set aside for this purpose. We expand eligibility for this program while ensuring that its goals and requirements are still met.
This proposal eliminates the Qualified Export adjustment to the compliance obligation for imported electricity because it's encouraging transaction procedures that may result in emissions leakage. And per request of stakeholders, the RPS adjustment for electricity imports is retained in its current form.

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AIR RESOURCES ENGINEER SIPPOLA: Staff proposes some changes to points of compliance and limited exemptions from obligations. These align the Cap-and-Trade Regulation with the Mandatory Reporting Regulation and ensure equal treatment of in-state and out-of-state liquefied petroleum gas providers.

The points of compliance for imported liquefied petroleum gas is aligned with MRR, and limited exemptions from an obligation in the second compliance period are added for liquefied natural gas suppliers and extended for waste-to-energy facilities.

And the list of emissions without a compliance obligation is updated to capture appropriate sources and align with mandatory reporting.

Natural gas hydrogen fuel cells and certain pneumatic devices used in natural gas production and handling start incurring an obligation in the third
compliance period. Carbon dioxide emissions from food and beverage fermentation are exempt from a compliance obligation, as are CO$_2$ emissions resulting from the reformation of exempt biomethane in hydrogen fuel cell.

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AIR RESOURCES ENGINEER SIPPOLA: There are many minor changes to the offset credits program in CP3 that incorporate stakeholders suggestions and staff experience to simplify and clarity implementation.

Changes limit the invalidation time periods for Livestock, Mine Methane Capture, and Ozone Depleting Substances projects that are out of regulatory compliance. It was not possible to limit this for forestry and rice projects because those emissions reductions are only quantified annually. There's no clear way to quantify daily reductions to limit invalidation times for these types of projects. We also clarify which project-related activities must be in regulatory compliance.

Additional changes streamline offset project listing, reporting and verification, and issuance. For example, changes simplify verification body rotation and enable authorized project designees to request issuance of offset credits to any authorized party.

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AIR RESOURCES ENGINEER SIPPOLA: Similarly, in
the areas of program registration and the administration of auctions and reserve sales, amendments reduce administrative burden and clarify existing rules. For example, provisions on designating and changing account representatives are streamlined, certain registration information may be submitted electronically instead of by hard copy, and the criteria for determining if a reserve sale will be held are clarified.

The corporate association disclosure requirements are streamlined while retaining effective market oversight. Registered entities must currently disclose direct corporate associations with other entities outside California and any jurisdiction with which the Cap-and-Trade Program is linked. These amendments limit disclosures to only corporate associates that also participate in markets related to California carbon market, and these disclosures are only needed upon request by ARB.

A registered entity that only holds offset credits would not be required to disclose any corporate associations.

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AIR RESOURCES ENGINEER SIPPOLA: Program linkage provides greater emissions reduction at a lower overall cost, and it improves market liquidity compared to an
unlinked program.

Linkage with Quebec continues, and proposed amendments linked the current Program with the Ontario Cap-and-Trade Program beginning in 2018. Ontario is also working through its own process and requirements toward linking its program to Quebec and California, including public consultations and regulatory approvals. Linking would be final once all three jurisdictions have signed a linking agreement and made the necessary regulatory amendments.

Ontario is a member of the Western Climate Initiative and collaborated on the WCI design recommendations to encourage program compatibility and facilitate Cap-and-Trade Program linkage. The Ontario program began in January of 2017 and has been functioning as planned.

The Governor has made the needed findings for this linkage under SB 1018 related to program stringency, enforceability, and liability to the State.

During the development of these amendments, staff held several workshops on incorporating sector-based offset credits by linking with the Tropical Forestry Program in Acre, Brazil. That linkage is not part of these amendments, but we continue to work toward developing a proposal for including sector-based offset
AIR RESOURCES ENGINEER SIPPOLA: The potential linkage with Ontario and the current program linkage with Quebec requires important coordination to harmonize schedules as well as auction, market, and reserve sale procedures. Staff's preference continues to be for establishing these types of coordinated linkages.

In recognition of discussions on other types of engagements, the amendments describe two new forms of potential linkage agreements with other jurisdictions that are more limited in scope than traditional linkage. One would allow entities in California to retire compliance instruments issued by another GHG program to achieve compliance in California, and the second would enable entities in non-California GHG programs to retire California compliance instruments.

Interest in these more limited engagements has arisen from discussions with GHG programs that may be compatible with our program but have different market rules, source coverage, and compliance obligations.

No such engagements are currently proposed, but we describe the pathways for achieving them. Staff believes that it's important to conduct a public process and get Board approval for any new linkages or engagements.
with other jurisdictions.

This is the final slide covering changes for the third compliance period; the remainder discuss the framework for a post 2020 Program.

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AIR RESOURCES ENGINEER SIPPOLA: Again, on July 17th the legislature passed AB 398, which amends certain provisions of AB 32 effective January 1, 2021. It expressly supports ARB authority to continue the Cap-and-Trade Program post 2020.

AB 617 was also adopted last week as companion legislation to AB 398. It sets up a new approach for addressing -- for assessing and reducing exposure to criteria and toxic pollutants in the State's most burdened communities; and it strengthens the available tools for improving air quality in these areas.

The amendments in this rulemaking establish the framework for the post 2020 program. These provide some market certainty about the future program, and they set the stage for future changes to conform with AB 398.

CHAIR NICHOLS: Excuse me just a second. We're having a problem with the sound system. Do you know...

AIR RESOURCES ENGINEER SIPPOLA: Okay.

Got it. Okay.

CHAIR NICHOLS: Thank you.
AIR RESOURCES ENGINEER SIPPOLA: Sorry about that.

So just let me restate that the amendments in this rulemaking establish the framework for the post 2020 program. And these provide some market certainty about the future of the program and they set the stage for future changes to conform with AB 398.

To implement the AB 398 requirements, new modification to the Cap-and-Trade Program will be needed through a new rulemaking process. And, again, we are committed to initiate -- initiating that later this year.

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AIR RESOURCES ENGINEER SIPPOLA: The current package extends some provisions of the regulation to allow the program to be implemented after 2020. This includes establishing the structure for post 2020 emission caps, continuing linkages with Quebec and Ontario, and enabling post 2020 auction and allocation of some allowances.

These amendments propose a post 2020 Allowance Price Containment Reserve with a streamlined price structure and a slower annual price increase. AB 398 includes some direction on cost containment that will be incorporated into the program during the upcoming rulemaking.

Provisions are included -- are also included in
allow the Cap-and-Trade Program to enable California's compliance with the federal Clean Power Plan. The next Board item will discuss the status of the Clean Power Plan and details of the plan for California compliance.

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AIR RESOURCES ENGINEER SIPPOLA: General approaches to allowance allocation are retained for the post 2020 program. Allocation for ratepayer benefit to electric utilities and natural gas suppliers continues, as does allocation to public wholesale water agencies and universities and public service facilities.

Cap adjustment factors used to calculate annual allowance allocation amounts that are proportional to annual emission caps are retained post 2020.

Staff made multiple proposals for post 2020 industrial allocation. But after considerable discussions, we decided not to include this allocation in these amendments. AB 38 provides direction on how assistance factors for allocation will be set commencing in 2021, and industrial allowance allocation will be part of the rulemaking that will be initiated later this year to be effective by January 2021.

The absence of post 2020 industrial allocation has the effect of not allowing post 2020 allocation to legacy contract generators with industrial counterparties,
which staff also intends to continue beyond 2020.

Also, the current process of allocating to industry for electricity costs is overseen by the California Public Utilities Commission, and stakeholders have raised concerns that that process is inefficient and inequitable to some entities. CPUC and some stakeholders request ARB directly allocate to industry to cover program costs associated with electricity purchases. Staff supports this for more timely and equitable allocation, and intends to address it in an upcoming rulemaking.

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AIR RESOURCES ENGINEER SIPPOLA: Allocation to electrical distribution utilities is proposed through 2030. The allocation amounts are based on the expected Cap-and-Trade Program cost burden, which in turn is based on projections of load and resources used for generation by each utilities.

Allocation is reduced over time due to the increase in zero-emissions power caused by the RPS Program. The current proposal acknowledges that some deliveries of RPS-eligible electricity incur a compliance obligation under the Cap-and-Trade Program. The calculations also account for the post 2020 shift in allocated allowances from the electrical utilities to industrial covered entities for emissions associated with
electricity purchases.

Staff continues to consider how to account for increased electrification of transportation in electric utility allocation.

We also intend to evaluate requiring all utilities to consign all allocated allowances to auction. This is not included in this proposal, but could be added in the upcoming rulemaking.

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AIR RESOURCES ENGINEER SIPPOLA: Allocation to natural gas suppliers continues post 2020 using the same methodology as in the current program. Consignment of allocated allowances to auction allows for the pass-through program costs to the end users, thus incentivizing ratepayers to conserve natural gas.

Natural gas suppliers are currently required to consign a minimum percentage of allowances to auction each year; and the percentage increases by 5 percent each year. This same annual increase continues post 2020, meaning that full consignment would be achieved in 2030.

Related to natural gas consignment is the exemption from the program for combined heat and power facilities that would be below the program inclusion threshold but for the use of cogeneration. This "but-for" exemption is extended until full consignment by natural
gas suppliers is achieved. Once that happens, there will no longer be a need for the exemption because covered facilities and non-covered facilities should face the same GHG costs associated with natural gas use.

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AIR RESOURCES ENGINEER SIPPOLA: Staff conducted the economic and environmental assessments that are required by statute. We reviewed the proposed amendments and two alternatives - facility-specific requirements alternative, which requires all covered entities to make onsite reductions to 40 percent below 1990 levels by 2030; and a carbon tax alternative with the tax set at the social cost of carbon, which was $36 per metric ton of CO2e in 2015 and projected to be $50 in 2030.

The facility-specific requirements have a higher estimated cost than the proposed amendments and post challenges for addressing leakage and for linking with other programs. Further, many entities may need to reduce output, which would impact the economy and jobs with production moving out of the state. Shifting production out of state would lead to greater air quality benefit, but that would be at a high cost to the economy and jobs.

The other alternative was carbon tax. There's a challenge of setting the tax at the appropriate price to motivate reductions to achieve -- to achieve an emissions
target in a single year. So the environmental outcome is uncertain. This -- there would also be challenges in addressing leakage and for linking with other programs. This option would also require additional legislative authority to enact a tax on carbon.

The final environmental analysis found that the proposed amendments achieve the project's objectives, whereas the alternatives would not meet several key objectives or ensure the needed emission reductions.

The next slide provides a brief synopsis of the overall CEQA findings.

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AIR RESOURCES ENGINEER SIPPOLA: Staff completed a Joint Draft Environmental analysis for both the Cap-and-Trade Regulation amendments and the California Plan for compliance with the federal Clean Power Plan, which is the next item you'll hear today. The Draft Environmental Analysis was released for a 45-day comment period on August 5, 2016.

Subsequently, revisions to the proposed amendments were released for two 15-day comment periods. A total of 225 comments letters were received during the comment periods, and 17 addressed the Draft EA or raised a substantial environmental concern.

Staff made minor modifications to the Draft EA
based on comments and other updates. The resulting Final EA, along with the responses to the environmental comments received on the record, were publicly released in advance of this hearing on July 17th. The Final EA finds that, depending on the performance of other measures, the Cap-and-Trade Program will achieve 100 to 200 million metric tons of greenhouse gas reductions through 2030. The Final EA applies conservative interpretations and finds that some compliance activities may lead to potentially significant and unavoidable adverse impacts to some resources because project-level mitigation lies outside of ARB's authority. Specifically, the EA finds the proposed amendments would not cause any direct environmental impacts, but discloses that it is foreseeable that regulated entities will take action in response to the program ARB develops, causing potential indirect impacts. Indirect impacts could arise from construction activities, infrastructure and equipment installations, and operational changes to facilities. These actions generally include energy efficiency measures to reduce fuel consumption, switching to less carbon-intensive fuel, increasing combustion efficiency, upgrading aged equipment, altering processes to improve efficiency, changing the composition of a product to one that is less energy intensive to manufacture, and
sector-specific emission mitigation technologies.

Staff expects that many significant adverse
impacts will be avoided or mitigated during the
environmental review by relevant permitting agencies for
specific projects. Despite the potential adverse impacts,
other benefits of the proposed amendments, like improved
health from co-pollutant reductions, driving long-term
investments in efficient technologies, and preserving
resources, warrant approval and outweigh and override the
unavoidable significant impacts. These findings are
consistent with prior analyses conducted for the
Cap-and-Trade Program.

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AIR RESOURCES ENGINEER SIPPOLA: ARB staff will
report to the Board in a few months with a plan to
implement AB 617, the newly adopted legislation that
focuses on reducing exposure to criteria and toxic
pollutants in the State’s most burdened communities.

Again, staff will initiate another rulemaking
process later this year to implement the requirements of
AB 398 for the post 2020 Cap-and-Trade Program. We will
continue to work with stakeholders on elements like
industrial allocation benchmarks, utility allocation for
transportation electrification, utility consignment
requirements, and other aspects of the post 2020 program.
This process will include public workshops and we will ensure that all aspects of AB 398 are implemented and in effect for January 2021.

Additionally, AB 398 requires ARB to update the Scoping Plan by January 1, 2018.

A proposed Scoping Plan was publicly released in January, and the first Board hearing for the Scoping Plan was held earlier this year. Staff is working to update that proposal to reflect AB 398 and will release the updated draft for public discussion this fall. The updated plan that is responsive to AB 398 will be presented to the Board for adoption in December.

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AIR RESOURCES ENGINEER SIPPOLA: Staff is recommending that the Board approve the proposed resolution.

The resolution includes approval of the written responses to environmental comments, certification of the Final Environmental Analysis, making the required CEQA findings and Statement of Overriding Consideration, and adoption of the final regulation order to be effective October 1st of this year.

Adopting the proposed resolution would also direct the Executive Officer to complete the Final Statement of Reasons and submit the completed regulatory
package to the Office of Administrative Law by August 4th. This concludes the staff presentation. Thank you.

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CHAIR NICHOLS: So I think you've stated this in various ways in different places. But I just want to clarify this item. This question, I think it's a question either for Richard Corey or maybe for counsel; and, that is, why are we doing this now?

CHIEF COUNSEL PETER: So in terms of the action that's needed, there are a -- under the Office of Administrative Law regulations is that items that are noticed have to be completed within one year. That deadline is next Friday, August 4th; and we want to proceed with this item on it, because there's certain things in the program with respect to the current compliance period. So we go ahead with that part. And everything else as highlighted is not inconsistent with the statute to the extent that there are lots of improvements that are going to be -- that are mandated by the legislature, that will be the next rulemaking.

So that is -- that's -- but the reason for the vote today is because of the ticking clock on the original notice. And the key thing that we have to focus on is the changes for the compliance period that is -- you know, the
one that's up to 2020.

CHAIR NICHOLS: So in terms of the seamless operation of the Cap-and-Trade Program, which is what we're hoping to achieve, by acting today if the Board adopts the package as the staff proposes, this will then govern the operation of the auctions under this program for the next six months, year, whatever, while we continue to work on the changes that 398 will demand that we -- that we make?

CHIEF COUNSEL PETER: (Nods head.)

CHAIR NICHOLS: Okay.

Okay. I'm sure others will have other questions, but I think that's a good start.

Can we begin with the witnesses?

Apparently we have 27 who have signed up to speak; is that right?

BOARD CLERK McREYNOLDS: Thirty-one.

Twenty-one. Only 21?

BOARD CLERK McREYNOLDS: Thirty-one.

CHAIR NICHOLS: Thirty-one.

Okay. It keeps growing.

(Laughter.)

CHAIR NICHOLS: Please, if you're planning to testify, could you come forward now so we can make sure we have enough time to get -- allow the court reporter to
complete his work; because, as you've heard, we have a deadline to get the transcript of the hearing to the Office of Administrative Law.

Okay. So we will begin with Sam Bayless. And you can all see where you are on the list; and just be prepared to come forward.

Thank you.

Mr. Bayless is the one brave person who checked "Neutral" on the form.

MR. BAYLESS: Thank you.

I want to thank CARB Board members and staff for the opportunity to speak on this matter. My name is Sam Bayless and I'm here today on behalf of the California Independent Oil Marketers Association, also known as CIOMA.

CIOMA represents about 300 members, including 90 percent of all independent petroleum marketers in California and one-quarter of the state's 12,000 convenience stores and services stations. Almost all of the businesses represented by CIOMA are small family-owned and minority-owned businesses. We should not be confused with the refiners that manufacture the petroleum products for the west.

CIOMA members are in the service businesses to meet market demand through providing services to procure,
transport, and retail sell fuel.

CIOMA didn't take an official position on this recent legislation and actions with the legislature regarding the Cap-and-Trade Program. I do want to convey that amongst the CIOMA members there is a legitimate concern and agitation about the Cap-and-Trade Program and the extension of its life. So while we did not intervene in the legislature, CIOMA members are going to be very engaged in the implementation of the program by CARB.

The details of how the Cap-and-Trade Program is directed, manipulated, and implemented will have a profound impact on CIOMA's members and our customers.

I hope that CARB will often consult CIOMA as a valuable resource to help determine the appropriate implementation of AB 398. CIOMA and myself are available to help ensure that all aspects of proposed rules are examined to ensure effective and equitable regulations. Our members offer unique and often underrepresented businesses perspectives that CARB staff can use to prevent harmful unintended consequences to small business and rather amplify the efficacy of these regulations.

Since CIOMA members interact with the members of the public daily, we can provide insight into how regulations are affecting Californians at the pump and in their businesses.
Thank you for your time today, and please don't hesitate to reach out when you're considering any regulations or actions that will impact the fuel industry of California.

Thank you very much. Have a good day.

CHAIR NICHOLS: Thank you. We'll count on you.

MR. BERGMANN: Chair Nichols and Board, thank you for the opportunity to make comments today. My name is Dan Bergmann. I'm with the city of Vernon, but I'm also speaking this morning for the cities of Palo Alto and Long Beach.

We - Vernon, Long Beach, and Palo Alto - have three things in common. We are the covered public gas utilities in California. And in this process we've been working with a larger investor-owned utilities. But because of the importance of the program, we have gotten very involved.

I want to say that we support the resolution and that the continued opportunity to continue to work with staff toward a program that is equitable to rate payers, specifically that critical balance between the cost of emissions and the cost that we have to implement assigned to our customers for the program.

We especially appreciate the consideration for the continuation of free allowances as the program goes
forward.

For Vernon especially, if you people have heard of Vernon -- of Palo Alto and Long Beach, but Vernon's a little bit unique. Vernon is five square miles of industry just south of downtown L.A. Historically it's one of those cities of industry. But this city of industry is Vernon.

It's an industrial base with some very gas-intensive customers. So the design of the program is critically important in that we want these customers to operate more efficiently and benefit from a program rather than leave the State.

In Vernon we already have a rebate program implemented because publicly-owned utilities are regulated by city councils, and we've been able to move fairly quickly. The program's working. Customers are understanding the program and already benefiting from rebates that we have in place. It's great to have the gradual transition that's designed into the program so that they can learn and adapt over the years ahead.

So, again, for Vernon, for Long Beach, and for Palo Alto, we support the resolution; and thank you.

MR. BIERING: Good morning Chair Nichols and members of the Board. My name is Brian Biering. I'm here on behalf of Turlock Irrigation District.
TID is very supportive of the Board's adoption of the Cap-and-Trade Program -- the extension of the Cap-and-Trade Program post 2020. We believe that the Cap-and-Trade Program is a key mechanism in ensuring that the utilities of California have the flexibility they need to manage their emissions, and ensures that we are meeting reliability requirements for our customers. This is particularly important for Turlock, because we are our own balancing authority area, and minimizing customer costs is critical because we do serve -- a majority of our customers are in disadvantaged communities.

I want to comment on one aspect of the proposed resolution. It's on page 14. There is a proposed resolution to direct staff to continue to work on the POU consignment option. This is basically the mechanism in the Cap-and-Trade Program that allows POUs to either place their freely allocated allowances into consignment or place them into a compliance account.

This is critical for the POUs that minimize its administrative costs. And it recognizes that the POUs are vertically integrated, which is an important distinction from the investor-owned utilities in California.

This issue was addressed in the rulemaking. It was proposed. And we really don't see a need to continue to work on this issue, so we would ask that you not
include that proposed resolution on page 14.

With respect to implementation of AB 398 and AB 617, we were supportive of both of those bills, and believe that those bills provide an important degree of consistency for the program and legal certainty for the program, and we're very much looking forward to working with staff in an open and transparent process for the implementation of those bills.

So thank you for the time, and we support the adoption. Thanks.

CHAIR NICHOLS: Thank you.

MR. HUGHES: Morning. Thank you for this opportunity to comment. My name is Bill Hughes and I'm one of the managers for City of Redding Electric Utility, about two hours north of here.

We support the comments by the joint utilities group and the MSR Public Power Agency.

The Cap-and-Trade and RPS programs have reduced emissions statewide but also in Redding. With the most available data available to us through June, we are on course to reduce our emissions by 9 percent next year.

We are in support of it with the allocation of allowances. If there were no allocation of allowances, with the life and scenario of allocation of allowance prices post 2020, it would cost each of our customers
$1400. And that would also be a 4.8 percent rate increase.

Redding is generally a low-income community, and many are struggling with the cost of utilities. And so we urge you to retain these amendments as is and support our ratepayers.

MS. SULLIVAN: Good morning, Chair Nichols and Board. My name is Shelly Sullivan. I represent the Climate Change Policy Coalition. In case you know, we represent a group of -- a group consisting of regulated industries, taxpayers, manufacturers, agriculture and consumers.

I wanted to say today that we really appreciate all the time, energy, and collaboration that has gone and involved into Agenda Item 17-8-1, which you know as the amendments for the updates to the Cap-and-Trade Regulation.

This suite of measures complements our collective efforts to meet California's climate change policy goals to maintain both our environmental and our economic goals for the State.

Specifically we want to applaud ARB for recognizing the need to include in today's resolution the need to minimize emissions leakage by using the same 2013 through 2017 assistance factors to industrial entities for
2018 through 2020. We really do appreciate the thought and the process that went beyond that.

So, again, thank you. And we look forward to working together as we move ahead in this process.

CHAIR NICHOLS: Thank you.

MR. SALAS: Good morning, Chair Nichols and members of the Board. My name is Israel Salas and I'm with the Southern California Gas Company and San Diego Gas & Electric, here to speak in support of the item.

SoCalGas and SDGE participate in the Cap-and-Trade Program on behalf of over 6 and a half residential and business customers, and we continue to support the program as a well-designed market mechanism to help California achieve its greenhouse gas reduction goals.

On page 13, the proposed resolution directing the executive officer to work with natural gas utilities recognizes the importance of ratepayer protections, which we believe is being met with the existing utility allowance allocations and other banking rules as well as other cost containment measures.

We look forward to and welcome the opportunity to work with ARB staff to further ensure that we are given the tools to ensure that we protect community health and our environment and while keeping cost to utility
customers just and reasonable.

Thank you very much.

CHAIR NICHOLS: Thank you.

MR. SHAW: Thank you, Madam Chair, members of the Board. Michael Shaw of the California Manufacturers & technology association. I want to thank the Board and particularly the staff as well who spent countless -- though I'm sure they can count how many hours they spent on it -- what I'm sure feels like countless hours working on this important program. We were supportive of the AB 398 and 617 to move California forward and provide the certainty necessary for that.

Specifically to the regulation, we appreciate the direction in the resolution to continue the support for highly trade-exposed industries. This will help industries such as cement manufacturing and others that face significant issues related to process emissions, which are out of their direct control or ability to reduce.

Additionally we're very appreciative of the inclusion of the direction to staff to address the third compliance period industry-assistance factors to continue that hundred percent level that's been in place, you know, since the beginning of this program. We believe that's critical to supporting continued manufacturing in the
State of California, particularly in those sectors that were slated for significant reductions, such as food processing, paper manufacturing as well.

We appreciate the -- again, the time that the staff and the Board have put into this. We appreciate the leadership of Assembly Member Garcia as well on AB 398, and working for -- looking forward to working with the Board and staff to implement the additional changes for the post 2020 period.

Thank you.

CHAIR NICHOLS: Thank you.

MR. WEINER: Madam Chair and members of the Board, Peter Weiner on behalf of Crockett Cogeneration.

Congratulations on AB 398 and AB 617. Thank you Assembly Member Garcia.

Crockett Cogeneration is an entity with a legacy contract. We want to thank you very much in the resolution for recognizing that some entities with legacy contracts may have continuing problems, and for directing the executive officer to work to resolve them.

Yeah, we look very -- very much look forward to working with staff and with you, and thank you so much.

MR. BENGTSSON: Chair Nichols, members of the Board, respectfully, y'all. Nathan Bengtsson here on behalf of PG&E. And I respect the staid comments of all
of my colleagues, but, y'all, this is a moment for celebration. This is an historic moment, and we need to recognize that.

PG&E here -- is obviously here to support the historic compromise that was made last week. I can't believe it was just last week. It feels like a lifetime ago. But this is an historic moment. And it was a good compromise; and I know that because we're all a little unhappy.

(Laughter.)

MR. BENGTSSON: But's it still an important moment.

You know, this bill came together and it was rightfully called a unicorn. It's a remarkable and hard-fought compromise, and it reaffirms the unique and beneficial role that cap-and-trade has and plays alongside our other many direct measures.

You know, we've heard many times it's a portfolio approach. Cap-and-trade has a special place among those programs, but it's not the only one.

Additionally, the legislature showed that they clearly heard the voices of those who are not just concerned with climate but also with the air in their backyard and their neighborhood, and they passed AB 617. And we came together and we made a deal on both of these
important policy issues. That's special.

So now, with our paths firmly established on both air quality and climate, it's nice to turn back to this Board, who has stewarded this program for so long and so effectively, and to continue along with cap-and-trade so we can effectively meet our environmental goals while we maintain a vibrant economy here in California.

And with regard to the amendments specifically, they set the stage for an effective post 2020 program. They maintain critical consumer protections while also setting new steeper annual targets to put us on track to meet our ambitious goals environmentally. And they begin the larger conversation about cost containment and market design that we're going to address here when we start taking on the AB 398, you know, rulemaking.

So with that, PG&E sincerely thanks staff for their months and years of work on this. And we look forward to working with you again soon.

Thanks.

CHAIR NICHOLS: Thank you. Thanks for all your help.

MS. PARSONS: Good morning. I'm Cindy Parsons with the Los Angeles Department of Water & Power. LADWP is supportive of the Cap-and-Trade Program. It's an important tool to help the State achieve its long-term
greenhouse gas reduction goals. Extension of the program to 2030 is very helpful to D businesses and utilities with their long-term planning.

LADWP has been in the process of transforming our portfolio of generating the resources to lower carbon. We've made a lot of progress over the past couple of decades.

As of 2016, we achieved a milestone where our 2016 emissions were 42 percent below our 1990 baseline. So we're very proud of that.

And we will continue to make progress in reducing emissions.

We do appreciate the continued allocation of allowances to electric utilities for ratepayer protection and in recognition of the significant investments that we're making to reduce emissions.

This allocation enables LADWP to invest in renewable energy, energy efficiency projects that will assist in meeting the State's environmental goals, while minimizing cost to our customers and protecting our low-income and disadvantaged communities.

Over the next decade we will be making significant additional investments to reduce emissions and modernize our fleet of generating resources.

In addition, we are actively involved in
electrification. And this allocation will help to keep the cost of electricity affordable to assist with electrification. Without electrification, the State may not achieve those long-term goals. So electrification we feel is very important. And so keeping the cost of electricity affordable as a low carbon alternative to conventional fuels we feel is very important.

There was one item in the presentation regarding the requirement in the future rulemaking to require all POUs to consign their allocated allowances to auction. We are concerned about that because we are a vertically integrated utility. Having to consign our allowances to auction will incur unnecessary administrative cost, potentially resulting in cash-flow issues; and it will result in rate increases, which will make electricity not quite as affordable, which could adversely impact the electrification efforts.

So in closing, we're very supportive of this. We appreciate the public process and the dialogue with stakeholders. We look forward to participating in the next round of rulemaking.

Thank you.

MR. HOUSTON: Good morning, Madam Chair and members of the Board. Doug Houston here on behalf of the Rio Tinto Mineral, US Borax, Gerdau Steel, and the
Coalition for Sustainable Cement Manufacturing here in the State. And we are supportive of the staff resolution regarding cap-and-trade implementation.

Further, we wanted to express our appreciation for the staff's exemplary work on the current regulatory construct. And we look forward to working collaboratively with CARB on the new regulatory development that will be necessary to implement the post 2020 Cap-and-Trade Program.

CHAIR NICHOLS: Thank you.

MS. ALI: Chair Nichols and members of the Board, thank you for this opportunity to provide comments. My name is Fariya Ali and I am speaking on behalf of PG&E on the natural gas supplier section of the amendments.

As my colleague Nathan already stated - however I can't pull off saying y'all, so I'm not going to try -- (Laughter.)

MS. ALI: -- but I will reiterate that PG&E supports the cap-and-trade amendments before you today. And we believe that this program is critical to achieving the deep cuts that are needed by 2030.

Specifically in these amendments, PG&E supports the continuation of the grant of allowances to natural gas suppliers for customer protection and transition assistance.
PG&E supports the adoption of Resolution 1721, and appreciates the acknowledgement from staff of the need to protect customers from rising GHG costs, while gradually introducing a price signal across all portions of California's economy, and also acknowledging the rule of a decarbonized natural gas system in meeting our climate goals.

We look forward to continuing to work with all stakeholders to improve upon the foundation laid in these amendments in the forthcoming months.

Thank you very much for your time.

CHAIR NICHOLS: Thank you.

MS. O'BRIEN: Chair Nichols, members of the Board. Rachael O'Brien here with the Agricultural Council of California. Ag Council is a member-supported organization advocating for more than 15,000 farmers across California, ranging from small family-owned farms and businesses to some of the world's best-known brands. Ag Council works tirelessly to keep its members productive and competitive so that agriculture can continue to produce the highest quality food for the entire world.

We do support the Board Resolution 17-8-1 today, and we appreciate staff working to update some product definitions and modifying or creating some product-based benchmarks. These proposed amendments better reflect the
activities performed by food processors, the engineering estimates benchmarks, and allocate emissions to each product more accurately.

Ag Council would also like to express our thanks for the language in the resolution that addresses the needs to minimize leakage of California businesses. We support ARB's efforts to address this concern in the rulemaking process by implementing the requirements of AB 398.

We'd like to thank the Board and Assembly Member Garcia for your leadership, and thank you for the opportunity to comment today.

MS. DeRIVI: Good morning to the Air Resources Board and members of ARB staff. Tanya DeRivi with the Southern California Public Power Authority. We are a conglomeration of 12 locally owned public power utilities that collectively serve 5 million people across Southern California. This includes Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District.

We are here in strong support of adoption of today's Cap-and-Trade Program amendments and we're also in strong support of passage of Assembly Bill 398 as well last week.
We'd also like to take this opportunity now to express our concern as ARB turns to implementation of AB 398 to express our concern about the forced consignment of allowances for publicly owned utilities, and look forward to working with ARB and a surely extensive rulemaking process going forward.

Thank you.

MR. CARR: Good morning, chair Nichols and Board. With my southern heritage I can wish good morning to all, y'all. And thanks for being here.

(Laughter.)

MR. CARR: I'm going to keep this short and simple. Shell appreciates the tremendous efforts by ARB Board and staff in the development of this program. We appreciate the clarity and certainty of the path forward for California's continued global leadership, for reducing greenhouse gas emissions that is provided by AB 398. It's consistent with Shell's support of the Paris Accord and the Under 2 MOU and the support of market-based mechanisms to minimize the impacts to the economy and costs to the consumer.

We, as most stakeholders, would say it's not perfect. Echoing Mary's opening remarks, any outcome that garners such broad support - industry, environment, labor, business, Democrat, Republicans - is truly notable indeed.
and almost always requires some give and take. So I think
that echoes Mr. Bergmann [sic] from PG&E as well.

Bottom line, we look forward to the development
of the upcoming cap-and-trade package consistent with the
legislative direction and supporting staff as helpful
towards this aim.

Thank you.

CHAIR NICHOLS: Thank you.

MR. WYNNE: Chair Nichols and members of the
Board. Thank you for the opportunity to speak this
morning. My name's Justin Wynne, and I'm here on behalf
of the California Municipal Utilities Association.

CMUA strongly supports the adoption of these
amendments to the Cap-and-Trade Program. These amendments
will allow California to achieve its GHG reduction goals
in a cost-effective manner that will protect against
significant rate increases to customers.

CMUA also supported AB 398, and we look forward
to working with ARB staff to implement that bill in an
open and public process.

And then I also just wanted to echo the concerns
that you heard from SCPPA and TID and L.A. and others
about the item in the presentation about requiring
consignment of auction for POUs.

Thank You.
MR. SIAO: Chair Nichols, members of the Board. Thank you for your time this morning. My name is David Siao and I represent Roseville Electric.

For some background, Roseville Electric is our locally owned and operated electric utilities. Our mission has always been to provide our ratepayers and our local citizens with safe, reliable, and affordable electricity. Well, as I like to call it, moving towards a low CARB diet.

We'd like to echo everyone's support for AB 398 and today's scoping plan because they both not only protect but benefit our ratepayers while reducing GHG emissions. And I'd just like to provide some examples of what we do with the proceeds from our directly allocated allowances to benefit our ratepayers and reduce emissions.

We spent about $10 million. And I'd like to start from the smallest amount to the largest amount. We've allocated about $150,000 towards rebates to accelerate the adaptation of electric vehicles, which reduces GHG emissions. We've spent nearly $2 million on energy efficiency retrofits for low-income and multi-family dwellings. So this reaches a segment of the population which normally doesn't benefit from, you know, our discussions and our efforts to reduce GHG emissions.

We've given back our ratepayers nearly 2 and a
half million dollars order to, you know, help use a
transition towards a cleaner and greener economy. And
we've allocated nearly $6 million towards modernizing our
grid, which should enable other technologies such as
electric vehicles and time-of-use rates that will help
further reduce emissions while benefiting our ratepayers.

So, again, thank you for your time and thank you
for your efforts on fighting climate change.

CHAIR NICHOLS: Thank you.

MS. ROBERTS: Good morning, Chair Nichols and
members of the Board. My name is Tiffany Roberts, and I
represent Western States Petroleum Association.

And on behalf of our organization, our members,
we'd like to express our appreciation for all of the hard
work that you on the Board as well as the staff have put
into the development of this. And we'd just like to align
ourselves with the comments of our colleagues on the --
from the business community as well.

We recognize that the Cap-and-Trade Program is
absolutely a fundamental part of California's climate
program. And so again, we appreciate all of the hard work
that went into this. We support the resolution and we
look forward to working with you and staff in its
implementation.

Thank you.
MR. MURPHY: Chair Nichols, members of the Board. Colin Murphy with NextGen California. We appreciate the hard work that you and staff have put into this and we look forward to participating in another couple years of hard work to follow as these programs get developed.

We recognize the compromises that were necessary in order to get this package put through. We'd also like to make sure that we all remember that this is fundamentally an environmental program meant to protect the environment and the problems with the climate change. It's based on some principles that polluters should pay for the pollution they put into the atmosphere. And this is a scientifically-based program.

We'd like to note that ARB staff, in partnership with several independent researchers, have done a lot of great work on several subjects about where certain targets should be set particularly on industrial systems. And we would really like to encourage staff to the greatest extent possible to use the science that ARB staff have done as they set industrial assistance both for the upcoming compliance period as well as for post 2020.

Thank you very much.

MR. ANDERSON: Good morning, Chair, members of the Board, and particularly the San Diego contingent.
Nice to see you.

My name is Craig Anderson. I'm here on behalf of Solar Turbines. We are a San Diego based gas turbine manufacturing facility company, with 4,000 employees in California. And we'll be celebrating our 90th year here in November.

I want to thank staff for really the last 10 years in working with Solar Turbines to understand our business under this program. We know they have a lot of companies to work with, and we've really appreciated both their visits, their time on the phone, the times in meetings; and it's been really critically important for our management to understand how staff has been working with us.

The proposed industry assistance is particularly important for international companies like Solar Turbines. We participate in an international market. All of our competitors are based outside of the U.S. And this will give us time to work with our customers, as we help to -- as we try to manage their expectations for the testing of their products in our facilities in California.

We are committed to doing our part, to lower carbon manufacturing, and we appreciate your consideration.

Thank you.
CHAIR NICHOLS: Thank you.

MR. SMITH: Hi. Good morning, Chair Nichols, members of the Board. Adam Smith, Southern California Edison.

SCE applauds the passage of AB 398 and 617 and continues our strong support for California's climate goals and, specifically, the Cap-and-Trade Program, which we view as an essential part of the State's greenhouse gas reduction efforts.

SCE has proudly supported CARB's program in the legislature and we're here in support of extending the Cap-and-Trade Program today.

Cap-and-trade not only establishes a firm GHG emissions target but also due to its flexibility fosters innovative GHG emission reductions that minimize cost to California consumers and businesses.

Approval of this regulatory package will also protect electricity customers from dramatic bill increases by continuing existing ratepayer cost protections in the Cap-and-Trade Program. The direct allocation to electric utilities for the benefit of our customers has been an integral part of the program since its inception and is now more important than ever.

It's important to note that this consumer protection has benefited all ratepayers. Academic review
from the UCLA's Luskin Center has shown that the existing California climate credit, which the IOUs hand out as a direct on-bill rebate to our customers, has been an effective measure to protect low-income ratepayers, as we transition to a clean energy economy.

And that transition to a clean energy economy is only going to increase in the years ahead. As many of you know, electrification of transportation, buildings, industrial processes is one of the State's key long-term strategies to achieve our climate goals. And allocating electric utilities the allowances necessary to cover our customers' cost burden doesn't just help shield our customers from significant bill impacts; it also helps keep electricity as price competitive as possible. This is increasingly important as we rely on a cleaner electricity mix to fuel more end uses in the California economy.

So to sum up, Southern California Edison thanks CARB Board and staff for all your work on this regulatory update and your efforts to inform the legislative debate. We respectfully request approval of the package before you today.

Thank you.

CHAIR NICHOLS: Thank you.

MS. BERLIN: Good morning, Chairman Nichols,
members of the Board. My name is Susie Berlin and I represent the Northern California Power Agency and MSR public power, whose members are publicly-owned utilities. MSR and NCPA support continuation of the Cap-and-Trade Program and applaud the legislature's recognition of the important role cap-and-trade play in ensuring that the State can meet its ambitious clean energy and climate objectives in the most cost-effective manner.

A significant and very critical element of the Cap-and-Trade Program and the amendments you are asked to approve today is the allocation of allowances to electrical distribution utilities.

This allocation provides direct protections to utility customers of NCPA's and MSR's publicly owned utility members. And the allowance value they receive not only protects the customers from excessive cost increases, rated increases, but it provides revenues for investments directly in the communities that they serve for GHG reducing and clean energy programs. These direct benefits to the customers are an instrumental part of the success of the Cap-and-Trade Program, we believe.

We also appreciate recognition in the draft resolution of the important role that transportation electrification will play in meeting the State's clean
energy objectives and the impact that that will have on
the electrical distribution utilities and look forward to
working on a way to ensure that the utilities are properly
recognized for the role that they will play in this.

And we also appreciate your consideration of the
amendments that would allocate allowances directly to the
utilities, and we ask that you approve them.

Thank you.

CHAIR NICHOLS: Thank you.

MS. HAJIK: Good morning, Chair Nichols and
members of the Board. Lauren Noland-Hajik on behalf of
California Dairies, Inc.; Western Ag Processors
Association; and California Cotton Ginners and Growers
Association.

The agricultural industry was very engaged on the
cap-and-trade discussion that just happened in the
legislature because of our unique nature of being highly
trade exposed and in not being able to pass our costs on
to consumers.

Many in the agricultural industry including the
three organizations that I'm representing today ultimately
supported AB 398. We see that AB 32 and SB 32 set very
high goals for the State of California, and we believe
that AB 398 is the best way in achieving those goals while
also making sure that the agricultural industry can
survive in California.

We support the resolution that's in front of the Board today, specifically the item on page 14 that maintains the current assistance factors from the second compliance period into the third. Maintaining these factors will -- is critical to our food processing industry, as I said, because they cannot pass on any increased cost on to the consumers.

This will ensure that our food processing industry can remain in California and also that our agricultural products continue to have a home in California.

We look forward to the implementation of AB 398 and continuing to work with the Board and staff and with Assembly Member Garcia on this implementation.

Thank you.

CHAIR NICHOLS: Thank you.

MR. TUTT: Good morning, Chair Nichols and members of the Board. Tim Tutt on behalf of the Sacramento Municipal Utility District. We supply the power to this building and to the capitol, and are happy to do so.

(Laughter.)

MR. TUTT: You have --

CHAIR NICHOLS: We're grateful.
MR. TUTT: -- done historic work here in the last month. The passage of the two-thirds cap-and-trade bill cements California's leadership on climate change in the world. And we think that's very important.

We support the adoption of the package in front of you today. It's the first step in implementing that historic agreement in package. And we believe that you should go through with that.

The Cap-and-Trade Program is key to the overall picture in California. It will result in GHG emission reductions at stationary sources and criteria emission reductions as well. In SMUD's case, our GHG emissions were down 9 percent last year from in-basin facilities, and we expect them to be down another 10 or 11 percent this year, and will continue doing that in the future as we transform our -- the utility industry, in part due to the Cap-and-Trade Program.

So we look forward to continued steps in implementation of AB 398 and 617 and a robust open process that we've enjoyed in the past. And I urge you to adopt the package in front of you today.

Thank you.

CHAIR NICHOLS: Thank you.

MR. LARREA: Good morning, Madam Chair, members.

John Larrea with the California League of Food Producers.
We changed our name in June, from processors to producers.

First of all, I'd like to offer thanks to both the Board and the staff and the stakeholders that worked so hard to make sure that we got these types of amendments moving forward.

But we also owe a debt of gratitude to a lot of the members over there at the legislature, not only Assemblyman Garcia for carrying the bill, but also those legislators who stood up and actually supplied those necessary votes in the face of a lot of opposition in order to be able to protect those companies that are most vulnerable down in our areas.

We have 21 members who are subject to the cap-and-trade. Most of those are located in disadvantaged communities. We needed this protection, as we were going to lose significant amount of allowances in the third compliance period. So we are all in favor of these amendments, not only extending the cap-and-trade to 2030 but also the amendments that will change the third compliance period and save us in that area.

However, the food processors are also very much aware that this is not the end of the fight. This is the battle to make sure that we meet our compliance obligations and meet our environmental goals as they're going to continue. And in that essence you've heard us
talk before about the idea of new technology investments, as well as incentive reforms. Food processors are going to be facing a very difficult task in being able to meet these compliance obligations as we move forward. And we would like the Board to lend its strength and its ability to push through these types of things to see that there's more investment in new technologies.

We are not just depending on you. The League itself is engaged in a new technology study itself to determine exactly where the status is for the types of technologies that we employ in our processing.

Also incentive program reform. You heard me talk about this before. We really need to bring this together so it serves one purpose. And the incentive reforms in both the PUC as well as the Energy Commission, and maybe even having some types of incentives be able to come out of the ARB would be wonderful in terms of our ability to be able to employ these new technologies and to move forward as we attempt to reach these goals.

Thank you very much.

CHAIR NICHOLS: Thank you.

MS. SUTTER: Good morning. I'm Katelyn Roedner Sutter with the Environmental Defense Fund. First, thank you for the opportunity to provide comments this morning. I want to thank all of the ARB staff for their
hard work on the regulatory package that's before you today. EDF has participated in many workshops and provided comments throughout the almost two-year process to develop this regulatory update. We support the Board moving forward with and passing this set of amendments to the Cap-and-Trade Regulation.

This package includes important policy updates that are necessary for the third cap-and-trade compliance period starting in 2018 and made updates necessary to link with Ontario, which EDF also supports.

Passing this package will also preserve the hard work the staff and the Board have done to design a post 2020 program and provide an important regulatory signal to polluters. We look forward to engaging with staff and the Board during the next regulatory phase, which will be needed to implement the direction provided in AB 398 to further strengthen the post 2020 program.

As we do so, we hope the Board and staff will consider all options for maintaining a stringent cap that will ensure California is able to reach the ambitious climate goals set into law. These include setting a price ceiling that is sufficiently high to ensure the environmental integrity of the program.

So thank you very much for your work and your time this morning.
CHAIR NICHOLS: Thank you.

MS. HOLMES-GEN: Chair Nichols and members.

Bonnie Holmes-Gen with the American Lung Association in California.

And the American Lung Association is here in support of the cap-and-trade proposal here before you today, with the improvements that will be included in compliance with AB 398 and AB 617. And we were strong supporters of that legislative package and wanted to express our appreciation to Assemblyman Garcia and to Assembly Member Cristina Garcia for their leadership in developing this package that both extends the program and adds new requirements for local air pollution monitoring, community action plans, enhanced enforcement, and facility upgrades, as we believe these are meaningful and important improvements, and we look forward to the implementation plan that's going to be developed soon.

Clearly, local air pollution and climate action must be tackled together, and we believe this package will bring the tools that we need to ensure this happens.

Climate change of course is one of the most important health issues. That's why the Lung Association is so engaged in this overall effort. We view the Cap-and-Trade Program as a key component of our overall strategy. We continue to want to remind everybody of our
strong support for the overall package; that includes a
strong regulatory component of course in addition to the
market component. This program continues our national and
global leadership. We appreciate the hard work, and we
look forward to working together with you on the next
steps.

MS. MMAGU: Good morning, members of the Board.
Amy Mmagu on behalf of the California Chamber of Commerce.
We want to think all of you for your hard work that's gone
into these cap-and-trade amendments as well as all of the
efforts that you've put forward through the legislature,
passing AB 398. We are strong supporters of the
Cap-and-Trade Program and we always have been.

We do appreciate the fact that there is a
resolution here acknowledging the difficulty that it will
be for industry to meet the goals moving forward in
achieving our 2030 climate goals, which are some of the
most difficult in the world right now. And so we
appreciate the acknowledgments that industries need
assistance to be able to comply and that they need -- we
want them to stay here in the State of California and be
some of the cleanest and greenest that there are.

So we appreciate all of the efforts and we look
forward to working with you in the future.

Thank you.
CHAIR NICHOLS: Thank you.

MS. DAIJOGO: Good morning, Chair Nichols, Board members. Kendra Daijogo with The Gualco Group on behalf of the California Council for Environmental and Economic Balance.

I would like to acknowledge the tremendous effort of you and your staff, the collaborative effort with the Governor's office, legislative leaders, and key legislative leaders on climate change issues.

CCEEB continues to strongly support California's Cap-and-Trade Program. We're committed to ensuring the success of the program. Earlier this week, the Governor signed AB 398 into law. That was supported by our membership. We look forward to diving into the details of the post 2020 program to implement the negotiated compromise of the authorizing legislation.

It's important that we make this work for all Californians. And there are critical protections for both the environment and the economy in the Cap-and-Trade Program. There are details that must be worked through publicly. And we will be here as a collaborative partner to ensure the successful implementation and continued success of the program.

Thank you.

CHAIR NICHOLS: Thank you.
MS. PERCYNSKI: Good morning, everybody. Beth Percynski with Procter & Gamble. Like so many people have said before me, thank you for all the work that you have done and put into this program and that you're going to be putting into the program going forward.

I'm here today to let you know that we did support AB 398. And I'm here today in strong support of the proposed amendments especially on behalf of our Sacramento and Oxnard plants, who are both at risk for high leakage.

So, again, we are in strong support. Thank you.

CHAIR NICHOLS: Thanks. I think you're our last witness.

MR. TRISTAO: Good morning, Madam Chair and members of the Board. I'm Dennis Tristao and I'm the environmental affairs officer for the JG Boswell Tomato Company. We are a covered entity. We have two covered entities in this program.

I'm here to echo and support the comments made by Lauren Hajik and John Larrea. And I'm also here to personally thank the staff for the work and efforts that went into addressing our concerns as a processing facility providing jobs and meeting these regulations. It is greatly appreciated. Thank you.
As we move forward, we are in support of AB 398. We worked with our associations and with staff. The area that I wanted to emphasize is one that John Larrea touched on, which is the incentive funding and the need for advanced technology. In our case in the food processing industry, there are no new black boxes that we can look to to increase our efficiency much more than where we're at now. We respect the role of the Air Resources Board as being a leader in technology-forcing regulations, and now we're here to ask to have a greater role in the partnership for developing new and innovative technologies for use by our industry, where we can be a leader within the State, within the nation, and within the world.

I want to thank you.

And that's the last set of comments, I believe.

(Laughter.)

CHAIR NICHOLS: Thank you very much. That concludes the list of witnesses that we have before us. And so I will close the record for the hearing.

We're actually a little bit ahead of schedule, which is quite remarkable. And although we have a lot of work ahead of us today, I think it would be a good idea to take a brief break. So I'm going to suggest that we take
a 10-minute break if we possibly can keep it to that --
well, make it a couple minutes -- maybe return at 5
minutes of 11 to start again.

Thanks, everybody.

(Off record: 10:42 a.m.)

(Thereupon a recess was taken.)

(On record: 10:56 a.m.)

CHAIR NICHOLS: I like the way these trains are
running on time.

I'm learning.

All right. It's time to bring this back for
discussion. Members of the audience, if you could either
sit down or take your conversations outside, be much
appreciated.

Now the Board gets a chance to have some
discussion.

So we have in front of us a resolution and a
recommendation from the staff that we adopt it. But I
imagine that we have Board members who may want to make
some comments or ask some questions. So I'll start down
on this end and just see if anybody has anything they want
to raise at this point.

Seeing none, I'll go this way.

Yes. Senator Florez.

BOARD MEMBER FLOREZ: Yeah, thank you.
Madam Chair, I just wanted to -- during the presentation, the PowerPoint, I think the Chair asked the question right before we heard the other testimony on the interplay between the recently passed cap-and-trade bill and what we're actually approving today. And I just wanted to -- so what we're doing today is in essence up to this certain point and then we do our normal regulatory process --

CHAIR NICHOLS: Right.

BOARD MEMBER FLOREZ: -- for that part going up to 2030?

CHAIR NICHOLS: Correct, because in order to run a program which has quarterly auctions associated with it, we are going to have to phase in the next stage.

BOARD MEMBER FLOREZ: Okay, Thank you.

CHAIR NICHOLS: Okay. Ms. Takvorian.

BOARD MEMBER TAKVORIAN: Thank you.

I think -- thank you, Chair Nichols. I think you characterized it pretty correctly, that there's pretty strong opinions about all of this, and I think we've probably heard all of them many times over the last few weeks. So I appreciate that you started with that.

But regardless of the differences, I think that the documents before the Board for approval include a commitment to understanding and advancing environmental
justice concerns, including protecting disadvantaged and impacted communities both from the effects of GHGs but also toxic and criteria pollutants as required by the laws. And AB 197 also enhanced the commitment, and we look forward to its full incorporation in the scoping plan and the regulations.

I wanted to propose an amendment - and I would really like to hear everyone's thoughts about it - that would be included; and it would read: "Be it further resolved that the Board directs the Executive Officer to assess the impacts of the California Cap-and-Trade Program on disadvantaged communities. And annual reports will be presented to the Board to include information on direct, indirect, and cumulative impact -- emission impacts measures by local air districts and others to prevent increases in emissions of toxic air contaminants or criteria pollutants. Said report should include findings from the adaptive management and other studies such as those conducted by the Office of Environmental Health Hazard Assessment."

And I sent that to the Clerk of the Board if we wanted to have copies of that.

CHAIR NICHOLS: Okay. So we have actual language proposed here as an amendment to the resolution. My question is -- well, I really have a question
about process as opposed to the substance, although I have a substance issue too. But just on process, can we make any changes to the resolution in the "be it resolved" category without triggering a whole new round of circulation delay, et cetera?

ASSISTANT CHIEF COUNSEL HULTS: We're conferring. But I believe if the Board is in agreement on the language with the resolution, that it could -- you could adopt an amendment as long as it doesn't affect the amendments that are going before the Board's consideration.

CHAIR NICHOLS: Okay. So then there's nothing in this that affects any of the items that have been discussed.

Okay. So on process, we're okay to talk about it.

On the substance of what is in the proposal, there was some conversation going on at the back of the dais, not by a quorum of the Board but by various people. So my question about this is why there would be another report called for in addition to the report - if it is another report - that is already directed by AB 197, which I presume will be -- it's actually I'm the one who is required to give the report. So presumably that means that the staff will be the ones who are preparing the report if that same report includes these items. So I
guess the question is, A, do you really want another
report or do you just want the items that you're
mentioning here covered?

BOARD MEMBER TAKVORIAN: I think -- thank you for
the clarification. I think it's -- I'm not proposing
another report if we don't need that. I want to
underscore the importance of the originating legislation,
AB 32, and now SB 32 and AB 197, and have that referenced
in the resolution that the Board's adopting today. So if
that's an inclusive report - and I hope it would be,
because you really want something that's comprehensive
and -- so I would hope that it could be included and that
it would save time and energy and would be something that
would be integrated.

So thanks for the clarification.

CHAIR NICHOLS: Okay. So then in terms of the
items that are listed here in your proposed amendments,
they are information on direct, indirect, and cumulative
emissions impacts, measures taken by local air districts
and others to prevent increases of toxics or criteria,
findings from the adaptive management plan and other
studies such as those conducted by the Office of
Environmental Health Hazard Assessment.

Do you, staff, have any concerns or questions
about including those elements in the annual report that
you're going to be preparing?

EXECUTIVE OFFICER COREY: Chairman Nichols, I would point out that your annual report to the Joint Committee on Climate Policy, that is co-chaired by Assembly Member Garcia, is broader than cap-and-trade. It's actually --

CHAIR NICHOLS: Oh, yes. It's on the whole program.

EXECUTIVE OFFICER COREY: So this doesn't capture that point. So that's one point that I would make. And the other point I --

CHAIR NICHOLS: But it would include cap-and-trade.

EXECUTIVE OFFICER COREY: Yes. And there is some terminology here, there's some understanding, there's some flexibility with some of the terms in here, were interpreted differently by different people, what "direct," "indirect," and some of these terms mean. But having an annual report that you already directed to give, and providing an assessment of the overall implementation of the climate program, including cap-and-trade as well as the other major programs and measures, what we're seeing in terms of GHGs, what we're seeing in terms of other pollutants, and I suspect we'd probably -- we also want to make reference to the progress that is made on AB 617 as
part of that report, because it's really important, as well as our collaboration with districts. That would be my characterization of a comprehensive report -- annual report to the legislature as part of the directive under AB 197. As I just described, I think that's captured.

CHAIR NICHOLS: Right.

Okay. So then my question to the Board member would be, are you comfortable with that explanation or description of how the staff would interpret this, or should we do some wordsmithing here to make sure?

Sorry. Mr. Gioia.

BOARD MEMBER GIOIA: I wanted to add something. I think there's also some real value in an additional phrase that's here, which is -- because I'm not sure if it's in the current report -- which is to identify the measures taken by local air districts and others to prevent increases in emissions of toxic air contaminants or criteria pollutants. Because one of the things in this whole I think discussion and debate has been, you know, what's happening at the local air district level with regard to reducing criteria pollutants and toxics, which right our area specifically within the authority of local air districts. I think that is really important information to identify in these reports.

Sometimes -- I know there are many who understand
the actions taken by local air districts. Others who sort
of believe that it's CARB that sort of is responsible for
that. So I think it's important and I'm not sure that
that information is identified under the existing reports
under existing law.

Can you sort of educate me on that. Because this
is an additional element that I think is important to
understand as part of the report. So not only what's
happening with cap-and-trade and what CARB's doing, but
what's happening at the local air district level with
regard to their regulations on again limiting criteria and
toxics.

Do you see the question I'm asking, Richard?

EXECUTIVE OFFICER COREY: I do understand it, and
I in part responded to it. And I think the reference to
AB 617 clearly had the element of focus on getting
additional reductions of criteria and toxic pollutants,
particularly at the community level, and reporting on
what's happening. Because a key element of that isn't
just the State actions; it's what's happening at the local
level.

BOARD MEMBER GIOIA: Right, right.

EXECUTIVE OFFICER COREY: And folding progress on
that would be important.

CHAIR NICHOLS: So can I just sort of piggyback
What is your plan for bringing forward to the board your plans for implementing 617 in terms of all of those elements that were included?

EXECUTIVE OFFICER COREY: And we're having the conversation about the scope of this -- of this bill, which is massive, to your question, and have already been doing planning even as it was going through the process, recognizing that this presents a tremendous opportunity. Our plan is -- my plan is to report back to the Board the September-October time frame and lay out what our overall strategy is going to be moving forward.

And I that will include the process for the developing the monitoring guidelines, and that's due October 2018, the reduction plans.

CHAIR NICHOLS: Well, I think -- what I'm struggling with is -- and I recognize this is the first Board meeting that we've had since the passage of the two critical bills that we're talking about. And so I can well understand the -- especially coming from a Board member who's responsibilities include representation of environmental justice communities, why she would be wanting to get these thoughts onto the record and into the program.

I'm having a problem with defining the scope of
this when we haven't yet begun to really implement the new legislation, which is going to start happening very, very soon, and which does require clearly some major new effort on the part of the staff, including the element that Supervisor Gioia was just referring to. And so, you know, it's really I think up to the Board on this since we can do whatever we want. But my preference would be to table this for this particular item, which it's only kind of tangentially related to, and incorporate it into the rulemaking that's going to be coming forward in the next couple months, September to be -- at least for the first report.

I don't know if others feel the same way.

Yes. Sorry.

BOARD MEMBER FLOREZ: Thank you.

So what I hear you saying, Madam Chair, is we're going to table your recommendation to table the language, but we clearly are not going to dismiss the topic --

CHAIR NICHOLS: No, no, no, not at all.

CHAIR NICHOLS: -- the concept of what Mr. Corey has to report per 197. And I think my colleague is correct in that the goal is to try to incorporate as much of EJ in this as possible.

But I will say something maybe in the middle or divert a bit — we were just having a side bar about
this -- I want to make sure from staff that everything that we do in even these reports to the legislature does not divert from what we have to do under, and should do, under 617. So in other words we're already understaffed as we start this process, period. 617 is a lot of money to really make it work the way the legislature and the Governor expect it to work.

    Not just the fact that we don't have the money, but also discounting the fact that we need your full attention to this, is this going to take away time from the most important thing that we have to do at least from my perspective and, that is, to get this implementation, these reports that the Chair just mentioned done and started? We have a year. This is not a five-year scoping plan. This is an immediate rocketship into space, and we've got to start immediately.

    I just don't want to divert any attention whatsoever for any study that is going to get in the way of what we're doing from an action perspective. So I would just like to hear from staff your perspective on that.

    EXECUTIVE OFFICER COREY: Yeah, the sensitivity by me, and the Chair spoke with this and clarified that we were not talking at least in the direction a new study. That would have concerned me, because of, one, the OEHHA
work, the reports that we were already required to do in terms of the policy, the annual reports of policy committee.

To your question about 617, it is ambitious. It's incredibly ambitious, and the commitment on this team. And really all the stakeholders is they're -- we're going to deliver on this. We've been clear in terms of, is it going take support? It absolutely is. And during the legislative deliberations on 398 and 617, that was acknowledged across the board — Administration, Senate, and Assembly — with those discussions went to continue when the legislature reconvenes. So we're organizing already, pointing our team together and getting ready to move forward with a full expectation we're going to get the support we need to deliver on this thing.

CHAIR NICHOLS: And trying to not look too enthusiastic.

(Laughter.)

CHAIR NICHOLS: I mean, I think the staff is pretty excited about the opportunity that's involved here.

BOARD MEMBER FLOREZ: Just to close the comments. I want to make sure as long as we're clear in concept, I'm okay with -- in the essence of maybe not including this within this resolution, if it's somehow slowing the process down. However, I would like to -- and I think I
just want to --

CHAIR NICHOLS: You want the intent to be clear.

Ms. Takvorian.

Oh, wait. I'm sorry. Diane had her hand up first I think.

BOARD MEMBER TAKVORIAN: I would just say that I thought to the degree that Mr. Corey actually clarified, which I really appreciated, and Mr. Gioia's clarification, was that this doesn't necessarily add additional work. It may add some, but that it's important. And that also that it's a placeholder in a way because we're going to be redoing these regulations coming back by the beginning of next year. So we're already going forward with items that will have to be amended given the new legislation. So it seems like having this as a placeholder and then refining it as we go forward with the new regulations would make some sense. And it's certainly not my intent to add a burden to staff. But I know that there's a commitment to actually assessing these impacts, and it would be good to have that articulated. And unless I missed it, it's not really in the resolution.

So if it could go forward without being a burden, that would be -- I think that would be best.

CHAIR NICHOLS: Mr. Gioia.

BOARD MEMBER GIOIA: Can you be clear so I
understand, where in the process and which report will sort of local air district actions regarding criteria and toxic regulations be included? So when there are actions at local air districts to reduce toxics and criteria, where will the sort of measurement of any emission reductions be reported as part of this statewide process?

EXECUTIVE OFFICER COREY: I think the key home for that is the progress reports on the implementation of AB 617. 617's focused on criteria and toxics, and it establishes direction in terms of enhanced monitoring and direction in terms of reduction plans. That's the proper place, those reports and status, in terms of local action because it clearly requires a handshake between the State and local districts in terms of implementation of measures and incentives to get further reductions.

BOARD MEMBER GIOIA: Would that include actions taken by local air districts, including current actions, that may not be done specifically under the authority of AB 617? Because, as you know, there's a lot of work happening at local - at least I'll speak for the Bay Area - work on regulations recent propo -- as well as under consideration that would reduce toxics and criteria. And they're not under -- that's not actions under AB 617. It's actions we've taken separate and apart from that. Do we capture those emission reductions? It seems that it's
important to capture all emission reductions, not just those that may be pursuant to an AB 617 program.

EXECUTIVE OFFICER COREY: Yeah, that makes sense to me as well, particularly in the toxics criteria are going to be -- many are going to be embedded in the AQMPs and the SIPs. But in terms of the range of toxic measures, even that are outside --

BOARD MEMBER GIOIA: Okay. Good.

EXECUTIVE OFFICER COREY: -- necessarily the community, we'll work with CAPCOA. We have not had this discussion, but we will, and we'll --

BOARD MEMBER GIOIA: Right. That's helpful. I think that -- that's responsive. I think that's important to understand that, because I think that's what communities and policymakers are looking to understand is, you know, the interplay between these local actions and the State actions. Yeah.

Thanks.

CHAIR NICHOLS: Okay. I think we need to bring this to a decision point, because we've been having an informal discussion up until now. I would like a motion and a second to put Resolution 17-21 in front of us officially.

BOARD MEMBER SERNA: So moved.

BOARD MEMBER ROBERTS: I'll second.
CHAIR NICHOLS: Motion and second.

Okay. Now, Ms. Takvorian, do you wish to present your amendment in a formal way or do you want to just be satisfied with the discussion as it is? It's up to you.

BOARD MEMBER TAKVORIAN: Yeah, I'd like to ask the maker if we could incorporate this amendment to the resolution that's before you.

BOARD MEMBER SERNA: Is that to me?

CHAIR NICHOLS: Yeah, I think we need a vote on the amendment.

BOARD MEMBER SERNA: I have a -- I know this horse is quickly getting a little beaten up here. But I do have a question for staff about the proposed language, and it's relative to CEQA. I'm looking at the nature of the verbiage there, and I guess I'm looking to counsel on this. Does the way that this resolve -- the way it's been drafted with the reference to impacts, cumulative impacts and findings, does that have any -- does it set up any implication in the future for new angles on CEQA analysis, perhaps even opening up vulnerabilities on CEQA challenge?

ASSISTANT CHIEF COUNSEL HULTS: So the report that is laid out or suggested to be added to the resolution would not be a project for CEQA progress in its own right. We separately conduct a CEQA analysis covering many of these issues as part of any cap-and-trade
regulatory amendments. So I do not immediate see this imposing additional requirements with respect to CEQA.

It would provide an additional source of information and additional requirements for staff in preparing that report.

BOARD MEMBER SERNA: Okay. So that -- so that last statement you just made, that is the response to Member Florez' concern that I think I heard correctly, that he would like to -- he's interested in moving forward as long as we don't tax to a high extent staff time and energy; is that correct?

BOARD MEMBER FLOREZ: (Nods head.)

CHAIR NICHOLS: I think -- if I may interject. I think we're all looking for a way to make the advocates who don't like the Cap-and-Trade Program to begin with feel a little bit better. And, frankly, I would be in favor of it if it didn't add additional burden in a way that would be counterproductive in terms of getting the work done. So that's really what I think they're trying to --

BOARD MEMBER SERNA: That's my concern too.

CHAIR NICHOLS: -- understand here. And this isn't a -- this is in a sense sending a signal. And if that's what it is, then I think we'd be in favor sending. I can speak for most of us at least in that regard. But
if it adds some new substantive ways in which things can
go off the rails or, you know, suck up more time and
ergy on things that aren't actually going to be
productive, then we don't want to do it.

So I'd appreciate it if staff could give this a
little bit of thought. And maybe we could wait for a
moment while you formulate your thoughts. Then we can
react.

Yes, while we're waiting here.

BOARD MEMBER MITCHELL: Well, I think the intent
of the proposed amendment is worthy. It does seem to me
that the amendment is pretty duplicative of what is
already required in 617. The Ledge Counsel's Digest says
that this bill requires the State Board to develop a
uniform statewide system of annual reporting of emissions
of criteria air pollutants and toxic air contaminants for
use by certain categories of stationary sources. And the
bill, that's an annual report that is required under 617.

So it seems to me like, I mean, while the
amendment would simply sort of duplicate what is already
required, in that sense it doesn't require more work

CHAIR NICHOLS: Yes

BOARD MEMBER MITCHELL: So it may be sending a
message that, you know, this is an important aspect. So
in a way it's the good of -- but relatively benign. So
that's kind of what my thinking is on it.

CHIEF COUNSEL PETER: So just to -- Mr. Corey's writing this up. But to kind of summarize, I agree, there's -- no CEQA is needed for, you know, for this report. We're not taking any -- it's not a project as David Hults indicated. What we're clarifying right now here is that it's not a new report to fit in with what other people said. We're going to specifically reference AB 617 to say it is part of that. So we will have a framework that we're putting in to pick up those additional elements. And also recognizing though that this is a -- it's going to be a work in progress for the air districts. So to the extent the information is available, it will be in the report.

So the first report is necessarily going to be narrower than the next annual report just because the air districts are going to be, you know, collecting the information, doing their emissions reduction.

So I think what we -- what the suggestion is going to be is to refer to -- as part of the AB 617 report, and then go on and say to the extent the information is available. And I will assure you that we're going to make sure, you know, that the air districts know what they need to provide to us, because I think that's also, you know, important that we get that timely
information.

So with that caveat, that the first year is going
to obviously be more restrictive than the subsequent
years, and that's what -- why I'm chatting, they're
writing, I believe.

(Laughter.)

CHIEF COUNSEL PETER: We should probably have him
chatting and me writing, but we didn't do it that way.

(Laughter.)

BOARD MEMBER SERNA: As the maker of the motion,
I'm eager to hear the amendment to the amendment.

(Laughter.)

EXECUTIVE OFFICER COREY: Okay. Let's give this
a try.

All right. I'm going to read to you. "Be it
further resolved that the Board directs the Executive
Officer to assess the impacts of the climate change
program on disadvantaged communities as required by AB 197
and AB 32 and SB 32. As part of the annual report,
through the Joint Policy -- the Joint Legislative Policy
Committee on Climate Change, the Board will present
information to the extent it is available on direct,
indirect, and cumulative emission impacts measures taken
by local districts and others to prevent increases in
emissions of toxic air contaminants and criteria
pollutants. And said report should include findings from adaptive management plan and other studies such as those conducted by the Office of Environmental Health Hazard Assessment."

BOARD MEMBER SERNA: I see a thumbs up by the maker of the amendment.

So, Madam Chair, knowing that, as the maker the motion, I'd certainly accept the amended from the amendment.

CHAIR NICHOLS: All right. Without any objection, then let's go ahead with that --

BOARD MEMBER MITCHELL: (Nods head.)

CHAIR NICHOLS: -- language included.

And I can then call for a vote on the underlying resolution. So I don't think we need a voice vote on this -- I mean we need a by-person vote. Let's just see if we can't get there.

All in favor please say aye?

(Ayes.)

CHAIR NICHOLS: Any opposed?

Any abstentions?

All right. It's done. Thank you all very much.

And we have one item I think that's short that we could do before our lunch break. There have been a lot of questions about when the Volkswagen item is going to come
up. I think we will stay that we'll start it at 1:00 o'clock. And so we'll do the Clean Power Plan, which will be short, then take a lunch break, and come back at 1:00 o'clock.

But for the moment, we're going to do the -- we'll do the Clean Power Plan.

Thanks, everybody, very much.

Is this the crew for the Clean Power Plan?

All right. We are ready now to move on to our next item, which is a vote on an item that we've already heard once, which is California's proposed compliance plan for the federal Clean Power Plan. And as folks will remember, this is a plan which the federal government doesn't really want to receive, but we want to send it to them anyway --

(Laughter.)

CHAIR NICHOLS: -- because we've done the work and we think that the regulation that it was developed under was a good regulation, and one that we supported. But also this isn't just an empty gesture, it is also intended to indicate to the world at large that that -- that the reductions that were called for in that plan can be accomplished and we have a way of doing it. And so with that, I think I'll ask Mr. Corey to do the staff report.
EXECUTIVE OFFICER COREY: All right. Thanks, Chair. The plan staff has developed demonstrates how California's programs can support our State goals while also integrating with the federal climate program. California will continue to defend the effort to better ensure that the federal Clean Power Plan and California's programs are mutually supportive.

And it's also important to show how action on climate mitigation can benefit the States and make them well positioned to comply with future federal climate action. For example, both Oregon and Washington are moving forward with climate action. Oregon is actually -- or rather actively discussing a potential Cap-and-Trade Program that may link with us in the future.

Our compliance plan explicitly demonstrates how a cap-and-trade system could be utilized for Clean Power Plan compliance purposes.

And further, California, along with other western states that implement climate action, are reshaping the western grid through policies that require clean power. The development of this plan maintains that momentum and provides a roadmap for others as we move forward with our post-2020 programs.

ARB is building on a strong emissions reduction structure to collaborate with those other states. And
with that, I'll ask Chris Gallenstein of the Industrial Strategies Division to give the staff presentation.

Chris.

(Thereupon an overhead presentation was Presented as follows.)

STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:

Thank you, Mr. Corey -- let me try this. I didn't want to go too close of the last one.

Good morning, Mr. Corey --

CHAIR NICHOLS: I know. There's just a perfect sport somewhere in there.

(Laughter.)

STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: Good morning, Chair Nichols and members of the Board. Today's presentation will cover California's Clean Power Plan Compliance Plan. The Clean Power Plan, or CPP, was one of the Obama administration's major climate policy priorities.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: It remains central to the progress on national emission reductions for the power sector, and has long been a policy priority for California. It requires GHG emission reductions from power plants, and states are charged with developing compliance plans to achieve these limits. As
you may know, the CPP has faced litigation, and the
current Presidential administration has indicated that it
may propose to revise or rescind it.

California, including ARB and the Attorney
General's office, are working to defend the CPP and ensure
U.S. EPA fulfills its obligation to reduce emissions from
this sector. Accordingly, the CPP remains the law of the
land and we are committed to moving forward, including by
demonstrating that California can comply with the law.

We are also moving forward because CPP compliance
is an important part of our overall post-2020 climate
policy. You've already heard presentations on amendments
to the mandatory reporting regulation last month. And
today, the Cap-and-Trade Regulation to serve that purpose.
This presentation explains how those programs help support
the federal program as well.

I will begin with an overview of the CPP,
including its current implementation status. Then I will
describe the California compliance plan up for
consideration today, and the amendments to the mandatory
reporting and amendments to the Cap-and-Trade Regulations
that are designed to support the plan.

Of course, these efforts are only part of the
State's larger progress towards further reducing power
sector emissions. And those efforts will continue, and
continue to set examples for national policy.

I'll wrap-up by describing some of those efforts for decarbonizing the electricity sector in California.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:

Because this is the second of two hearings on this item, I will brief on the description and overview of the CPP. The CPP is a federal Clean Air Act rule issued under section 111(d) of the Act. That section charges U.S. EPA with developing the emission reduction guidelines for industrial source categories for greenhouse gases among other pollutants. The guidelines were effective December 22nd, 2015.

Under the guidelines, States are charged with developing federally enforceable compliance plans for sources under their jurisdiction to meet federal emission targets or may accept a federal plan to do so.

In the CPP, U.S. EPA calculated the degree of emission reductions that could be achieved from existing power plants because of improvements to plant efficiency, movement towards cleaner fuels, and increased use of renewable energy.

To assess these reductions, U.S. EPA reviewed the successful programs operating in the States across the country, including California, and developed conservative
emission reduction estimates for each State's power fleet. Compliance is set to begin in 2022 and reach final target levels by 2030.

With full compliance, U.S. EPA anticipates a 32 percent reduction in CO2 emissions from 2005 levels by 2030. I will discuss the nuances of these dates in a minute.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: U.S. EPA offered several possible State plan designs to demonstrate compliance with the mandated reductions, specifically, U.S. EPA allowed States to use existing programs, called "State Measures" to achieve these reductions.

In particular, U.S. EPA endorsed the use of economy-wide emission trading programs for CPP compliance. In that situation, requirements that apply specifically to affected EGUs become federally enforceable, but the State programs otherwise generally operate as usual. U.S. EPA does not -- EPA does require an additional set back-stop programs that kick in if federal targets are exceeded to restore emissions to target levels.

State plans are submitted to U.S. EPA much like State implementation plans, for ozone and other pollutants and become effective upon approval. At the moment, during
litigation, program submission dates are stayed. Though the rule is stayed, California has and continues to fight for the roll-out of this effective important program, including State flexibility measures that we advocated for during its inception. This is a critical step in seeing sensible green energy policies move into this sector, the power sector, nationwide.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: As you are aware, the Clean Power Plan is under legal attack. We believe this should not deter California from being compliance ready. I will now briefly discuss some of the challenges facing implementation of California and a U.S. wide roll-out of the CPP.

Some power companies and some states challenged the CPP shortly after it was finalized. California, many other states, and many progressive utilities and power companies intervened to defend the rule and related new source emission limits. The U.S. Supreme Court in a narrow ruling, stayed implementation pending litigation. The full D.C. Circuit Court of Appeals heard the CPP case last fall.

For now, the case is on hold as U.S. EPA considers what to do next. Meanwhile, in March of this year, President Trump issued an Executive Order which
directs EPA to review, and, if appropriate, initiate reconsideration proceedings to suspend, revise, or rescind the rule.

On April 4th, 2017, U.S. EPA announced it is reviewing the CPP, and, if appropriate, will as soon as practicable and consistent with law, initiate proceedings to suspend, revise, or rescind this rule.

California is ready to continue to defend the CPP and its goals in all of these venues. Meanwhile, the CPP again remains the law of the land. If the Board approves our CPP compliance plan, we will move forward to submit the plan to U.S. EPA in part as a demonstration that compliance with the CPP is very possible and appropriate for other states to pursue.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: In California, we are very well placed to comply with the CPP. Thanks to our effective energy efficiency and renewable energy programs, and our successful emission control efforts, California is one of the cleanest power sectors in the country. Although, there is much work to do to continue to reduce electricity emissions, we are on track to be well below federal targets and will remain that way.

In addition, State policies, including our
rigorous 2030 emission reduction targets, are what drives further reductions, not the federal program. But note, the federal program reductions are needed throughout the U.S.

Accordingly, staff focused on integrating CPP compliance with a suite of amendments we are exploring for post-2020 programs. We developed a compliance plan that integrates with the mandatory reporting regulation and the Cap-and-Trade Regulation, and which work respectively to measure and reduce emissions across the economy, including the power sector. The post-2020 amendments also support CPP compliance as part of the unified program.

This is the third time the Board has heard about the CPP reflecting our extensive public process. We first updated the Board on the CPP in November 2015, and returned for a first hearing on this compliance plan in September 2016. We've also held several public workshops, taken public comment formally, and incorporated discussions of the CP[sic] into an ongoing public conversation around the scoping plan and Cap-and-Trade Program amendments, including presentations to the Environmental Justice Advisory Committee, and other advisory bodies, air districts, electricity sector balancing authorities and stakeholders.

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Pursuant to the federal definition of affected units, we worked with air districts, plant owners and operators, and U.S. EPA to ensure we had an accurate and complete list of affected units.

This effort resulted in identifying 249 affected EGUs being subject to the regulation in California. These EGUs are concentrated in the South Coast, San Joaquin, and Bay Area districts, but are present throughout the State. As federal targets, slated for the 2022 to 2029 interim period and a final period beginning in 2030 are based upon list of affected units, staff also calculated the mass emission limit federal target.

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Those emission limits are described in this table. They are divided by compliance period, starting with the "bridge" compliance period connecting the existing Cap-and-Trade Program to the CPP's compliance periods in 2022. For each compliance period, we calculated and illustrative "glide path" target describing the emissions we expect in a given year, and legally binding target for the compliance period as a whole.

We also calculated a back-stop trigger target - the figure 10 percent above the federal target at which a
back-stop program would kick in to restore EGU emissions to the federally required levels.

It is important to note, as I will discuss in more detail in a moment, that all of these targets are well above California's EGU emissions today, and will remain well above them as we -- with the emissions we project.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: To show that California programs will deliver compliance with these targets, we worked with the -- we worked with an interagency modeling team, including the CEC and the CPUC. I want to take this opportunity to thank the CEC and the CPUC staff for their hard work which is invaluable in developing the compliance plan.

The modeling was conducted based on the Integrated Energy Policy Report, the CEC's extensively publicly vetted energy forecast, and used the CEC's industry standard PLEXOS production cost model. That model allows CEC to forecast sector emissions with rigor.

We tested compliance with two scenarios. First, the reference case essentially continues California compliance policies at their current level of stringency, maintaining 2020 emission levels. This was intended as a conservative business-as-usual case.
Second, the stress case pushes the system towards higher power emissions by, among other things, lower hydroelectric generation, raising electricity demand, lowering CO2 prices, and retirement of the Diablo Canyon nuclear facility.

The modeling projected emissions from affected EGUs was also used to test whether emissions leaked to other facilities in the western grid or to new sources unregulated by the CPP, including biomass facilities.

It is important to emphasize that a State climate policy becomes ever more rigorous in accordance with SB 32, SB 350, and AB 398, actual power sector emissions are likely to be well below model emissions.

Our compliance modeling is designed to show that the State will achieve compliance with existing programs, meaning that further State level policy improvements will only enhance federal compliance.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: Our plan supports this clear compliance trajectory while meeting U.S. EPA's legal requirements for State plans. The state measures plans to design is the best approach to do so, because it allows us to continue to rely on successful State programs with limited modifications to ensure federal compliance as well.
Our proposed compliance plan is, accordingly, based on the continued operation of the cap-and-trade and mandatory reporting regulation with proposed amendments to indicate CPP compliance. If approved, this would mean that compliance with these State regulations would also allow affected EGUs to comply with the federal program. They can use all the compliance instruments now available, and the program's overall economy-wide system linkages are maintained. Affected EGUs will be required to comply as a federally-enforceable matter, but other program participants will continue to face only State-law requirements.

Affected EGUs will also be subject to a trading-based back-stop program allowing them to trade down to federal compliance levels in the extremely unlikely event that a federal back-stop requirement is triggered.

As the CPP program develops, and if and when other States develop State plans, we can evaluate how or whether to connect with those systems.

Stringency evaluations under State law would be required, and used to ensure the environmental integrity of any proposed linkage. California welcomes the opportunity to collaborate with other states to support greenhouse gas reductions from this sector, in an
environmentally responsible way.

These amendments would take effect upon U.S. EPA approval of the compliance plan. As a result, our compliance plan will not affect California programs during this period of federal uncertainty, but will be ready to support compliance, if approved.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: As you approved last month, to support this program design, there are three sets of amendments to the mandatory reporting regulation. The MRR already collects most of the information the CPP requires, and covers CPP affected EGUs. The amendments make this coverage clear as a federal requirement, and ensure that reporting and record keeping aligns with technical federal requirements.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: The Cap-and-Trade Program also requires a limited number of amendments to support CPP compliance. These include, first, amendments making clear that all CPP affected EGUs must participate in the program as almost all already do.

Next, we're including amendments to align the cap-and-trade compliance periods with the compliance periods for the CPP to ensure that California can show compliance consistent with federal deadlines. Compliance
is also assured by building the CPP targets into the
Cap-and-Trade Regulation as required for affected EGUs.

Finally we included a back-stop program in the
Cap-and-Trade Program. This back-stop is very unlikely to
be triggered, but is legally required. If the back-stop
work to be triggered, ARB would generate, and freely
allocate based upon historic emissions, CPP allowances in
a quantity limited to that necessary to restore EGU
emissions to federally required levels.

In addition, to their ordinary cap-and-trade
compliance obligations, affected EGUs would be required to
surrender back-stop allowances consistent with their
emissions and could not legally emit above that quantity,
thereby restoring emission levels to federal limits.
After emissions were restored, the State programs would
operate as normal.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:
California is committed to decarbonizing the
electricity sector. This is a part of California's
ongoing commitment to action on climate change. In
addition to pressing the federal government to fulfill its
responsibilities, we are working with states, cities, and
other countries where we can to ensure that we continue to
make progress towards the goals of the Paris Accords. Our
efforts on the power sector are an important part of this work.

In the west, this trend is accelerating. Across the region, states continue to install large amounts of renewable power to further strengthen energy efficiency programs and to retire aging cold-fired power plants. Efforts to develop more efficient western energy markets are furthering this work.

State renewable energy mandates and carbon pricing efforts will continue to move the power sector towards a cleaner future, even if the Clean Power Plan is revisited at the federal level.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN:

Within California, many legislative efforts are strengthening our focus in this area. SB 350 is part of the cornerstone to decarbonize the electricity sector. It requires that renewable integration increase to 50 percent by 2030. It requires that the energy efficiencies in electricity and natural gas double. It also requires an evaluation, development, and deployment regionalization of the grid and integrates renewables by regionalism of the CAISO.

In California, several bills, including SB 350, SB 32, AB 197, and AB 398 will guide this push towards
cleaner, renewable energy. And as the energy sector continues to evolve and decarbonize, both the behavior of the individual facilities and the design of the grid itself will change with important distributional affects.

Some power plants may operate with more flexibility to balance renewables. Emerging technologies, including storage, smart inverters, renewably-fueled fuel cells, and others will become more prevalent, and the aging facilities may retire and be replaced.

Because many existing power plants are in or near disadvantaged communities, it is of particular importance to ensure that this transition to a cleaner grid does not result in unintended negative impacts to those communities. Recently enacted AB 617 will help ensure we sharpen our focus on these issues.

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STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: ARB staff completed a draft environmental analysis for this plan. It was released for public comment, and the final EA and written response to comment have been presented to the Board. The majority of environmental impacts are attributable to cap and trade, because the CPP targets are well above the levels of the control required by California, and so do not drive independent environmental impacts.
STAFF AIR POLLUTION SPECIALIST GALLENSTEIN: For all the reasons listed above and to demonstrate that it is possible to reduce the GHG emissions from the fleet of electrical generation, that we can protect our fragile environment, and that if it can be done in California, it can be done in the rest of the U.S., we present the Clean Power Plan to the Board for approval.

Madam Chair, that concludes our presentation, and we look forward to dialogue with the Board.

CHAIR NICHOLS: Thank you for that overview of the electricity sector and what's going on, as well as of the plan that we would submit if the Board agrees to approve it.

I do think it's important to recognize that there's been tremendous progress in this sector, and that it's really happened as a result of many different forces, but certainly California's policies, legislative policies, including -- including cap and trade have played a role, as has the fact that the industry itself has been very forthright and active in terms of trying to address its own future. So I think it's a -- it's a good milestone, and I think probably it's a good idea just to pass it and move on.

(Laughter.)
CHAIR NICHOLS: So any other comments, questions about this item?

If not, I think we could have a motion and --

BOARD MEMBER RIORDAN: Madam Chairman, I would move then that we approve the resolution that is before us for Item 17-8-2.

BOARD MEMBER DE LA TORRE: Second.

CHAIR NICHOLS: Any discussion?

CHIEF COUNSEL PETER: I have on observation, Chair Nichols.

CHAIR NICHOLS: Yes. Sorry. Yes, Ms. Peter.

CHIEF COUNSEL PETER: It was noticed for comment, and there was nobody signed up. I just wanted to make that note for the record.

CHAIR NICHOLS: Yes -- yes, it is -- it is a public hearing officially, and no one signed up right. I should have made that note.

BOARD MEMBER RIORDAN: They all agree with us.

CHAIR NICHOLS: Well, all the opposition has gone away.

Okay. So without further ado.

All those in favor please say aye?

(Unanimous aye vote.)

CHAIR NICHOLS: Opposed?

Abstentions?
Okay. That's great.
Mr. Segall, your work is done on this one.
(Laughter.)
ASSISTANT CHIEF COUNSEL SEGALL: There will be more tasks ahead. Thanks.
CHAIR NICHOLS: Now, you can move on.
Thank you. All right. We will break then and get back here at 1:00 o'clock.
(Off record: 11:50 a.m.)
(Thereupon a lunch break was taken.)
AFTERNOON SESSION

(On record: 1:05 p.m.)

CHAIR NICHOLS: Good afternoon everybody, if we could get back to your seats again.

Good job.

Good job. Yes. Before we begin the next scheduled item, I want to ask Dr. Ayala to come forward. Here he is. Forward. Okay. You can stand up at the podium, I guess.

So Alberto you escaped before we were able to -- before we were able to properly recognize you and your service to ARB. And even though you've now crossed over to the realm of CAPCOA members, and we'll be dealing with you in a whole different capacity, I'm sure you'll be coming in to protest and complain and --

(Laughter.)

CHAIR NICHOLS: -- demand money and whatnot --

(Laughter.)

CHAIR NICHOLS: -- nevertheless, we still think of you as -- always, first and always, an Air Resources Board alumnus. And in particular really want to recognize your amazing service to not only the people of the State of California, but really to the entire world of people who are impacted by motor vehicles and transportation.

And so there is a resolution here. And it's
signed by all the Board Members. And I think I should probably read it just because it's pretty good.

(Laughter.)

CHAIR NICHOLS: If I do say so myself.

"Whereas, Alberto Ayala has dedicated his career to improving air quality, building from his Bachelor of Science, Master of Science, and Doctor of Philosophy Degrees in mechanical engineering from the University of California Davis to his Adjunct Assistant Professor appointment at West Virginia University focusing on vehicle testing to the hundreds of journal publications he's authored or co-authored;

"Whereas, Alberto has had 17 years of outstanding and meritorious service to the State of California at the Air Resources Board, where he oversaw mobile source policy, regulatory and research efforts, improved California's state of the art air and climate monitoring, guided a widely recognized motor vehicle emissions and fuels testing program, and provided extraordinary leadership for California's air pollution emission reductions and goals for clean zero emission and low-carbon transportation; and,

"Whereas, as Deputy Executive Officer for the past five years Alberto brought innovative, data driven, and unconventional ideas and approaches to addressing
California's air quality issues, and liked to quote "Blowup Silos", unquote, both figuratively, as a facilitator of collaboration, as well as literally, as a former ordinance system design engineer Teledyne-Ryan Aeronautical; and,

"Whereas, Alberto's tenacious quest for the truth uncovered the largest emissions cover-up in history, and led to the Sacramento Bee dubbing him the Volkswagen Emissions Fraud Sleuth; and,

"Whereas, Alberto is a well respected environmental champion, nationally and internationally, who frequently is invited to share his experiences with the scientific community in both English and Español, and who has heightened the Air Resources Board's global presence by actively participating in the development of environmental policy in China, Mexico, and other nations; and,

"Whereas... -- this is last whereas. "And Whereas, Alberto has decided to use his knowledge, experience, and abilities to improve the lives of Sacramento residents with his move to the Sacramento Metropolitan Air Quality Management District, which allows this avid Dodgers fan to distance himself 0.2 miles further from AT&T Park..." --

(Laughter.)
CHAIR NICHOLS: Good work.

(Laughter.)

CHAIR NICHOLS: "Now therefore, be it resolved, that while we will miss the pleasure of working with Alberto..." -- I'm not going to read all those be it further resolveds.

We wish you the best. We thank you. We thank your wife for sharing you with us, and we appreciate you, and we hope you will live long and prosper. So with that, I'm going to come present this to you.

(Applause.)

CHAIR NICHOLS: Your allowed to say a few words, but less than three minutes.

DR. AYALA: Two minutes. Two minutes, Chair Nichols. I just want to say thank you. This is very gracious. You have some really important decisions to make today. And the fact that you're doing this means a lot to me. This is very, very special for me, because I can sense the Board in the resolution, but most importantly, I know that you have plenty of input from staff, and I really value that.

I do want to establish, Chair Nichols, that you have my commitment that in my new capacity, I am going to try to be as constructive, and as positive, and as engaging as possible. And I will do what I can to work
with my now colleagues at the air districts to continue to build on the strong partnership and collaboration that the Air Board and the air districts have gotten to. So hopefully, you will not see me here too many times complaining and asking for things, because I have to remind myself often, and I want to share this with you, we're still on the same team, and the fight goes on.

And the reason I took this opportunity, not because I wasn't in the best job in the world, because I do think that Sacramento has got the right elements and a new energy, and the commitment, and the critical mass to become a model. And I want to be part of that. We're going to try some things. Not everything is going to work out. But the things that will work, hopefully they will be models for our State, our country, and maybe the world.

And I take ARB in my heart. I dedicated, as you said, 17 years of my professional life. I've done a few things over my career. This is by far thus far the most important one. And I take everything that ARB stands for to the local air district to try to help our State, our nation and our world to fight this battle that we have against greenhouse gases and air pollution.

So I do want to thank you for taking the time. I very much appreciated serving the Board, this Board, working with my colleagues. And like I said, we're still
on the same team, the fight goes on, so I'm still as strong a supporter of ARB as I ever was. So thank you again.

CHAIR NICHOLS: Thank you. Thanks from all of us Alberto.

(Applause.)

CHAIR NICHOLS: You know, overall, the -- I think that the relationship between ARB and the districts is a healthy one. The fact is we all have more than enough work to do, so we're -- I wouldn't say that when I first heard the news, I was happy about it, but I reconciled myself --

(Laughter.)

CHAIR NICHOLS: -- to the idea, since in fact it's already happened. But no seriously, I --

(Laughter.)

CHAIR NICHOLS: We think -- we think that your presence among the -- among the group is going to be good. And we also just think that Sacramento is a region that's worthy of your attention and your skill. And we're hoping that under your leadership it really will be a model for other places around the world. So thanks for everything.

We now have the agenda item of considering Volkswagen's zero-emission vehicle investment plan, so this is a good segue. I want to say a couple of words
about the background of all of this. The investment plan
that we're hearing today is part of one of a number of
different settlement agreements that all flow from the
same set of violations that were committed by this
company. It's the one that's received by far the most
attention, certainly the most press, because of the fact
that it presents an opportunity for some very significant
funds to be put into an important area of interest to us.

But I want to make sure that people understand
that under these settlements, Volkswagen was required to
buy back or fix, if EPA approved the fix, cars that had
the defeat devices on them. They're required to pay money
to the consumers who bought or leased those cars, and to
pay almost $423 million into a mitigation trust to be used
in California to buy emissions reductions, pay for
emissions reductions to offset or make up for the excess
emissions that were put into the atmosphere, and in
addition, pay another $25 million for low-income
Californians to get access to ZEV vehicles.

And then in addition to that, completely
separately, they are also paying $153.8 million to ARB for
penalties and costs. So for the actual violations, there
were penalties. They paid for our costs of doing the
investigation, and prosecuting the case. They paid the
reparations for the excess NOx emissions, and they pay the
consumers, first and foremost, who were the people who received these cars that were not, in fact, built according to what they were supposed to have done.

The investment plan for zero-emission vehicles is different, because Volkswagen, through its Electrify America subsidiary, is investing a total of $800 million over a decade to promote brand neutral zero-emission vehicles, provide access to zero-emission vehicles, and expand the badly needed infrastructure for zero-emission vehicles.

And the theory behind this is that all manufacturers, including Volkswagen, who produce these vehicles, will benefit as a result of these investments, the market as a whole will benefit, the State of California will invest -- will benefit. But the rationale is that because of their -- because of their multi-year, multi-generational violations, the company was, in effect, whether intentionally or unintentionally - but I think we have to say intentionally - promoting a technology, which was designed to be, or billed as being, equivalent to electric vehicles, equivalent to ZEVs. And, in fact -- that is their diesel technology. And, in fact, it in no way was equivalent, and it therefore sort of helped to hold back what would have been an even more vibrant market than the one that we're seeing today.
So there's an element of penalty involved here in the sense that they wouldn't have been in a position where they needed to do something like this, but for the violation. But at the same time, it's not the penalty itself. It is an investment plan, and so it operates in a different way.

Electrify America submitted their first draft plan on March 8th of 2017. At the March 24th Board meeting, staff presented a description of the staff -- of the draft plan. And at that time, our members, and many stakeholders, expressed concerns. Some comments focused on the plan's lack of detail regarding particularly how it would be targeted towards underserved and disadvantaged community investments, how it would be brand neutral, and the breakdown between infrastructure and education, and long-term planning. In other words, we needed to see a real plan.

Subsequent to that March meeting, ARB requested that Electrify America submit a plan supplement, which would provide more information on these issues. And that supplement was received on June 27th, and it definitely moved a long way from the original version.

I look forward to hearing more about this supplement and how the plan aligns with the requirements of the consent decree, as well as the guidance document.
that ARB produced as a result of our own outreach to the public. I have received many letters, not just the formal comments that have been submitted, but I know all of us since the comment period closed have received communications from legislators, from stakeholders, from interested parties. And that will probably come forward in the -- in the conversation after we hear the presentation.

We've also got over 20 witnesses that have signed up to speak on this item. So we're going to be devoting a substantial amount of time to the discussion.

With that, I think I should turn the microphone over to Mr. Corey.

EXECUTIVE OFFICER COREY: Thanks, Chair Nichols.

And as noted, Appendix C of the two liter partial consent decree requires Volkswagen to invest $800 million in eligible ZEV projects in California over four consecutive 30-month periods.

Under the consent decree, Electrify America, the Volkswagen subsidiary tasked with implementing the investment commitment must develop a ZEV investment plan for ARB to review and approve for each of the four 30-month periods.

And as noted, on June 27th, 2017, in response to ARB comments, as well as the comments by the Board, the
legislature, and others, Electrify America submitted a supplement to the investment plan. Staff posted that supplement on ARB's website for a 15-day comment period.

Today's presentation to the Board summarizes key provisions of the Electrify America investment plan, including its supplement and provides an assessment of the plan's adherence to the requirements of the consent decree.

And although, this is a non-regulatory item, State law requires the Board to act on each of the ZEV investment plans. And going forward, staff will continue to update the Board on the ZEV investment progress.

And with that, I'll ask Jeffrey Lidicker of the Emissions Compliance Automotive Regulations and Science Division to give the staff presentation.

Jeff.

(Thereupon an overhead presentation was presented as follows.)

AIR RESOURCES ENGINEER LIDICKER: Thank you, Mr. Corey. Good afternoon, Chair Nichols and members of the Board. Today, I'll be presenting to the Board a staff assessment of the VW ZEV investment plan and supplement to the plan submitted by Electrify America, the subsidiary representing VW pursuant to appendix C, the ZEV investment commitment portion of the Settlement agreement between VW,
AIR RESOURCES ENGINEER LIDICKER: This slide shows the presentation outline. First, some basics about the process and a review of the current status of the Electrify America ZEV investment plan will be covered. Then, the ZEV investment plan itself including the recently submitted supplement to the plan will be summarized.

Once the plan and supplement are familiar to the Board, an evaluation of how the plan and supplement comply with the consent decree will be presented. A summary of the supplement analysis, the public comments, and the plan's benefits to California will precede the California Air Resources Board, or CARB, staff recommendation on Resolution 17-23, which is regarding the Electrify America ZEV investment plan and supplement.

AIR RESOURCES ENGINEER LIDICKER: This slide serves to review all of the VW settlement agreements resulting from VW's admission of emission testing defeat devices installed on diesel vehicles. As the Board is aware, the diesel engine defeat device settlement is comprised of the two liter partial consent decree, the
three liter partial consent decree, a California-only three liter partial consent decree, and a California-only civil penalty agreement.

The two liter partial consent decree is further delineated by its appendices A, B, C, and D. The two liter consent decree was approved by the federal court on October 2016, and the three liter and California-only three liter consent decrees were approved by the court in May of this year. The California specific civil penalty agreement was approved by the judge last week.

These agreements together settle all civil claims the U.S. and California governments have against VW for violations of federal and State law related to the use of defeat devices on certain VW diesel vehicles. Further, these agreements working together serve to mitigate all environmental harm caused by these vehicles with the civil penalty agreement penalizing the company.

Today, the report we are providing only covers the appendix C portion of the two liter consent decree, which embodies VW's zero-emission vehicle, or ZEV, investment commitment. This ZEV investment commitment requires VW to invest $800 million in California over a 10-year period through four 30-month investment plans that must be reviewed approved by CARB consistent with the terms and goals of the consent decree.
Electrify America, LLC, the subsidiary of VW, charged with carrying out the ZEV investment commitment submitted to CARB a draft investment plan and later a supplement to that plan.

First, I will quickly review the milestones to date for appendix C and to begin the summary of the VW ZEV investment plan supplement.

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AIR RESOURCES ENGINEER LIDICKER: Depicted here is a timeline of all major appendix C events to date. Recall that the two liter partial consent decree was approved by a federal judge in October of last year. Subsequently, CARB held a public workshop, a public Board hearing, and a public open comment period last year for use in developing the guidance document CARB submitted to VW on February 10th of this year.

The guidance document represents a summary of California's priorities and advice, based on public input and the December Board hearing, regarding ZEV investment opportunities consistent with the objectives and criteria set forth in appendix C for VW's use in crafting its first investment plan.

On March 14th, VW's first draft investment plan submitted to CARB was posted on-line for public review and comment. The submitted plan was the first of four
30-month spending cycle plans that will span 10 years.

A public Board hearing updating the Board on the plan was held on March 24th. Reflecting the public feedback, comments from the March 24th Board hearing, and the legislature, and direction from the Board, CARB sent Electrify America a letter in May of 2017. The letter was posted on-line requesting a ZEV investment plan supplement. The supplement was to contain more information on how Electrify America's plan met certain requirements of the consent decree. In response, Electrify America submitted a supplement to CARB on June 29th, one month later. On the same day, CARB posted the supplement on its web -- public website for a two-week comment period. Electrify America also posted the supplement on its website.

Just days prior to the submission of the supplement, the California legislature passed SB 92, which put into law specifics on the handling of the Electrify America ZEV investment plan.

And the last item on the timeline is the Board hearing today.

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AIR RESOURCES ENGINEER LIDICKER: This presentation to the Board partially satisfies the terms newly enacted by the California legislature in Senate Bill
92. SB 92 specifies that each of the VW ZEV investment plans must be approved by the Board in a public hearing; that each plan be posted for public comment by CARB; that Electrify America will report to CARB periodically on the ZEV investment plan implementation progress; that CARB will report to the legislature annually on the plan and the implementation progress; and that in the approval process of each investment plan proposed by VW, and to the extent possible, under the consent decree CARB will strive to ensure at least 35 percent of investment funds benefit low-income or disadvantaged communities disproportionately impacted by air pollution.

Note that the federal court retains continuing jurisdiction over implementation of the decree including appendix C.

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AIR RESOURCES ENGINEER LIDICKER: This slide contains a review of the initial ZEV investment plan submitted by Electrify America in March of this year. Chargers provided by the supplement -- changes provided by the supplement will be presented shortly.

The plan budgets $200 million for the first of four spending cycles spanning 10 years. Consistent with the consent decree, there are three major spending categories in the plan. For ZEV infrastructure
investments, Electrify America will spend $120 million to install 350 community EV charger stations in five major metropolitan areas and 50 EV fast-charger stations that will cross the entire state.

For the ZEV awareness investments, Electrify America will spend $20 million to launch a multi-media, multiple stage brand neutral awareness campaign that is designed to change the perception of Californians on zero-emission vehicles.

For the ZEV access investments, Electrify America will spend $44 million to install the building blocks for a green city bringing ZEV access to those Californians that may not be able to afford to lease or buy a new ZEV. There will be two green cities in the 10-year investment period with Sacramento proposed as the first green city. A second green city must be comprised of primarily disadvantaged communities.

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AIR RESOURCES ENGINEER LIDICKER: This is the first slide presenting the ZEV investment plan supplement. CARB's Executive Officer directed Electrify America to provide a supplement to its initial ZEV investment plan to clarify projects and provide additional detail. Requested content for the supplement included: A 10-year long-term vision, and how this first
investment plan fights into it; more detail on how
disadvantaged or low-income communities will be served;
more detail and specifics on hydrogen investments; and
more transparency, accountability, and coordination
details.

In response, Electrify America submitted a
37-page plan supplement on June 29th, 2017. On the same
day, the supplement was posted publicly and a notice sent
to the listserve officially opening a two-week public
comment period.

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AIR RESOURCES ENGINEER LIDICKER: In evaluating
the first of four spending cycle plans, it became clear to
staff, Board members, and the legislature that VW needed
to take a step back and describe how this first plan fit
into a larger more long-term vision.

For example, a long-term vision statement could
potentially clear up missing detail on how each ZEV
investment satisfies the goals of the consent decree.

Other unanswered questions were: How does the
first spending cycle fit into a 10-year vision?

How will the first metropolitan areas be expanded
upon in subsequent plans?

How does this first plan lay a foundation
subsequent plans?
This slide shows a conceptualization of the 10-year vision provided by Electrify America in the supplement. Starting on the left, a national EV charger network, where an EV driver can traverse the nation from north to south and east to west will reduce range anxiety for potential EV purchasers. This highway network of DC fast chargers will be compatible with all non-proprietary charger types, and vary from today's fast-charger power to future proofed versions with six times more power enabling 200 mile refueling in approximately 10 minutes.

The Electrify America plan indicates that community EV chargers in the first major metropolitan areas within California, when -- will enable the use of ZEVs as primary vehicles. Community chargers varying in power from Level 2 to DC fast chargers will be located at multiple unit dwellings, workplaces, retail location -- locations, tourist destinations, and community charging depots.

The community charging depots are an innovation designed to be an electric version of a gas station, which will serve residents who don't have access to a charger at home.

In a simultaneous effort, a brand neutral zero-emission vehicle awareness campaign will launch across the nation and in California designed to change
perceptions of Americans on zero-emission vehicles, their benefits and their performance.

The ZEV awareness campaign will include culturally diverse components that will include a language other than English, and also have components that promote vehicles powered by hydrogen.

The Electrify America plan claims that ZEV access programs in the form of a green city will provide ZEV mobility services to those who may not be able to afford to lease or purchase a new ZEV. These programs will expose residents to ZEVs who would ordinarily not have access to them. These experiential programs have been shown to be among the most effective in promoting ZEV adoption.

Further investment cycles 2, 3, and 4 will include network coverage of more routes, more metropolitan areas, stations that are closer together and a second green city comprised primarily of disadvantaged communities. The awareness campaign will shift over time to providing more detail and specifics about the benefits of ZEVs as the knowledge base of citizens continues to mature.

Green city services will expand into freight or possibly commercial services as the concept of a green city continues to develop.
In summation, the multi-pronged investment program designed by Electrify America will, and I quote, "Expose Californians from all walks of life to the benefits and utility of ZEV technology, resulting in widespread growth and depth of awareness and interest in ZEV technology among the general public", end quote, as well as leaving in place quote, "A long-term, economically-sustainable network that provides services beyond the 10-year consent decree window", end quote.

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AIR RESOURCES ENGINEER LIDICKER: The plan supplement also responded to the State's letter requesting more clarity and detail on the ZEV investment plan' incorporation of disadvantaged and low-income communities. The plan supplement indicates that Electrify America anticipates but does not guarantee that more than 35 percent of the first cycle investment plan funds will go into disadvantaged or low-income communities.

As a vehicle to this goal, Electrify America has added Fresno as a sixth metropolitan area for community EV charging station investments. They committed to spending at least $1 million in Fresno, which is a dollar amount consistent with the results of their EV charger gap analysis for each region. Electrify America has further committed to moving two to three million dollars from the
$20 million awareness campaign to new partnerships with entities that have particular access and credibility within California's disadvantaged and low-income communities.

Electrify America will explore through these partnerships a culturally appropriate awareness campaign that may include use of a language other than English and which may also include development of an educational curricula for kindergarten through 12th grade students.

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AIR RESOURCES ENGINEER LIDICKER: This is an image of the State of California with its disadvantaged communities identified by CalEnviroScreen indicated in orange. You can see an approximation of the six metropolitan areas selected for community charger investments in the black bordered areas.

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AIR RESOURCES ENGINEER LIDICKER: Electrify America intends to extend access programs to disadvantaged or low-income customers. Currently, Electrify America has approached several vehicle manufacturers to explore partnerships through which purchasers of new vehicles would have packaged deal access to the Electrify America network. To address the equity concerns of disadvantaged or low-income communities, these partnerships are being
explored for options that include pre-owned leases or used vehicles.

Electrify America's staff plans to conduct outreach efforts and activities for veteran-, women-, and minority-owned businesses to ensure potential new suppliers and contractors are aware of RFP opportunities resulting from the ZEV investment commitment.

Further, bidders to Electrify America's construction RFPs are being asked to include in bids information regarding certified minority-, women-, and veteran-owned businesses enterprise participation. Electrify America plans to track participation and to share this information with CARB.

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AIR RESOURCES ENGINEER LIDICKER: The supplement request letter asked for more detail on planning coordination efforts to date and moving forward for EV charger siting.

In response, Electrify America informed staff that it has met with over 235 entities to date, with some of the key entities listed here. Electrify America will maintain coordination with these entities throughout the 10-year period to ensure continuity and optimize the value of investments for Californians.

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AIR RESOURCES ENGINEER LIDICKER: The supplement request letter asked for better transparency on key decisions and planning processes, such as Electrify America's EV charger gap analysis and the green city selection process. In response, Electrify America provided more detail about its analysis data sources, assumptions, and partners.

For example, its EV charger gap analysis is based on models jointly developed with National Renewable Energy Laboratory, and on data from the Department of Energy and PlugShare. Electrify America estimates its first investment to be only four to eight percent of the projected gap in needed charger infrastructure for 2020.

For the green city selection process, more information on assumptions and methods was provided. For example, commute flow patterns were used to identify connected centers of high transportation flows within a metropolitan area. Areas with commute flow patterns amenable to ZEVs were prioritized over other areas that may have had flow patterns with too much distance between destinations.

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AIR RESOURCES ENGINEER LIDICKER: The supplement request letter asks for more accountability from Electrify America and that Electrify America acknowledged public,
Board, and stakeholder input.

In response, Electrify America provided a summary of the comments it received and its resulting actions in each case. An example of a response to public input is the case of green city selection comments. Electrify America responded to comments suggesting that Los Angeles be the green city by meeting with the Los Angeles Mayor, Los Angeles local utilities, and Green City Coalition in Los Angeles producing contacts, dialogue, and excitement that are expected to result in better coordination of investments in Los Angeles.

As half of the Electrify America community charger investment will be in Los Angeles, these contacts and initial dialogue will be valuable moving forward.

In a further statement of accountability, Electrify America made a commitment to go beyond the terms of the consent decree and provide regular updates, targeted as quarterly, that can be publicly posted on a website.

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AIR RESOURCES ENGINEER LIDICKER: The supplement request letter asked that Electrify America include hydrogen-powered fuel cell vehicles in its ZEV awareness campaign; that it consider heavy-duty hydrogen applications in future stages of the 10-year plan, and
consider EV charger sites that can also be permitted for hydrogen fueling.

In the supplement quote, "Electrify America plans to incorporate information on attributes of ZEVs powered by both batteries and hydrogen fuel cells in its Cycle 1 California-specific brand-neutral public education and outreach activities", end quote.

They further agreed to consider heavy-duty opportunities for hydrogen investment in subsequent plan cycles in particular for green city applications.

Lastly, Electrify America is willing to engage with hydrogen fueling station providers to install EV chargers.

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AIR RESOURCES ENGINEER LIDICKER: The next section of slides will detail how the ZEV investment plan, when considered together with the supplement, compares to a appendix C of the consent decree the guidance provided to Electrify America in the guidance document, and the letter requesting the supplement.

CARB's review also took into account public comments received on the plan, and the supplement, and legislative and Board direction consistent with the terms and goals of the consent decree. A more detailed analysis is presented in the document: Staff analysis of Electrify
America's first zero-emission vehicle investment plan, which was posted on the VW information page of the CARB website.

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AIR RESOURCES ENGINEER LIDICKER: CARB analysis of the VW ZEV investment plan is based on the terms and goals of the two liter partial consent decree, specifically in appendix C. This slide shows how selected conditions on the ZEV investment plan spending that must be followed during the implementation stage of the plan.

All spending under the plan must be within the eligible spending categories of ZEV infrastructure, ZEV awareness, and ZEV access or green city. ZEV awareness campaigns must be brand neutral and all installed ZEV infrastructure must support both of the non-proprietary charging technologies.

The original Electrify America ZEV investment plan, in conjunction with the plan supplement describe a set of projects that conform to these terms.

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AIR RESOURCES ENGINEER LIDICKER: These are selected requirements of the consent decree for the contents of the proposed ZEV investment plan itself and help define what the text of the plan must cover. The plan must provide a description of all ZEV investments.
It must contain an explanation of how each investment makes progress toward and/or meets one or more of the goals identified in the consent decree.

It must contain an estimated schedule for implementing each investment and milestones of each project in six-month intervals. It must include a variety of geographic regions, and types of regions, so as not to only invest in one region.

It must contain projections of anticipated credible costs associated with each investment broken out by 12 stipulated accounting categories.

The ZEV investment plan, in conjunction with new details in the plan supplement, addressed each of these requirements. It must be noted, however, that future plan cycles will be held to a higher level of detail and specificity that wasn't possible for the first cycle.

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AIR RESOURCES ENGINEER LIDICKER: The guidance document that was sent to Electrify America with the purpose of advising on the original ZEV investment plan contained these key themes. The State of California wanted early and visible progress for the first spending cycle.

The investment should be complimentary and additional to other investments already made or that are
pending. The plan should be transformational to the transportation system in the State. The plan should accommodate good business competition and conduct while providing stimulus to the EV charger industry, and the plan should support hydrogen technology or infrastructure.

Electrify America has accommodated all of these key themes in its original ZEV investment plan submitted in March in combination with its supplement submitted in June.

Early and visible progression is the theme of the first investment plan, which Electrify America emphasizes with a large portion of the budget going to EV infrastructure and green cities. In its first spending cycle, a network of EV chargers will be installed that will provide for cross-state EV travel from north to south and east to west.

The network eventually connect with the Electrify America national plan in neighboring states to provide interstate EV travel to literally all of our neighboring states and beyond.

The Electrify America investments will be complimentary and additional to existing California investments in EV charging, ZEV awareness, and ZEV access by virtue of a state-of-the-art supply and demand infrastructure analysis and ongoing coordination with key
State and local agencies.

The three-pronged first-cycle investment plan will be transformational by changing both the physical characteristics of California's EV infrastructure, and also the awareness of its citizens. To ensure ZEV awareness reaches all Californian, specific funds have been set aside to target awareness and education programs for disadvantaged or low-income communities.

The plan lays out a spending plan designed to optimize investments in specific regions for a balance between impact and coverage across the State. Business conduct and competition considerations are well developed by the plan and supplement. Electrify America intends to fund contracts with many major companies in the EV charger industry. A majority of EV charger and EV charger industry associations have detailed how important the VW investments are to their industry and exactly how the VW investments will stabilize and solidify their industry.

They point out how the VW investments will provide market certainty and send clear signals to other investors that will promote every aspect of the EV charger industry from supplier product development and supplier chain fulfillment to property owner buy-in for EV charger installation locations.

Lastly, Electrify America has provided additional
detail on its inclusion of hydrogen fuel cell electric
vehicles for its brand neutral awareness program, and its
willingness to investigate heavy-duty hydrogen
opportunities in future investment cycles.

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AIR RESOURCES ENGINEER LIDICKER: This slide
summarizes the public comments we have received on the
original plan and the supplement during the respective
open comment periods. You may recall from the March Board
hearing that these comments received on the original ZEV
investment plan centered around disadvantaged or
low-income communities, hydrogen Investments, and a need
for more transparency and detail.

The comments directly informed the content of the
supplement request letter sent to Electrify America in May
of this year. Upon receipt of the supplement from
Electrify America, it was posted for two weeks of public
comment. In total, CARB received approximately 70
comments on the supplement, most expressing support or
urging approval.

Seven of the eight comments from the EV charger
industry detailed why Electrify America's investment is
important to the industry at large and urged swift
approval, indicating how additional delay is hurting the
market.
Fewer than a dozen comments were critical of the supplement's handling of hydrogen investments. They indicated that the brand neutral requirements for the awareness campaign is not satisfied without hydrogen representation, and that the gap analysis on hydrogen infrastructure should not apply to only the first 30-month investment as these investments have a long project lead time.

Lastly, the International Brotherhood of Electrical Workers had several asks with the main one being that the Electrical Vehicle Infrastructure Training Program Certification be a requirement of contractors performing EV charger installations.

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AIR RESOURCES ENGINEER LIDICKER: This slide summarizes the CARB staff evaluation of the ZEV investment plan in conjunction with the plan supplement. The original ZEV investment plan submitted in March by Electrify America largely addressed all of California's concerns and requirements of the consent decree. Four main categories of topics were such that CARB requested additional clarification, detail, or justification.

In response, Electrify America presented a plan supplement to CARB. In the supplement, Electrify America did provide additional clarification, additional detail,
and justifications bringing the ZEV investment plan and
supplement to be consistent with the consent decree,
including legislative direction and State priorities.

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AIR RESOURCES ENGINEER LIDICKER: Expectations
for future ZEV investment plan cycles are being
identified. Future plans are expected to have a second
green city of primarily disadvantaged communities. Future
plans are expected to have investments in a larger number
of metropolitan areas and have investments that expand
further into disadvantaged or low-income communities.

They should include consideration of hydrogen
investment opportunities. And future plans will be held
to a higher standard of detail and specifications that
were not feasible for the first plan. The higher level of
detail and specification will apply to topics that include
business plans, named partners, cost estimates, cost
allocations, and timelines.

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AIR RESOURCES ENGINEER LIDICKER: This slide
summarizes the ongoing oversight and coordination efforts
for this first cycle and all subsequent cycle ZEV
investment plans.

Electrify America will present to CARB staff
every three to six months on its progress, and has agreed
to additionally supply written updates that can be posted publicly on-line. As per the requirements of the consent decree, Electrify America will provide written implementation progress reports to CARB annually.

As mandated by SB 92, CARB is now required to report to the legislature annually on the plan implementation progress.

Electrify America has requested ongoing coordination with the State and local agencies. The goal is to collaborate on site selection, dialogue with utilities, and help with permitting and easement efficiencies.

Working with these State agencies will provide additional oversight and ensure that projects complement the State's investments and afford the opportunity to ensure that project implementation meets the State's goals, especially for investment in disadvantaged or low-income communities. CARB's Assistant Executive Officer for Environmental Justice is expected to be part of this coordination group.

Additionally, as specified in the consent decree, an independent third-party auditor will provide annual reports to CARB on spending and accounting for all projects related to the plan. The auditor will also perform spot checks at project facilities to validate
claimed expenses. Any expenses discovered to be
non-creditable will go back into the fund for
reinvestement.

Lastly, communication between Electrify America
and CARB staff has been and will be ongoing. Our
Assistant Executive Officer for Environmental Justice and
staff members will be in regular contact with Electrify
America for site selection coordination. And
correspondence regarding the next spending cycle's
planning and logistics will begin again in a handful of
months and continue for the duration of the 10-year
implementation period.

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AIR RESOURCES ENGINEER LIDICKER: This slide
lists benefits - excuse me - of the first 30-month VW ZEV
investment plan to California. Electrify America
estimates that its investments will provide four to eight
percent of the EV infrastructure needed to fulfill the
Governor's goal of supporting one million ZEVs by 2020.
Much of these investments will benefit disadvantaged or
low-income communities.

The goal of the ZEV investment plan is to
transform California's vehicle market, economy, and air
quality through increased ZEV adoption. Approval of this
plan will send strong signals of EV charger infrastructure
growth and increase public awareness of ZEVs in support of California's ZEV market growth. ZEV industry competition will be stimulated with an increasing business and skilled labor pool.

The agreement was designed to be consistent with the Governor's 2016 California ZEV Action Plan. The key recommended actions of the ZEV Action Plan are: ZEV infrastructure investments, ZEV awareness campaigns, and ZEV access programs.

Other goals of the ZEV Action Plan that are addressed directly by this Electrify America ZEV investment plan are to increase ZEV employment and to bolster ZEV adoption in the rest of the United States.

Lastly, the ultimate goal is to improve air quality and thus public health for all Californians.

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AIR RESOURCES ENGINEER LIDICKER: In conclusion, CARB staff recommends that the Board approve Resolution 17-23. With approval of this resolution, Electrify America will be able to execute its spending plan in the State of California and begin the benefits to California.

Thank you for this opportunity to brief the Board.

CHAIR NICHOLS: Thank you. We have 60 witnesses who have signed up to speak on this item. If everyone of
them actually took the full three minutes, which we
normally give, we would be here for many hours. And
although I think we're prepared to -- we're prepared to
sit and listen, but we also want to take action today.
And I think those who are here because they think there's
something better that could be done other than electric
vehicles, or who simply want to express kind of general
views about Volkswagen and -- or any other issues really,
not directly germane to the plan, should think about
ing their remarks. I'm not prepared to impose a
shorter limit yet, but I do think that that would be
important.

What I do want to do though is to hear from the
witnesses at least first before we engage in discussion.
I know a number of members of my Board have been very
involved, including myself, in meetings and talking to
people about this, and have views, but I think it would be
good for all of us if we could go -- if we could go to the
witnesses first.

And so I would like to begin with the Honorable
Mayor of the City of Sacramento Darrell Steinberg.

Hi.

SACRAMENTO MAYOR STEINBERG: Thank you very much.
Thank you very much, Madam Chair and members of
the Board. Having sat in your seat, I'm going to try to
do this 60 seconds.

(Laughter.)

SACRAMENTO MAYOR STEINBERG: I want to thank the Board. I want to thank the staff. I want to especially thank Supervisor Serna and Board Member Serna for his excellent work on this. To say very simply that Sacramento is excited about the opportunity to be designated as the green city. We fully embrace the responsibility that goes with that, and we will implement, if we are awarded this designation, this investment with three key principles.

Number one, we will increase access to ZEVs by low-income residents who live in our disadvantaged communities. Secondly, we will strengthen first-mile last-mile connections to transit. We have a strong backbone. We'll improve upon it. Third, we will try to create an economic development opportunity as we envision Sacramento as a hub for alternative fuel technology. And fourth, underlying everything we do is the idea of providing ladders of opportunity for our most vulnerable and disenfranchised residents.

That's my platform, if you will, as the new Mayor of Sacramento. And I promise you that we will not waste this opportunity and make you proud.

Sixty seconds. Thank you very much. Appreciate
it. Thank you.

CHAIR NICHOLS: Well done. Thank you. Spoken like a pro.

Mr. Jared.

MR. JARED: Hello. I'd like to thank you all for the letting me -- for giving me the opportunity to address you today. My name is Michael Jared, and I'm here to read a statement on behalf of Assembly Member Cristina Garcia, Chair of the Assembly Natural Resources Committee.

I would like to thank the Air Resources Board for its leadership in catching the VW's emissions cheating, and bringing them to justice. I would also appreciate the regular updates the Board's legislative staff has provided me, and on the VW settlement, and also on the ZEV investment plan specifically.

On February 16th, 2017, 13 members of the legislature wrote VW and the Air Board asking for at least 35 percent of the ZEV investment plan investments to be in low-income and disadvantaged communities. SB 92, which was recently signed by the Governor directed ARB to strive to ensure the ZEV investment plan spends at least 35 percent of funds in low-income or disadvantaged communities.

The recent ZEV investment plan supplement anticipates, but does not guarantee that more than 35
percent of the ZEV investments proposed in the Cycle 1 ZEV investment plan be in low-income or disadvantaged communities.

There is also a commitment to spend two to three million dollars to increase awareness about ZEVs in low-income and disadvantaged communities, and to also align investments with components of the Charge Ahead initiative.

If these additional commitments occur, it will improve the outcome of the ZEV investment plan, and it will improve it for the communities which Assembly Member Garcia represents.

If the Board wishes to move forward on approving Cycle 1 of the ZEV investment plan, I urge the Board the get clarity on what anticipates, but does not guarantee means.

In addition, I request the Board to ensure that the additional commitments to benefit low-income or disadvantaged communities are carried out through the annual -- semiannual project status update.

Thank you again for your time. Have a good afternoon.

CHAIR NICHOLS: Thank you very much.

Roger Dickinson. Hi.

MR. DICKINSON: Madam Chair and members, thank
you for the opportunity to comment this afternoon. At the outset, let me note, contrary to the indication, I'm not here in my capacity as the Executive Director of Transportation California, but rather simply as a citizen, as a resident of Sacramento, and someone who has a little experience in government in this region.

I am here to support the staff recommendation and to thank Supervisor Serna for his good work and the staff's good work. Designating Sacramento as a green city is not only significant for the city itself, but for our entire region, and I would argue for the entire State of California. Sacramento is perfectly positioned for this designation and to implement this grant.

Firstly, we are able here to build upon a long-standing foundation of investment in cleaner transportation technology. I was pleased as a member of the board of supervisors over the years to play a role in making sure that we moved in the direction of cleaning up our emissions generally speaking, but specifically in the transportation sector. And we have that solid foundation to build on here.

Secondly, as you know, Sacramento is one of the most diverse and then celebrated as the most integrated community in the United States of America. As this program focuses on assistance to disadvantaged communities
and investment in those communities, Sacramento presents a
perfect forum for that kind of investment. So I think it
fully meets the expectations and the requirements that you
have for this program, and I strongly support your taking
positive action on the staff recommendation.

Thank you.

CHAIR NICHOLS: Thank you.

Larry Greene, and then I believe your supervisor
is going to follow you, Supervisor Nottoli. Yes. Great.

Okay.

MR. GREENE: Madam Chair, members of the Board,
I'm Larry Greene, the former Sacramento Air Quality
Management District Executive Director.

(Laughter.)

CHAIR NICHOLS: I was late, but that's not right,
retired, anyway, yes.

MR. GREENE: Not quite retired yet, but I'm
getting in that direction.

(Laughter.)

MR. GREENE: The -- our district has long been a
partner with the Air Resources Board, and many other
agencies in accessing and managing programs to fund
incentives for clean technology and equipment to reduce
air pollution and it's impact on the public.

Since 1998, Sacramento and other regional
districts have provided over $250 million in such programs, including a over 7,000 different projects. Over 20 years, we have averaged north of $12 million a year in incentive programs each year throughout that time period.

We're currently implementing the largest electric school bus program in the U.S. supporting disadvantaged school districts here, as well as pilot electric car-share program at three low-income communities, and the regional multi-modal center.

We're looking forward to implementing the EFMP Plus-Up Program in the region over the next year also. In all these programs we have relied on an extensive collaboration network as we developed the project proposals and rolled out projects. This network extends throughout the region, it includes business, nonprofit community, and stands ready to ensure the success of the green city's plan.

We also intend to help ensure the plan is closely integrated with many other regional programs already underway to ensure maximum leverage of all funding, both private and public.

Electrify America's investment will build on this work allowing us to scale up our efforts and transform zero emission transportation for our region. The plan has been carefully developed over many months by VW, has been
vetted, and scrutinized by the Air Resources Board with additional period of time beginning in March. We urge your support of the plan.

SACRAMENTO COUNTY SUPERVISOR NOTTOLI: Good afternoon Chair Nichols and members of the Air Resources Board. I'm pleased -- pleased to be here on behalf of the Sacramento County, and Sacramento County Board of Supervisors, and certainly acknowledge my colleague Supervisors Serna, and all of you for your good work on the Invest in America -- Electrify America ZEV investment plan.

And today, I certainly stand here before you and join about with my colleague Mayor Steinberg and certainly the City Council of the City of Sacramento, but partners throughout the region in asking and encouraging your support for the plan and its supplement that's been presented to you today. I would just note, and I'll be brief as well, that Sacramento County has been working with or regional partners, the City of Sacramento, and other cities and counties throughout the region to advance electric vehicle adoption through fleet conversion, public electric vehicle charging, and permit streamlining for EV charging infrastructure. Sacramento County has been working hard to lead by example and work with other leaders in the region and certainly throughout the State,
and we commend you for your work and that of you staff. I believe your staff report was very, very thorough and certainly you're well served in that regard. But we're already positioned to support expedited investment and believe this plan is one that will enjoy not only support of regional partners, but be an example for other regions throughout the State.

So with that being said, on behalf of Sacramento county, certainly the people that we all represent, we thank you, the Board, your staff for its work in this investment plan, in bringing the information and recommendation to you today. And we encourage your Board to approve the ZEV Investment Plan, Electrify America's plan to designate Sacramento as a green city initiative amongst the other initiatives in this plan. So we thank you for your work and look forward to your support.

Thank you very much.

CHAIR NICHOLS: Thank you.

Mr. Coates.

MR. COATES: Hello, Chair Nichols and Board. And I'll acknowledge your admonition earlier. This is not directly related to appendix C, but appendix D is referenced in the resolution that's before you. And so I just wanted to call your attention. I've presented some material on behalf of the Diesel Technology Forum. I'm
Michael Coates. And I believe this is good information as you consider the appendix D and look for cost effective ways to reduce NOx emissions immediately.

Thank you very much.

CHAIR NICHOLS: Thank you. Thanks for your submittal also. We do have that.

MS. BROWN: Good afternoon to the Board, and thank you for allowing me to share my experience as a car share user for the car share program. Before the program I was one of many who felt, for a variety of reasons, trapped with no ability to get around. Living in poverty requires so much energy, that is put into survival. And due to certain limitations, I was unable to navigate the public transportation due to my -- to do my errands. I became isolated and depressed.

After hearing about the car share program, I was one of the first to sign up and I could scarcely believe my luck. Now I have my freedom back. And I share that freedom with those who cannot drive, taking other residents to see their doctors, and pick up their medications.

I definitely need this program for both my physical health and emotional well-being. I'm able to make a difference in my small community, as well as the larger community by not burning gas and oil. I developed
asthma, and -- due to poor air quality, and I can now say
that I no longer contribute to that.

I personally use the car share program to buy
groceries at all types of shops and farmers markets. I
get my hair done at the beauty college. I go to doctors
appointments, have tests run, maintain dental care. I can
now learn to navigate and enjoy Sacramento as a newcomer
from the Bay Area.

I believe in this program. I believe in living a
life that contributes to the well-being of others. I was
taught that it is our responsibility to leave a place in
better shape than we found it. Thank you for the funding
that is allowing me the opportunity. Please keep this
program going and expand it, to other -- so that others
may benefit from it as well.

Thank you.

CHAIR NICHOLS: Thank you.

MR. TOLLIVER: Good morning -- good afternoon,
Board. Yeah. My name is John Tolliver. I'm a 70-year
old man, and just like what Susan said, I'm mean this car
share it's a beautiful thing. And I hope it continues.
You know, I'm -- I mean, it's good for me to go grocery
shopping, to see, you know, my sisters and brothers. I
mean, it comes in really handy, and I love it.

And I don't have much to say, but I just want to
say I love it --

(Laughter.)

MR. TOLLIVER: -- and it's a good thing.

Okay. Thank you.

CHAIR NICHOLS: Thank you. Hope you enjoy driving an electric car.

MR. TOLLIVER: Oh, I do. I do.

(Laughter.)

MR. TOLLIVER: I love it.

MS. SILBERFARB: I drive an electric car all the time and I love it as well.

(Laughter.)

MR. SILBERFARB: My name is Ross Silberfarb. I'm here representing myself as an EV driver, as well as BTCPower which is a California based EV supply equipment manufacturer, minority-owned business. And I just wanted to make sure everybody knows that we fully support this plan, and look forward to you guys implementing it as soon as possible.

Thank you.

CHAIR NICHOLS: Thank you.

MS. SMART: Chairwoman, Board, My name is Anne Smart and I'm the vice president of public policy at ChargePoint, also a California based manufacturer of charging stations. Thanks for the opportunity to provide
another round of comments on the VW proposed investment.
We appreciate the efforts by staff to ask for more details
and seek a supplement to the original plan.

In the supplement we were pleased to see Fresno
selected as a community, and we hope that CARB will
continue to work closely with VW to ensure that Fresno
gets its fair share of the community investment. Compared
to the other five communities, it has by far fewer
charging stations and deserves more of the funding.

We also hope that CARB will do all it can to make
sure that VW fully commits to its anticipated goal of 35
percent in the disadvantaged communities.

Overall, we were still, however, disappointed to
see a lack of details about VW's business plans with its
Investments, including how these sites will be selected,
how they intend to work with installers, with third-party
hardware vendors, network operators like ourselves, and
how they intend to procure equipment and set pricing to
drivers of all electric vehicles, not just VWs.

ChargePoint cautions again that a lot can happen
in 30 months. The impacts of this investment could
negatively impact other investments in the State for
charging stations. And we hope that CARB will exercise
its full oversight to work with all members of the
industry to ensure that this is complementary and
additional to the other investments currently in the State.

We're committed to continuing to do our part to expand the EV network in California, and to support EV adoption in all communities. And we hope that CARB, VW, and all stakeholders work collaboratively towards the same goal throughout the ZEV Investment Plan.

Thank you.

CHAIR NICHOLS: Thank you.

MS. GALE: Good afternoon -- good afternoon Board members. I will keep my comments short. I slashed a few things out of my notes. But I cam up from Fresno today to thank you all for your due dil -- due diligence when reviewing this draft investment plan, and asking for more information. And I also appreciate the staff direction that seeks to ensure continued coordination and oversight over this plan.

And I also wanted to thank the Electrify America representatives in this room for being open to dialogue with both statewide and San Joaquin Valley advocates. We've had continued discussions about how to make sure there will be equitable implementation in Fresno County. And so we plan to work with them as time goes on to ensure that the most overburdened and infrastructure poor areas within Fresno County will be focused on. A lot of
investment in Fresno usually goes to the northern more affluent region. So we want to continue to work with Electrify America to ensure that disadvantaged communities are getting their fair share.

And as an advocate for the entire San Joaquin region, I obviously see this plan as a great first step to investing in the region. And we look forward to future investment up and down and across the valley.

My last point would be that we hope to see not only a 35 percent investment of total funds invested in disadvantaged communities, but 35 percent in each region targeted to ensure equitable distribution of funds. So if this does not occur naturally, we suggest that the Board ask for this during the next cycles.

So thank you very much.

MR. FARIAS: Good afternoon, Chair Nichols and members of the Board. My name is Linus Farias. I'm with Pacific Gas and Electric Company. And I'm speaking in support of the Volkswagen zero emission vehicle incentive plan -- investment plan, pardon me both cycle one and cycle two, the supplement.

We eagerly look forward to EA beginning their infrastructure build-out to meet California's electric vehicle market needs as soon as practicable.

Accelerating adoption of EVs is necessary for
California to achieve its environmental goals in a timely manner. And EA, the investment plan -- the implementation of it is an important step in this direction.

We look forward to EA implementing its plan to educate communities also about the value and benefits of zero-emission vehicles. And finally, the work envisioned by EA will complement infrastructure investments being made and proposed by PG&E and other State investor-owned utilities to improve access to charging and expand the EV market.

Thank you for the opportunity to voice our support of this plan.

CHAIR NICHOLS: Thank you.

MR. TILLMAN: Hello, Chairman Nichols and the Board. My name is John Tillman with Nissan.

Nissan thanks the Board and Chairman Nichols for its opportunity to speak in support for the Volkswagen ZEV investment plan. Nissan supports the Electrify America ZEV investment plan and the supplement as outlined in our comments submitted to the Board on July 14th.

We fully support California's neutral approach to the vehicle electrification, which includes the continued deployment of both CHAdeMO and CCS high-powered electric vehicle charging equipment. Nissan believe the proposed ZEV investment by Electrify America and Volkswagen,
including the detailed outline in the supplement of the cycle and California ZEV investment plan has the potential to bring much needed funding to a nascent EV infrastructure industry.

Thank you.

MR. HORVAT: Hello, Madam Chair, Board. My name is Ashley Horvat. I'm the vice president in public and private partnerships for Greenlots.

This investment plan comes at a critical time as we're pushing for broader based adoption of EVs to achieve California's climate and energy goals. We urge you to consider unlocking this capital, so that it can begin to spur additional investment effectively diminishing the uncertainty that threatens to slow down market progress and paralyze momentum.

California is in a severe infrastructure deficit, although it may not seem like it, with an attach rate of 17 vehicles to one public charging port. L.A. is closer to 20 to 1. While early adopters have been patient with a lack of public infrastructure, widespread EV adoption requires significant investment in public charging, notably DC fast chargers.

The investment plan is certainly no panacea, but it's certainly not a crop in the bucket. In this era of uncertainty and division, it's an opportunity in
California to lead and help unite people throughout the country towards a desperately needed mutual beneficial common goal. The plan will help thousands of drivers to get behind the wheel of an EV, while simultaneously facilitating the increase electrification of California's rapidly expanding car-share and ride-sharing fleet.

It will also create opportunities for California cities like Sacramento to become national electrification leaders. And in addition, this will create jobs and an economic opportunity that will help to slow the effects of climate change in already cash-strapped communities throughout California. In places like Fresno, this investment will have a direct effect on reducing air pollution that inordinately impacts the health of its citizens and economy.

The industry looks a lot different than it did in 2009. The experiences that we've had along the way, the stronger and more tangible commitment across sectors, and the vital infrastructure and consumer data that we've amassed will help inform our direction in making this large investment even more effective than previous large investments.

Approving this will communicate that investing in EVs is a key solution to the pressing problem of replacing polluting legacy vehicles signaling to other automakers
that they also must compete and collaborate.

We wish to thank CARB for getting a good deal for California and for the professionalism and diligence of CARB staff to work with Electrify America to get it right for all Californians. We encourage the Board's approval.

Than you.

MS. LUBAWY: Good afternoon, everyone. I'm Andrea Lubawy with Toyota. I'm a long-time listener, first-time caller.

(Laughter.)

MS. LUBAWY: And I'm finally able to drive the technology that I've been working on for the last 15 years. So thank you for the opportunity to address you today.

Now, onto the serious topics.

Toyota believes that the supplement does not address our concerns regarding infrastructure and outreach as they relate to hydrogen. In justifying the omission of hydrogen infrastructure in this funding cycle, Electrify America mischaracterizes the January joint agency report projecting seven percent excess capacity in 2020, the year after the Cycle 1 30-month plan ends. I'd like to make a few points on this.

First, that assumes 100 percent on-time station completion. Considering that less than 60 percent of the
fueling stations that were funded to be opened by the end
of last year are retailing now, it's not hard to imagine
that far less capacity will actually be available in 2020
than anticipated.

Second, the report quoted then goes on to project
that 2020 will be the beginning of a rapidly growing
capacity deficit that existing AB 8 funds will be
insufficient to cover. Considering the fact that stations
opening this year were funded in 2014, and that station
development time is currently two years from the time of
contract execution, now is precisely the time to begin
funding additional stations.

With regard to outreach, ARB's direction to
Electrify America was to be brand neutral. Electrify
America noted that this was not the same as technology
neutral. Toyota believes that if outreach activity
focuses exclusively or in large part on technologies
within the core of the settling defendant's vehicle or
services, it inherently does not fulfill the definition of
brand neutral.

CARB has long recognized that battery and fuel
cell vehicles are necessary to reach our climate goes, and
outreach should match that spirit.

In conclusion, appendix C states that investments
should support and advance the use of ZEVs in the United
States by addressing an existing need or supporting a reasonably anticipated need. It's quite clear that there is a need for additional resources beyond AB 8 for hydrogen infrastructure and fuel cell education, and both should be included in the first cycle of the investment plan.

Now, we've seen the proposed resolution and we know that time is of the essence. If CARB must approve the current proposed investment plan, we request that CARB considers this in the upcoming zero-emission infrastructure investments by the State, and to compensate for the lack of hydrogen investment in this plan.

Thank you.

MS. HOLMES-GEN: Good afternoon, Chairman Nichols, Board members Bonnie Holmes-Gen with the American Lung Association in California. And I'm a four-year ZEV driver, and advocate.

And I just wanted to, first of, all make sure you know the Lung Association has been a long-time supporter of zero emission vehicles and remind you that we published data demonstrating the billions of dollars in health benefits from moving away from our fossil-fuel dependent system in California, and throughout the country.

So we are long-time supporters and we are supporting this Electrify America plan. We believe that
the additions have provided a lot more confidence to us and others that this plan and these investments will advance our air quality, our climate, and our equity goals in California. We're especially pleased to see the commitment to 35 percent of the investments benefiting disadvantaged communities. We're pleased to see Fresno added as a community focus.

And we support Assembly Member Cristina Garcia's comments about the importance of follow up in the process of documenting and assuring that we are getting the assistance, and that -- the investment in disadvantaged communities from this plan.

And I wanted to share our support also specifically for the Sacramento designation as a green city. We're very proud of what's been accomplished in Sacramento, and you've heard from our Sacramento leaders. The fact that Sacramento has the largest ZEV school bus fleet in the country is a wonderful launching point here, and we're really looking forward to seeing how these investments will help to leverage what Sacramento has already accomplished into a model for regional ZEV deployment that can inform our work on ZEVs around the State.

And we certainly are going to need more funding than this. This is a good start, and we're looking
forward to another green city being designated in the next round. We would like to see, as was mentioned, a green city that will be -- have a focus on disadvantaged communities in the next round. So I think that's really important.

We support the investment plan. We're looking forward to working together with Sacramento and all the communities that are getting funding from this proposal.

Thank you.

MS. GOLDEN: Hello, Board members. My name is JoAnne Golden. And I am here on behalf of LA n Sync. LA n Sync is an initiative of the California Community Foundation, which is committed to bringing Los Angeles together to advance the region's vibrancy, diversity, and creativity, especially in some of L.A.'s most forgotten or disadvantaged communities.

LA n Sync has been working with the City of Los Angeles, the Southern California Association of Governments, better known as SCAG, LAEDC, the L.A. Chamber, and over a dozen other organizations from philanthropy, environmental justice, and business communities to attract funding from this first initial round to Los Angeles.

Not only -- it almost goes without saying that not only does Los Angeles have a need from an air quality
standpoint, but it's much larger than that. We represent
a significant market opportunity for the future of
transportation electrification, and also the next
iteration of urban mobility. I had a bunch of stats in
here about the fact we have 7.7 million vehicles, and all
those pieces, but I'm not going to go into it for sake of
time, but L.A. is, by all accounts, large.

    I think anyone who's ever been there can attest
to that, right?
    (Laughter.)

    MS. GOLDEN: But we're not unmanageable. There
is a reason why companies come to Los Angeles to scale.
Because if you can make it work in L.A., you can make it
work anywhere.

    Electrify America recognizes this promise and
opportunity of Los Angeles, which is why we have dedicated
the -- which is why they have dedicated the largest amount
for infrastructure of any area in the State within this
plan to address the demand, the promise, and the gaps in
our existing electric vehicle charging infrastructure,
which I thank Greenlots for kind of already pointing out
those stats as well.

    The EV market in Los Angeles is growing, but
sufficient investment is really lagging in this
infrastructure side of things. We need to see these
investments immediately. We really can't wait. We're unable to keep pace with demands that are already there right now.

I'll be honest, this first plan is not a panacea. It does not resolve every single one of Los Angeles's needs as it relates to infrastructure. But to be honest, there's no way it would. We're looking to future plan iterations, other Volkswagen settlement funding, CARB, and other State programs, coupled with philanthropic, private and community investments to really get us to where we need to be.

We're committed to this path toward transportation electrification, and the reduction of emissions. And we are excited about working with Electrify America to implement this plan and to support them, and getting it done as quickly, and as effectively as possible.

On behalf of LA n Sync, we urge your support of this plan. We quite simply cannot afford to wait. These investments and the benefits of our region are needed immediately.

Thank you.

MR. DUGAN: Good afternoon, Chair Nichols, Board, staff. I'm Robert Dugan. I'm the senior vice president of public policy and economic development for the
Sacramento Metropolitan Chamber. And its really a thrill to be here today, but I need to start by complimenting the staff on the work that's been done to help put this proposal together, and help bring us to this point.

So much of what you have to do is on defense, and here's an opportunity, a genuine opportunity on offense. And it's a tremendous project that you have in front of you.

In the light of making sure my testimony is as short as possible, I'm going to try to clip and just really focus on two of the big issues that I'd like to raise. As many of you know, the Sac Metro Chamber has been around about 120 years. And it was created to address issues and seize opportunities. And we're proud of the history of seizing really what is economic evolution at times, as the economy has changed throughout our six-county region. And we're here in another one of those moments. And we're here thrilled to support what's before you, and specifically the designation for the City of Sacramento.

The region we're in, the capital region, is knit together with really strong partnerships. Those are strong partnerships among government agencies, strong partnerships among civic leaders representing different communities, strong partnerships between our education
establishments. And we're really thrilled that we've got an opportunity to support what we're looking at with the urban core in this designation.

I want to bring one point up, and then I'll move on. And as Mayor Steinberg so clearly pointed out, we're poised and ready to make this vision a reality that we can all point to as an example that we can proud of statewide, and even a national model.

And our abilities here are not just limited to the infrastructure piece, which is really critical, as has already been stated. We got a dramatic disparity between those that are using electric vehicles and the infrastructure to support them when they get to work. But we're able, in our region, because of the work that we've been doing, we know that we can help continue to grow the clean green manufacturing space, and the manufacturing opportunities, and the assembly opportunities that come with this industry and the surge that we anticipate seeing and plan on helping fuel.

We're also confident that we can continue to grow our research and development as we look at how we're going to be a hub. But finally, and probably most importantly, when we talk about underserved communities, the challenge is we have a need in this region. And we have an opportunity in this region to help those in underserved
communities get the education that they need to get those
career technical positions. And we're working hard
through our community college systems, our higher
education systems, to build those programs now. And with
this effort, we're going to be able to add even more of
that, so that we can reach out to folks that otherwise
didn't see education as an opportunity to get that
education, seize the American dream, get meaningful
employment, and do so in partnership with clean green
technology, and things that are going to clean our air so
they can be part of the future.

And that's pretty exciting, and that takes an
awful lot of people. So with that, I'll thank you for the
opportunity to testify today and encourage your support.

MS. BUI-THOMPSON: Good afternoon. Thank you.
My name is Nancy Bui-Thompson. And I'm an elected member
of the Sacramento Municipal Utility District, fondly known
as SMUD.

So we appreciate this opportunity to be here with
our community partners in support of this plan. We
believe this plan will move the needle truly to have deep
penetration of EVs throughout our region. SMUD has been a
leader in this space for almost 30 years, but we realize
we can't do it alone. Our grand plans are great for
Sacramento, but additional capital is needed to be able to
expand our footprint. We're currently investing over $5 million a year in our electric vehicle transportation network. We have great programs, such as charge free for two years, which I took advantage of this past year. We have workplace and multi-family electric vehicle service equipment incentives, a strong community outreach campaign, and DC fast charger public charging campaign, but this is only the tip of the iceberg.

With the funds provided by the Electrify America program coupled with our existing investments, we are targeting to double our adoption rate of 44,000 vehicles to 93,000 vehicles by 2030. By working with Electrify America and other civic stakeholders that you've heard from here today, we plan to leverage these investments, our almost 30 years of experience, and our experience working with partners in a collaborative space to be able to effectively expand their ROI that you typically wouldn't get. We've been a leader in this field. We are the utility that people come to for subject matter expertise. We feel we can hit the ground running with these additional funds and expand the footprint that you probably wouldn't be able to see in other parts of the State.

But we won't leave behind the communities that make Sacramento unique and strong, which is are
disadvantaged communities. We feel that supporting these communities will be an essential part of this program. And so we are in great support of the Sacramento Metropolitan Air Quality Management's District EV car share program, but also increase penetration of EV charging vehicles.

So as one of the -- what we consider one of the top community-owned utilities in the country with some of the lowest rates in California, we can stretch that dollar even further and help all communities in our region. Thank you for giving me the time today.

MR. MONTGOMERY: Good afternoon. Pete Montgomery on behalf of the Charge Everywhere Coalition, which is a group of seven EVSE companies, which came together specifically to support approval of this investment plan. And I've scrapped around my testimony, in the interests of time, just to make a couple of key points.

Number one, just to highlight the urgency of approving this today. We can no longer afford to delay. There are serious threats if this agreement gets -- gone -- goes back to the courts, goes back to the current administration. And the industry is very concerned about delay. So I would just urge with urgency to approve today.

And one of the issues which I wanted to address
just because it was a subject of comments, it was a
subject of the presentation, I'm sure it will be a subject
discussion later with -- when the Board discusses this
is our coalition members have worked with hundreds of
qualified electrical contractors, who all have -- not all.
I shouldn't say that. It's an overly broad statement --
with a highly qualified long history of installations in
California and a very strong record on safety. While we
have no specific position on the EVITP certification
process, we are very concerned that a requirement in the
agreement, that that be part of the process, would -- as
was recommended by some of the comments would have a
delaying effect on deployment, and disqualify hundreds of
highly skilled and very experienced electrical
contractors.

So again, we urge support today on behalf of the
leading fast charging network company and many other
strong and long history players EVSE market.

Thank you.

MR. BLOCH: Madam Chairperson and members of the
Board, I'm Steve Bloch, vice president of partnership
development and EV Connect, a California-based provider of
electric vehicle charging and management solutions. I'm
here today to voice our strong support of Electrify
America's California zero-emission vehicle investment plan
and to urge CARB to approve it as soon as possible.

Electrify America's investment plan reinforces our strong belief that these types of investments are critical to California in meeting its EV deployment goals and will bring needed access to communities, particularly those with moderate- to low-income populations across the State.

In addition, it encourages growth in the EV marketplace by removing infrastructure barriers and supports technology-neutral solutions. Specifically, this plan recognizes that supporting infrastructure is likely to be the largest barrier to California reaching its goal of 1.5 million ZEVs on the road by 2025, thus helping the State reduce its dependence on oil, while dramatically reducing emissions that endanger the health and welfare of its citizens.

While the 800 million being spent is not enough to meet all the needs, it is a substantial downpayment, which will encourage further investment and set the State on course for generating thousands of new jobs. A technology-neutral solution is in the best interests of consumer choice and continues to encourage future innovations within industry.

Access to electric vehicles encouraged by local infrastructure within the moderate- to low-income
communities, which the plan supports, is essential if all
Californians are able to participate in this evolving
transportation paradigm.

It is imperative that California expeditiously
finalize its decision regarding the Electrify America
plan. Given that California has the largest number of
electric vehicles on the road today, it would be
unfortunate at best, and irresponsible at worst, if the
State was not at the forefront in providing access to EV's
and their supporting infrastructure for all Californians.

EV Connect firmly believes the Electrify
America's investment plan, as supplemented, is in the best
interests of California's environment, economy, and
citizens.

Thank you.

MR. LI: Good afternoon, Madam Chair, members of
the Air Resources Board. My name is Henry Li. I'm the
CEO/general manager for Sacramento Regional Transit
District.

I'm here to support the Air Resources Board
approval of the EV investment plan for the Sacramento
community, especially the disadvantaged and low-income
communities within Sacramento. Sac RT is in the business
of providing mobility solutions in the capital region.
And we are actually in the planning stage to convert our
bus fleet to zero-emission vehicles as quickly as possible, and we are also in the early stage of planning for autonomous vehicles, including autonomous buses. We want on front row of this trend.

This region has developed strong partnerships dedicated to improving transportation options and strengthening the public transportation systems, all of which are essential in developing a robust green city and green community.

As Mayor Steinberg mentioned earlier, first- and last-mile trips are a critical part of providing transportation solutions for Sacramento, especially for the disadvantaged and low-income communities.

The ZEV investment plan addresses the first- and last-mile needs by providing zero emission shared use vehicles for the public transportation systems, which disadvantaged and low-income communities heavily depend on for their daily mobility needs.

These vehicles, when connected to the Sac RT system, has three major benefits. One, it strengthens the overall public transportation network by providing first and last mile solutions or options for the citizens in the community. Second, it reduces carbon emissions through an increase in the use of public transportation. And lastly, it reduces congestion on our local roads and freeways,
again through an increase in the use of public transportation, therefore increase our air quality in whole region.

Thank you very much.

MS. BOND: Good afternoon, Chair Nichols and Board. My name is Elan Bond. And I'm with Nel Hydrogen, the largest pure play hydrogen fueling and technology solutions company in the world, providing electrolysers that produce renewable hydrogen, light-duty, medium-duty, heavy-duty bus and materials handling fueling solutions in over eight countries since 1927.

We're currently developing light-duty stations all over Northern California and are active members of the California Fuel Cell Partnership, California Hydrogen Business Council, and H2USA. Nel had submitted comments to each iteration of the Volkswagen ZEV investment plan and is very disappointed with the deliberate exclusion of investments into hydrogen fueling infrastructure.

The FCEV market is taking off and a fueling shortfall already exists at currently operational stations within California. Demand will only continue to increase throughout -- through 2020 as development needs outpace the current funding mechanisms such as AB 8. The gaps were clearly -- these gaps were clearly outlined in ARB's 2017 joint AB 8 report, yet were incorrectly utilized and
applied to the ZEV investment plan to preclude hydrogen investments.

We strongly urge the ARB to ensure the necessary expansion of hydrogen fueling infrastructure throughout the State is supported by other funding resources, such as the court decree mitigation fund.

Additionally, we urge both Electrify America and the ARB to establish dialogues with the hydrogen and FCEV stakeholders to better understand their clear blueprints toward market sustainability and to focus efforts on supporting hydrogen in the next ZEV investment plan, given hydrogen equal and comparable treatment to that which EVs were received in this round.

This will ensure that the ZEV investment plans are truly technology and brand neutral.

Thank you.

MS. ESPINO: Good afternoon, Chair Nichols and Board members. Thank you for the opportunity to testify. My name is Joel Espino, environmental equity legal counsel at the Greenlining Institute. We are a racial and economic justice nonprofit, focused on bringing investment and economic opportunity to communities of color who have been historically red-lined and disinvested in.

Make no mistake, Volkswagen's law breaking and cheating didn't harm everyone equally. Volkswagen's
actions hit low-income people of color the hardest because they live in neighborhoods criss-crossed with high -- with the highest concentrations of busy roads, highways, and high-polluting vehicles.

As a matter of justice and fairness, Volkswagen and its Electrify America subsidiary must remedy its harm by prioritizing and deploying significant investments in communities that hurt most. These investments must be real and not token. The Greenlining Institute gives thanks to the Air Resources Board, staff, the legislature, and Electrify America representatives for elevating the need to invest in California's poorest and most polluted communities.

The plan and its supplement are a step in the right direction. Many more steps are needed however to ensure that at least 35 percent of Volkswagen's investment plan dollars actually benefit low-income communities of color. And more steps are needed to ensure that any jobs and job training generated from this investment reach low income people of color, who can benefit the most from that economic opportunity.

Nonetheless, we support the Board's proposed resolution to approve Volkswagen's plan, and we are hopeful that with the strong transparency measures highlighted in the consent decree, SB 92, and in the
proposed resolution. And with good faith engagement from Electrify America, and ARB, we can collectively hold ourselves accountable to the communities Volkswagen hurt most.

We look forward to working with ARB Electrify America and others to ensure that Volkswagen's ZEV investments respond to the historical and structural injustices communities of color face.

Thank you.

MR. WECKMAN: Hello Madam Chair and Board members. My name is Craig Weckman. I'm a professor or Los Rios Community College District. I instruct automotive and diesel collision and heavy-duty equipment repair.

Since 2007, we have trained students that are in different stages of their life. These students come from area high schools, disadvantaged communities, returning veterans and more. The graduates from our program definitely move to the employment, earning from forty to sixty thousand dollars annually.

The broader adoption of the zero-emission vehicles, via the green cities, will create opportunities for expanded training and career choices for our students. Our programs have already began exposing our students to zero-emission vehicles. For example, we have funded the
installation of vehicle EV's charging stations at American River College. And we are currently working with various industries within our community to hire and create internships for our students throughout our programs.

We'd like to expand on these opportunities to create more for both our students and the local region through ZEV training. This will create innovative openings to expand our reach within the region for us to build the additional interest for our employers in the zero emissions training.

We are working with Twin Rivers Unified School District in creating and building a program to assist their drivers and mechanics in the training of their new electric vehicle buses, that will be the largest EV bus in the world.

We are currently scheduled to take a tour to the Tesla Gigafactory in August. We hope to see the opportunities for training and internships would be established for growth for the electric vehicle industry in Sacramento.

We strongly support the designation of Sacramento as a green city, and the investment in zero-emission vehicles in the structure for public and private use. We look forward to supporting the training and education that will be needed to bring this plan into the growth that is
necessary.

   Thank you.

   DR. KASIRYE: Good afternoon, Madam Chair and
members of the Board. My name is a Dr. Olivia Kasirye.
I'm the Public Health Officer for Sacramento County, and
for the incorporated cities within Sacramento.

   The top three leading causes of death in the
region are heart disease and stroke, cancer, and
respiratory disease. As you know, burning fossil fuels
for vehicles is one of the largest contributors to air
pollution and greenhouse gas emissions which is warming
the earth's temperatures to dangerous levels. The
Sacramento region is experiencing hotter days, and the
additional poor air quality worsens asthma, impairs lung
function, and can increase the risk of heart attacks, and
other cardiovascular diseases.

   Increasing access and use of a transportation
mode with zero emissions can make a big improvement for
clean air and for our region's health, especially for our
sensitive populations, and those living in disadvantaged
communities.

   I am very excited about the Sacramento community
car share program that began in May, and the prospects for
improved health that Electrify America's new car share
program from the investment plan will bring.
Access to transportation is one of the major barriers that people have for accessing health care, and for being able to access other services in the community. So this car share program will go a long way in meeting a need in the community.

On behalf of the capital region's health community, please approve this investment plan in designating the Sacramento metropolitan area for the green city initiative investment. This will be a big step in improving the health of our communities.

Thank you.

MS. ROBINSON: Good afternoon, Board members. My name is Judy Robinson. I'm the sustainability manager for Sacramento County, and the chair of the Sacramento Area Plug-in Electric Vehicle Collaborative. The City of Sacramento is one of our partners in the PEV Collaborative, along with the County, Sacramento Air Quality Management District, SMUD, SACOG, Clean Cities, Sacramento EV Owners Association, and Valley Vision.

We've been working together for quite a few years to increase the deployment of electric vehicles and related infrastructure. This dynamic collaborative was responsible for preparing the Sacramento Area Electric Vehicle Readiness and Infrastructure Plan, which outlines the current and forecasted demand for charging
infrastructure and prioritizes their location across Sacramento.

This information was used to inform the City of Sacramento's green city application, and was provided to Electrify America to inform strategic locations for investment, particularly in our disadvantaged communities.

We appreciate the extensive deliberative process that ARB has devoted to this, and we encourage you to approve this investment plan and designate Sacramento for green city initiative investment.

Thank you very much.

MR. ZULEWSKI: Good afternoon, Chair Nichols, and fellow members of the Board. My name is Ryan Zulewski, and I am representing SemaConnect, which is a developer, manufacturer, and provider of plug-in ZEV infrastructure, including commercial level 2 charging systems and comprehensive network services. We support Electrify America's investment plan and strongly urge CARB to approve.

At present, SemaConnect is a leading smart networked EV charging system manufacturer in North America in business since 2008. We have offices in San Francisco, Los Angeles, San Diego, as well as various locations around the country. Our plug-in ZEV infrastructure is deployed in a wide range of applications that include
multi-family, workplace, and public charging.

Approving this plan today will help grow EV adoption throughout the State by having infrastructure in place to encourage the ownership of ZEVs as each one is dependent on the other. The plan would encourage competition in the space for both EV manufacturers, and EV charging solutions alike. Additionally, this plan will contribute to job growth throughout the State in the EV space and satellite industries within.

In short, SemaConnect is in favor of approval today.

Thank you.

BOARD MEMBER RIORDAN: Thank you.

MS. DOOLEY: Hello. My name is Claire Dooley, and I represent EVgo, the largest public EV fast charging network in the United States, as well as here in California.

EVgo continues to believe that any and all funding that goes towards public infrastructure is critical at this time in order to bring EV adoption to all Californians of all income levels.

We have been supportive of the infrastructure investments, as part of the cycle one plan, as well as all infrastructure investments that are proposed or being made by all automakers in order to accelerate transportation
electrification.

EVgo has already begun to see the impact that these longer range electric vehicles are having on current infrastructure, given that they take longer to fuel all the way up, and so they're plugging in, and they are overburdening the infrastructure that's out there right now, at the current power levels that we see.

So because of that, we really think it's critical to increase charging speeds at these public stations to higher power, which is part of the cycle one plan, which we do very much support. We think this will reduce the charging times and relieve congestion.

In summary, we hope that CARB moves quickly to approve this cycle one investment plan.

Thank you.

BOARD MEMBER RIORDAN: Thank you.

MS. ARNOLD: Good afternoon, and thanks for the opportunity to speak to you this afternoon. My name is Meg Arnold. I'm managing director of Valley Vision, which is a Sacramento region nonprofit, for more than the past 20 years working on issues of importance within the region and with a focus on deeply engaging multiple stakeholders in the work on those issues.

Valley Vision strongly supports ARB's staff recommendation of Sacramento as designated as the green
city. Green city work will require a foundation of close and effective collaboration within and across the city and the region, especially in service of the goal of early and visible progress. That foundation of collaboration is of along standing in Sacramento dating back more than a decade.

And because Valley Vision has had a role in many aspects of that, I wanted to just cite a couple of those examples as proof points for you, in addition to Judy Robinson's mention of the Sacramento area PEV collaborative.

First for more than a decade, Valley Vision has helped to manage the region's Cleaner Air Partnership or CAP. CAP is a partnership of the Sacramento Metropolitan Air Quality Management District, Breathe California, and Valley Vision, and brings together the public and -- sorry, the business and public health communities to find air quality related solutions that they can jointly support.

Next, as an example in 2008, nine years ago Valley Vision helped to found and then managed the Green Capital Alliance, which connected business, the public sector, and education on topics related to the green -- the green and clean economy.

And most recently, those relationships that began
in the efforts cited earlier have continued to this day, such that the newest partnership effort, the capital Region Climate Readiness Collaborative, which is currently chaired by SMUD, which -- and counts 30 public, private, and nonprofit members all focused on shared contributions to climate adaptation.

So I cite these examples to you as demonstration of the foundation that already exists in this region of regional partnership and collaboration that will help to underpin, accelerate, and most importantly ensure the success of the green city initiative in Sacramento, which we strongly encourage you to adopt today.

Thank you.

MR. BOTSFORD: Chair Nichols, Board staff, I'm Charlie Botsford with AeroVironment. I'm the project manager for the West Coast Electric Highway which is 56 DC fast-charging stations on the I-5 corridor and Highway 101 in Oregon and Washington.

AeroVironment is a charger manufacturer. We're the oldest of the charger manufacturers. We go back to the 1980s, when we developed the impact -- General Motors Impact, which was the prototype for EV 1.

We support Board approval of the VW Calif -- VW's California ZEV investment plan. The adjustments VW has proposed in the supplement, in particular adding Fresno as
a metropolitan service area, significantly strengthen their original submission.

We wish to comment on a third-party request to include a requirement in the investment plan for an electrical contractor certification program. This requirement appears unnecessary from the perspective of ensuring the safety and quality of EV charger installations.

As an example, AeroVironment conducted a CEC merit reviewed program for EV charger installations, and for which we used 28 California small business electrical contractors, all of them C-10 licensed electrical contractors.

C-10 licensed contractors, per the California State licensing board, are required to be trained for critical skills necessary to install such devices as level two EV chargers. Therefore, a certification program, as noted by the commenters, is not necessary for this approval process, at least we believe.

A C-10 contractor license suffices and ensures the inclusion of highly qualified small business, minority, disadvantaged, and veteran-owned electrical contractors.

In short, we support the VW -- your approval of the VW investment plan.
Thank you.

BOARD MEMBER RIORDAN: Thank you.

MS. DICKINSON: Chair Nichols and Board members, I am Marjorie Dickinson, Assistant Chancellor of Government and Community Relations at UC Davis. I'm here to support Electrify America's updated zero emissions investment plan, including most particularly the designation of Sacramento as the first green city.

I want to reinforce UC Davis's commitment to work as a partner with those represented here today to deliver a transformational transportation program.

Finally, I will note that this investment in Sacramento will leverage additional investment and partnership opportunities that will make Sacramento not only our State's Capital, long-standing, but a national and international hub for transportation, research, and development.

We look forward to being part of this first step in forging this exciting future. And I'd urge your approval.

Thank you.

BOARD MEMBER RIORDAN: Thank you.

MS. DICKINSON: And as a point of personal privilege, I would like to acknowledge and thank my own supervisor, Mr. -- Supervisor Serna, for his leadership on
this role.

Thank you.

(Laughter.)

MR. NAKASONE: Good afternoon, Board members. My name is Ross Nakasone. I represent the Blue Green Alliance. I wanted to thank you for this opportunity to comment on the VW emissions vehicle investment plan.

We believe that if done effectively, the plan would help California reach our greenhouse gas reduction goals. And, of course, then we commend you all, particularly staff -- also staff for a lot of the hard work here to improve VW's plan.

However, we wanted to highlight two crucial areas that we think should be addressed first. Electrify America's investments should provide quality job opportunities for veterans and residents of disadvantaged communities. These are underserved populations that could see real job benefits from these VW investments.

CARB's draft 350 low-income barriers report on clean transportation, you know, includes a number recommendations to address challenges for those from disadvantaged communities. And while the barriers report has not yet been approved by this Board, the VW plan actually comports well with many of the efforts in the barriers report.
That said, the barriers report also recognizes that investments from clean transportation can and should maximize economic opportunities for low income residents, really with the goal of ensuring, and I'm going to quote here that, "Access to economic opportunities is maximized for low-income residents and disadvantaged communities as a result of the investments being made in clean transportation, including expanding local job and workforce development".

So in accord with that, we really -- BGA really strongly supports requiring that electricians -- that of the electricians building VW's electric vehicle infrastructure, that at least 15 percent be veterans, and 25 percent be residents from disadvantaged communities.

Secondly, we want to ensure that VW's electric vehicle infrastructure is installed and maintained safely. Obviously, it's Critical that the infrastructure work be done by a qualified personnel. And to that end, we actually support electricity -- electricians installing EV infrastructure -- excuse me -- should be EVITP certified.

The EVITP is a national program featured by the U.S. Department of Energy that provides the training necessary to safely install and maintain electric vehicle infrastructure.

And the EVIT program is required already by the
California Public Utilities Commission in the installation and maintenance of electric vehicle infrastructure by SoCal Edison, San Diego Gas and Electric, and PG&E. VW's plan should be consistent with these important precedents. So combining the requirement for best in class -- so combining the requirement for best in class training and with employment opportunities for veteran and disadvantaged communities we think is the right thing to do.

So thank you.

BOARD MEMBER RIORDAN: Thank you.

MS. BONE: I was going to say greetings Chair Nichols. It looks like she's done.

Hello. My name is Laura Bone. And I'm the west coast business development manager for EV-Box. EV-Box currently has the largest installed base of EV infrastructure worldwide with over 48,000 charging stations installed. We're Headquartered in the Netherlands with offices in seven countries, and installations in over 900 cities globally.

If you have the opportunity to visit Amsterdam, you'll see one of our many 4,000 curbside charging stations all throughout the city.

We've recently entered the North American market, and we have offices in New York and Los Angeles. And
we're actively growing our team this year, and setting up U.S. assembly possibly in California.

EV-Box has been the major charging player in growing the Netherlands into one of the most productive EV markets in the world, where vehicle to charger ratio is one to four. Our European and Dutch experience teaches us that the minimum charger to vehicle ratio needed to grow a market is one in 10. The California market is currently at one in 17. This imbalance is a deterrent to healthy EV market growth.

We support swift adoption of the Electrify America proposed settlement plan to address California's urgent need for charging infrastructure.

Companies need more certainty to plan, produce, and scale up their teams. This is essential both in rolling out the plan, as well as keeping prices lower.

EV-Box strongly advocates for open standards to increase competition, improve on service and avoid a vendor lock-in. We believe this will lead to more installed infrastructure, interoperability between networks, and a better EV driver experience.

Many vehicle leases will soon expire. These used vehicles can provide an affordable way for low and moderate income people to drive electric. If there's nowhere for people to charge, the vehicles won't get
purchased and will leave the State.

EV-Box is an active participant in the recently signed partnership between California and the Netherlands to work on electric vehicles an autonomous cars and initiatives.

EV-Box would like -- in closing, we'd like to thank CARB and Board and staff at Electrify America for all your hard work in reaching the plan that you're voting on today. It's our hope that today a consensus will be reached. We're eager to join our fellow charging vendors in closing California's infrastructure gap.

We have a big year ahead of us. Thank you.

BOARD MEMBER RIORDAN: Thank you.

MS. BONE: And I represent an industry partnership and coalition also in the Central Valley. And we just want to say also thank you very much. We're very excited about the inclusion of Fresno as beach head. And we think that this is going to be a very effective market driver for increasing electric vehicle adoption, and addressing our infrastructure problem.

This is going to be a plan that's going to be very easy for us to scale. It really closes the gap on everything that we're missing in this valley to really grow the market. We have incentives in place. We've got great programs in place. And the last thing that we need
most of all is a baseline of charging and the public education and outreach aspect is priceless. And that's the missing link, and that's what we're going to get with this plan. We're very excited about that.

Thank you.

BOARD MEMBER RIORDAN: Thank you.

MS. LITMAN: Madam Chair and members of the Board, my name is Laurie Litman, and I'm here on behalf of 3507 Sacramento, a local grass roots organization working to accelerate the transition to a low-carbon future and a safe climate. We are pleased to support this plan and also support Sacramento as the designated green city.

Thank you.

MR. SULLIVAN: Good afternoon, CARB Board and staff. My name is Joseph Sullivan. I work with the International Brotherhood of Electrical Workers and the National Electrical Contractors Association. This represent about 350 electrical contractors, which employ approximately 10,000 electricians.

And I first want to start by saying thank you to you all for the role you've played in this --undercovering this, enforcing this, and also for writing this plan agreement in such a short time frame. We know you're under immense time pressure. But with that said, we encourage you not to adopt the plan as is. We know
there's pressure with the tight frame and a desire to get started, but we think it's imprudent to get started on the wrong foot and wait for the second tranche to make some key changes.

Specifically, there's three things that we would like to see changed. One is a commitment to disadvantaged communities. That is part of the worked out agreement, and we would like to see 25 percent of the people working on these projects come from disadvantaged communities. We just don't want stations in disadvantaged areas off the freeway, but the people from those areas doing the work.

We would like 15 percent of the people doing this work to be veterans.

And then lastly, our request is around safety and quality. We would like the electricians performing this work to be Electric Vehicle Infrastructure Training Program Certified. This standard has been adopted by the PUC, Southern California Edison, San Diego Gas & Electric, and PG&E.

So these jobs, when done properly, can change lives and communities. We've seen it happen. Because of the renewable portfolio standard, which is going up to 50 percent, and the federal tax credit, we seen communities in Los Angeles County out in the Antelope Valley be lifted up. Unemployment has moved down significantly because of
the required utility scale solar. Hundreds of electricians have been hired and trained, and lives have been changed as well.

And so these jobs, when done right, can make real differences in the communities. We see it every day. So we hope that that is taken into account and we're lifting up the people who need it.

Thank you.

BOARD MEMBER RIORDAN: Thank you.

MR. KRUEGER: Good afternoon, members of the ARB. Thank you very much for the opportunity for me to speak today. My name is John Krueger. I'm the executive vice president of the Greater Sacramento Economic Council. And we wanted to first applaud staff and members of the Board for the proposal, for the outcomes. I believe we're really going to be strengthening California's both environmental and I think our economic outlook as well.

I did want to say, first, that we were very pleased to see the addition of other California communities like Fresno receiving investments in this settlement. I truly do believe that the strength of California lies in the strength of all of our communities, not a select few, so we're very glad to see that additional investment spread through the rest of California.
And I did want to say that I truly believe Sacramento is poised, as a community and a region, to be able to utilize the grant and the monies proposed as the green cities initiative. We have the right collaboration in place. We have the right community members in place to really make this a successful outcome.

I think that the innovation, while that might not have always been so over the last 10 years, I think the innovation in the Sacramento market has really seen a lot of momentum gained. And what that means for this proposal and the green cities initiative is the right people and the right place to make this successful.

And I think that -- that is what it's going to take to make a green cities initiative successful is innovation at its backbone. And I believe that we have that here, as well as the spirit of the decree, which is the long-term adoption of ZEV in our community and our lives to be able to impact the environment. And I believe we have the type of people and the community that we want to see that ZEV adoption here in our community. So very excited to be a part of that.

And lastly, what we would love to see as appropriate after -- and I strongly encourage the approval of the plan today by the Board. Love to see additional conversations as this -- as this gets approved to how much
this can benefit our economy in terms of jobs and industry creation, as much as it is poised to help our local and statewide environment.

    Thank you very much.

BOARD MEMBER RIORDAN: Thank you.

MR. TAYLOR: Members of the Board, my name is Tim Taylor. Although I work at the air district now for Dr. Ayala, the staff person that you've lost --

    (Laughter.)

MR. TAYLOR: -- I'm here today representing the Sacramento Clean Cities Coalition. I'm the vice president. We are one of 13 coalitions in the State of California, and nearly a hundred in the United States with the goal of reducing the use of fossil petroleum in the transportation sector.

    In this area, our coalition has over two decades of experience, very active work reaching out with workshops and outreach materials including newsletters and all kinds of different -- now with social media kinds of strategies for reaching out to fleet operators and businesses targeting them to encourage the use of low-emission and zero emission vehicles. We've produced a number of workshops, including one in August where we're going to be doing heavy-duty low-emission/zero-emission vehicles, and one in October where we will be doing the
same thing and having a electric vehicle ride and drive, or zero emission, I should say, because it will include hydrogen as well.

We're very active in the PEV Collaborative that Judy Robinson talked about, and we've already had several meetings because of our clean cities coalition connections with members of Volkswagen and Electrify America, and we are very anxious to continue working with them both to reach out to fleets, and to help implement projects that they -- that they're ready to put on the road.

So I guess it's kind of obvious we very strongly encourage you to adopt this investment plan.

Thank you very much.

BOARD MEMBER RIORDAN: Thank you very much.

MR. GOMEZ: Good afternoon the Board. My name is Dave Gomez. I am the executive director for the Los Angeles Labor Management Cooperation Committee. I'm here today representing Labor Management Cooperation Committee around California. I'd like to thank the Board for the time that has been made available for public comment.

The VW settlement is a very important to California. While it involves hundreds of millions of dollars in investment in electric vehicle infrastructure, it represents much more than that. The VW settlement is another demonstration of California's leadership and the
leadership of the Air Resources Board in cleaning our air, reducing greenhouse gases, and setting an example for the nation and the world.

The VW settlement, as proposed, is a good start, but we feel that more should be accomplished in three important areas: Safety, jobs for veterans, jobs for members of disadvantaged communities.

To ensure that Electrify America's zero-emission vehicle ZEV infrastructure is installed safely in accordance with the State law best industry practices by qualified personnel, and that Electrify America investments provide quality job opportunities for veterans and residents, and disadvantaged communities.

All ZEV infrastructures installations Electrify America 10 years California ZEV investment plans shall be done by contractors who hold a C-10 license, and are Electric Vehicle Infrastructure Training Program, EVITP, approved. The contractors shall use only EVITP certified electricians on the job.

At least 15 percent of the electricians building the Electrify America ZEV infrastructure shall be veterans, and at least 25 percent electricians building Electrify America ZEV infrastructure shall be residents of disadvantaged communities. Residents of disadvantaged communities shall be identified by zip code in accordance
with the California Environmental Protection Agency, SB 535, listed disadvantaged communities. Electricians may qualify as both veterans and residents of disadvantaged communities.

For purposes of meeting their requirements and twice annually, Electrify America shall supply viable records to the air -- the California Air Resources Board to show compliance with these requirements.

I'd also like to thank the Board and the time -- in the consideration of the proposal. Thank you.

Also, you should have -- accept the copies of the distribution to the Board. You should have them in your hands. Thank you.

CHAIR NICHOLS: We do. Thank you, Mr. Gomez.

MR. MODISETTE: Thank you Chair Nichols, members of the Board. My name is Dave Modisette. And I'm appearing before you today with a new affiliation. Although, I think probably only the most long-standing Board members and staff will recognize me as the former executive director of the California Electric Transportation Coalition, which I did for 18 years, and more recently as the executive director of the California Municipal Utilities Association.

But I'm here today as the brand new executive director of the -- of Breathe California Sacramento.
We're a nonprofit, public health, and environmental organization that not only advocates for beneficial policies, but we also provide direct services to children and adults in the area of asthma, lung health. We also do education and provide services in the area of tobacco, and we work in our public schools to try to educate youth on air quality, tobacco, and lung health.

So that being said, we strongly support the ZEV investment plan, and its supplement, and the designation of green cities in California. We've submitted a written rationale with the six reasons why we believe that that's extremely important.

And let me just say thank you very much. I'm happy to answer any questions.

CHAIR NICHOLS: Kevin Brown?

MR. MAGAVERN: If number 42 isn't here, then I'll go next.

Bill Magavern with the Coalition for Clean Air. We submitted a letter along with several colleague organizations. And we support adoption of this plan. In particular, we want to thank the Board and the staff for paying attention to the feedback that we gave during the process, including at the March meeting. And we very much want to make sure that those levels of 35 percent at least in disadvantaged communities are met.
We also agree with the comments of the Blue Green Alliance and the IBEW about the importance of job opportunities for disadvantaged communities, and also certification requirements.

So we hope that, as the plan goes forward, we will see this beneficial expansion of charging infrastructure. Very glad to see that Fresno was added as a charging community, and eager to see the investments get started.

Thank you.

CHAIR NICHOLS: We're onto page three.

Good afternoon.

SERGEANT MAJOR KUFCHAK: Good afternoon, Chair Nichols, distinguished members of CARB. My name is Sergeant Major Mike Kufchak. I'm a 32-year veteran of the United States Marine Corps and I've just recently retired within the past four years.

With that being said, I've participated in three major campaigns dating back to Desert Shield, Desert Storm, three combat tours of OIF, which is Iraq, two in Fallujah, one in Ramadi, and my final combat tour where I spent a year of my life in Afghanistan away from my family doing margin as I was the regimental combat team Sergeant Major of the southern Helmand province.

So with that being said, obviously, I'm here to
advocate on behalf of veterans. I'm glad to note that we've talked a lot about disadvantaged communities, because that's very, very important. But also a part of that social fabric is our veteran population who are in those disadvantaged communities as well, too.

And also, I wanted to also help ensure inclusion regarding the Volkswagen zero-emissions vehicle investment plan, but more over ensuring Electrify America's investments help provide good careers for our returning veterans with place the -- veterans -- rather for veterans who place their lives on hold in terms of transitioning out of high school. They didn't seek higher education. They didn't join the workforce. But rather, as a first priority in their life, they wanted to represent this nation, because they heard the sounds of the guns and they wanted to defend democracy.

So with that being said, California alone continually possesses some 56,000 unemployed veterans and/or under-employed veterans. These are men and women who could have -- as I say, they could have pursued higher education, but chose to support their nation as a first priority. We have the nation -- we as a nation and this State, specifically this Board, have a responsibility to help provide employment opportunities for those veterans, which is a very specific
demographic, transitioning from a very regimented lifestyle.

    They bring with them credentialed traits of reliability, responsibility, dependability, and, of course, accountability as you well know.

    Many of our veterans, while in the military, work very technical jobs, which required high math and science, aptitudes. These men and women would be a great investment regarding EVITP, regarding the build-out of infrastructure to ensure its correct installment as well as adhering to all safety requirements and aspects of the job. Veterans have benefits that can also afford them the opportunity for training regarding this type of electrical construction, such as vocational rehabilitation, the post-911 GI Bill that can help assist them for the credentials needed for the EVITP program.

    The bottom-line up front is veterans do not have a sense of entitlement, but we should have a sense of responsibility to remember these veterans who are sewn into the very fabric of California, more importantly Sacramento.

    You know, there's a lot of people that walk up to me, and of course all veterans, and the veterans in this audience right here, and thanks us for our service. Well, I will tell you on behalf of all those veterans, it was
truly our honor to serve you and this nation. Let's not forget our veterans.

    Thank you very much.

CHAIR NICHOLS: Thank you, Mr. Kufchak, before you walk away --

SERGEANT MAJOR KUFCHAK: Yes, ma'am.

CHAIR NICHOLS: -- it looks to me as though we've got probably 15 or 20 individuals here who are all here basically to make the same point, that is that they want to see the jobs of -- that are associated with building these stations --

SERGEANT MAJOR KUFCHAK: Yes, ma'am.

CHAIR NICHOLS: -- going to people who would be trained and certified veterans in particular, and also people from disadvantaged communities.

    And I'm wondering if those people who are here with that particular mission, that particular statement, could at least hold up -- you know, put your hand up in the air and show your support for that position.

    Okay. There's a good group of you, and thank you.

SERGEANT MAJOR KUFCHAK: That's great.

CHAIR NICHOLS: Thank you all.

I have met with both representatives of IBEW, and other groups who are basically advocating on that same
point. And I know that Mr. McNabb from Electrify America is prepared to say something about this point.

SERGEANT MAJOR KUFCHAK: Yes, ma'am.

CHAIR NICHOLS: From a legal perspective, my understanding is that the Air Board cannot mandate Volkswagen in terms of who they contract with, or how they do their hiring, but we have a relationship with them, such that they need our ongoing support and approval. And, of course, you know, we need them to be successful.

So I really want them to hear this point, and I want to urge them to take advantage of the talent and the enthusiasm that you all bring to this. But I do want to say up front that I don't think we're in a position as a Board to actually take the action that I know you would love to see us do, in terms of mandating that this agreement must include the kind of provision that you're talking about on hiring.

So I just -- I wanted to let people know that I don't want to cut anybody off, but just --

SERGEANT MAJOR KUFCHAK: Yes, ma'am.

CHAIR NICHOLS: -- so you're aware of the situation.

SERGEANT MAJOR KUFCHAK: But Chair Nichols, we need to find a way to incorporate this language into a standard though. We can only benefit from it ma'am as you
well know. And I'm certain that you understand that as well as everybody in the room does.

Thank you very much for your time, Board. Thank you.

CHAIR NICHOLS: Thank you for coming.

Okay.

MR. SMITH: Good afternoon. My name is Jeremy Smith, and I'm an employee of PG&E. Recently, the CPUC has approved the installations of thousands of charging stations. What's great about this is the work being done has been done by workers who have been EVITP trained and certified. The EVITP training is essential, because it assures these stations will be working appropriately and efficiently, but most importantly it assures public safety.

As a PG&E employee, I'm thrilled with these stations being installed and see how great that they have worked out. Today, I recommend to the Board that this work be done by IBEW EVITP certified workers.

Thank you.

MR. PUZANKOV: Good afternoon, my name is Ilya Puzankov, and I am studying to be an electrician. Although I'm not a veteran or from a disadvantaged community, I support their efforts to find jobs. And I'm concerned about how much work I'll have in the future.
And becoming a good electrician takes time, and I'm prepared to do my part to ensure safety and quality.

And I've been reading about what Volkswagen has proposed to the Air Resources Board. And in my opinion, there seems to be something missing, especially the safety training. And my understanding is that our State government has said it wants a well-trained energy workforce. And this is an opportunity to require that EVITP safety training is required. Otherwise, the Volkswagen projects will just go to companies that don't invest in training, that don't invest in us, and don't invest in safety.

And the proposal for Volkswagen reporting on certification hiring California veterans and disadvantaged persons is a very good idea. And after what Volkswagen has done, we need to be sure that they're making positive contributions to our State.

Thanks so much.

AIR RESOURCES ENGINEER CASTELLANO:

MS. CASSI: Good afternoon, Board and staff. My name is Emily Cassi, and I am a project manager for Con J. Franke Electric. We are a California electrical contractor.

And I'm commenting today because we think the VW settlement is very important to California. We are happy
to see the potential to put more EVs on the road and improve our environment. And these are some wonderful goals that we will be able to accomplish here in California. There are a few things that the settlement falls short of. And many of our veterans are in need of jobs.

I know you brought this up. I just wanted to make a couple points. They served our country — excuse me — well. And California has programs to help and serve them, but this is an opportunity to give them even more support and encouragement and work.

The VW settlement is a big opportunity to do this, but it is not requiring it, and so that is a concern of ours. Electrical safety. As an electrical contractor, when you see the dangers in poor electrical work, we know people can get hurt and property can be damaged if things are not done properly.

EV batteries are getting larger and more powerful. And charging loads are presenting greater safety challenges. The answer is a comprehensive -- effective training to make sure that service to the properties are adequate and cover all electrical loads.

To take -- take this knowledge, skill, practice, and testing, we want to make sure it's done right. And our company strongly supports the electrical vehicle
infrastructure training program. And we know how it works, and the VA -- the current VW plan does not require the training for certified electrical contractors. And that is a shortcoming that we see to this initiative also.

We urge the Air Resources Board to require the employment of the 15 percent of veterans, 25 percent of workers to be from disadvantaged communities, and also that all electrical workers working on the VW projects be required to have the EVITP certification.

Thank you and have a good afternoon.

CHAIR NICHOLS: Thank you.

MR. COLE: Hello, Chairman Nichols, Board members and staff. My name is Derek Cole, and I'm an electrician in Contra Costa County. And I'm not a veteran or from a disadvantaged community, but I do support the efforts for them to obtain quality jobs.

I spent many years learning the electrical training becoming certified. Now, nothing in the VW settlement appears to require well-trained workers who have proven to install charging stations safely. I believe that should be changed.

And the proposal for VW reporting on certification and hiring California veterans and disadvantaged persons is a very good idea. After what VW has done, we need to be sure that they are making positive
contributions to our State.

Thank you very much for your time.

CHAIR NICHOLS: Could I ask the people who are
next in line, if they would come down and just lineup,
just so we can save ourselves a little bit of time here,
as you -- it seems to take a while for people to get from
their chairs to the podium, if you wouldn't mind, if you
see you're coming up in the next number or two.

Okay. Thank you. Go ahead.

MS. ALTAMIRANO: Hi. My name is Angelica
Altamirano. I'm employed with PG&E, and who has been
approved to create thousands of charging stations. I do
support clear and definite requirements for VW to hire a
minimum number of veterans. The 15 percent proposed
earlier makes sense, and is the right thing to do. The
CARB Board should require VW to use contractors that hire
15 percent veterans and 25 percent from disadvantaged
areas. I do urge you to insert these minimums in the
plan. Thank you.

MR. TALAKAI: Good afternoon, Madam Chair, and
the Board. My name is Kasitalea Abraham Talakai, Jr.
I've been in the electrical industry for 12 years. I did
grow up in a disadvantaged community. I have not had the
privilege of serving our country in the military. Those
that have served our country should have an opportunity to
be part of this ZEV plan. The CARB Board should require
to use contractors that employ 15 percent of veterans, and
25 percent from disadvantaged areas. I recommend these be
added as a minimum to the plan.

Thank you.

MR. HERRERA: Good afternoon to the Board. My
name is Michael Herrera. I work for Contra Costa
Electric. I've been an electrician for 37 years. I think
there's one point that I should make, the charging systems
that you're installing -- that will be installed, I
believe. I've also worked for the federal government for
seven years. And back-up systems, either back-up
generators and/or solar might be implemented in this
project, because you have all these cars that are going to
get charged up, and you got no power, because like we
don't have no brown-outs, or power failures, or
earthquakes, right?

I think I made may point. Thank you.

MR. GUMATAOTAO: Good afternoon, all. My name is
Jason Gumataotao. I'm an electrician from Oakland, and I
wanted to talk a little bit about this disadvantaged
community. Folks, they keep talking about it.

On slide 9, there was mention of awareness
campaign. And it looks like some cities are highlighted
here. And then on slide 11, there was a mention of a
request for info. So in Oakland, you guys probably know
there was a development that burned down recently. And
half of that workforce is from out of State.

The two neighboring developments will see the
same thing, because we know who the contractor is. Those
developers claimed the same thing, that they would -- that
they would hire from Oakland. And when their project was
approved, I guess they changed their mind. So I just want
you guys to consider that. And I realize it's a challenge
to require people to hire from California, and to train
California. But I think the lawyers with CARB and the
State, I'm sure they can find a way to ensure that
Californians help build what's happening or the EV, and
require training for that. So thank you.

MR. KIRKPATRICK: Hi. My name is Earnest
Kirkpatrick, and I right now I'm a student -- I'm an
electrician student. I'm -- I would like to say that I
honestly think that the bill is a good idea, except for a
few things, one of them being that the training. I would
like to see the EVITP training. I think that that is a
very -- that's a very key step to it.

I would also like to see -- I'm also in favor of
the vets and disadvantaged communities being hired. But I
definitely, beyond a shadow of a doubt, I definitely want
to see them hired from here in California. I believe that
would be the best -- the best service for our communities.

Thank you.

MR. PEREDA: Hi. My name is Ivan Pereda. I'm an eight-year employee with PG&E. Being an employee of PG&E, we've always been taught that safety is our number one factor. Feeling that safety is our number one thing, I mean, the work that's going to be done for the infrastructure, we do feel that with the EVTIP, you know, training, if they're going to be doing the work, then we know it's going to be done right. Doing the work right is going to ensure public safety, ensure safe work environments. I mean at the end of the day, we definitely just want our workers to go home -- go home safely to their families, because that's what we all go to work for is to go home to our families. So as long as we have the right people doing the right work, I think everything will be good.

So thank you. Have a good day.

MR. KOTLIER: Good afternoon. My name is Bernie Kotlier. I'm the executive director of the California Labor Management Cooperation Committee. I'd like to thank Madam Chair and the Board for this opportunity to speak today.

You've heard what I'm going to say a few times, but I think It needs to be said again and again until
hopefully it makes an impact. The VW settlement has many positive attributes, but also has some serious deficiencies.

First, it needs specific goals and requirements to provide greater opportunities to disadvantaged communities. Installing charging stations in disadvantaged communities is fine, but not enough. Members of these communities need jobs. And we respectfully urge the Board to support the proposal that requires 25 percent of the EV charging infrastructure to be installed by residents of disadvantaged communities.

I can't say it as well as the Sergeant Major was here, but he's absolutely right about supporting our veterans. They have done very, very well for us. Unfortunately with they come home, they don't always do so well. This is an opportunity for a State agency to make that requirement that 15 percent of those jobs go to veterans and California residents who are veterans, and to those 25 percent who are disadvantaged. This is a great opportunity for a State agency to do something about this.

Just saying that a charging station is going to go in the community is not enough respectfully.

Finally, you've heard a lot about EVITP. And I don't know that I need to repeat all of that, but I can tell you that this is a program that is now over four
years old. It's nationwide. It was reviewed and has been featured by the Department of Energy, Clean Cities for years. It has set a precedent in this State that I think should -- needs to be considered and needs to be followed, and that is, is that, once again, a California State agency, the Public Utilities Commission has required that all our electric utilities, who are putting in roughly 10,000 charging stations in this state, need to hire contractors and electricians who have this certification.

There's a reason for that. And there's a reason that has been supported by many organizations in this state, including the Sierra Club, the National Resources Defense Council, Honda, General Motors, Southern California Edison, San Diego Gas and Electric, and PG&E. In fact, I think that you may have already seen a letter from Southern California Edison saying that they support this program and they urge it to be utilized in the VW settlement.

So this is good for a lot of people. It's a great precedent. It has great support. VW needs to do it too, and we urge and thank the Board and Madam Chair for your support. Thank you.

MR. FOX: Hello. My name is Yuriy Fox. I am the owner of Absolut Electric here in Sacramento, California. With the number of electrical vehicles in California, and
many more to come, companies -- our company is concerned that possible hazards that may be related to EV charger installs. Some electricians learn these skills in trade school. Many of those have forgotten them. Others have had -- have not had the benefit of training at all.

We know electricians need this kind of training, and they found it in the Electrical Vehicle Infrastructure Training Program, or EVITP.

We are very impressed with the curriculum and the exams, certification, and most important the outcome, safe installation, non-operation of residential and commercial charging systems.

We appreciate EVITP because it is not like the training offered by manufacturers, charging network companies. They don't train, assessment, and calculation. They certainly don't test on those skills. Also, EVITP is trying to push -- is not trying to push products on us. It is just the training.

As a member, we hire electricians -- as an employer, we hire electricians who are veterans, and those who are from disadvantaged communities. They are California workers who contribute to our State. We support the request of CABR[sic] to require VW to do the same. Thank you.

MR. GINI: Good afternoon. Thank you for the
opportunity of speaking today. My name is Brian Gini. I'm a vice president and branch manager of Collins Electrical Company. We have five offices up and down the Central Valley in Sacramento, Stockton, Fresno, Monterey and Dublin.

Currently, we employ over 300 electricians. As technology changes and as new products come to market, we realize that we have to train our people and ensure that they specifically understand the electrical requirements of each of these installations.

When solar work came out 25 years ago, we were one of the first contractors to install electrical panels for UC Davis for their testing program, which is still in place today. We trained our people when that new technology came available.

When lighting controls became a standard within California, we ensured that our people were trained specifically for lighting controls, so they were not causing themselves or the general public any harm.

Now, with electric car charging stations, our company was one of the first to install for the Chevy Volt at American Chevrolet in Modesto, California over five years ago. We specifically trained to ensure that our people were certified and understood how that technology was to be connected, so the general public and our...
employees were safe.

Safety, safety, safety. In our industry of electricity, that is the most important, even over profit, that a contractor like myself is trying to ensure for our employees are our public safety. Our reputation is defined by how safe we are when we're on job sites. Our capability of being in business over 90 years comes down to how safe that we ensure that our people's workplace is and the general public as well.

When you hear about car fires, there's dozens of car fires, gasoline car fires every day. But when you hear of one or two electric car charging stations or fires from an EV car, that is national, if not world-wide news. Why?

It's something new. It's something that people haven't been trained on. They haven't been certified on. And we need to make sure, as somebody mentioned previously, that as the battery sizes become larger, they become more dangerous, and these electrical installations become that much more dangerous also. Specific training such as the EVITP certification program, which our contractor is one of, is absolutely necessary to ensure the safety of the electrician and the general public.

Thank for your time.

MR. LEVINE: Madam chair, members Lloyd Levine
representing the Sacramento Electric Vehicle Association in strong support of the proposal today. Sacramento Electric Vehicle Association represents businesses, EV drivers, car dealerships in the six-county Sacramento region. We are the only organization in the region solely devoted to the promotion of electric vehicle infrastructure and electric vehicle adoption.

We host many events throughout the year to promote the benefits of electric vehicles. We work with electric officials, such as Supervisor Serna and others to inform them of policies that will promote electric vehicle adoption.

Sacramento is one of the most EV-ready communities I have ever seen. As you know, I represented Los Angeles when I was in the State legislature and have been involved in electricity issues for many, many years. The collaborative force in Sacramento has been incredible. We also are part of the PEV Collaborative, seeing so many different entities working together so well to prepare the region the work we've already done.

I can honestly tell you we were ready for this money before the money was available. Thank you very much. Appreciate your support. Look forward to an aye vote.

(Laughter.)
MS. TUTT: Hi. Eileen Tutt with the California Electric Transportation Coalition. I just want to say that we strongly support the Electrify America California ZEV investment plan and supplement. This is just cycle one, I want to remind everyone. There are going to be three more tranches. And we've got to get started. We're never going to have a plan that makes everybody happy, sort of harkening back to this morning. And so I think this comes pretty darn close, and we're very pleased with it.

I want to say that Electrify America is already investing in infrastructure in other states and not here in California, which is a real shame. We should have been first in my mind. We're six months into the first quarter of investment and we haven't been able to spend a dime. So we just need to get this plan started. We -- I also -- in our comments, we pointed tout there's a tremendous shortfall in EV infrastructure. And I want to say as a driver for the last 12 years, that EV public infrastructure actually sells cars. It literally sells cars. So it's really important that we try to catch up with the demand for this charging as soon as possible.

I know Electrify America will help us do that along with the utilities investment as well as the public sector investment. I want to point out that we've met
numerous times with Electrify America, as has the utilities. So we are eager to make the utility investments, and the Electrify America investments, and the public investments go further as we work together to get this done.

I also just want to recognize that Electrify America did go far in addressing the supplement questions. There is now substantial investment in disadvantaged communities, 20 million in outreach and education, which is desperately needed, and they specifically carve out some of that outreach and education for disadvantaged communities.

So thank you for your time today, and I urge you to support this plan.

CHAIR NICHOLS: Mr. McNabb, I know you had asked to speak last, but two other people have come that had -- one who was missed, I guess. Do you mind waiting and then you really will be the last. Okay. So we have James Corless who was out of the room when his name was called. And then we have Mark Voorhoeve. I'm sorry, I've got it -- I'm mangling your name. Voorhoeve, I believe.

Okay. Go ahead.

MR. CORLESS: Chair Nichols, members of the Board. Thank you for much for taking me. I am the CEO of the Sacramento Area Council of Governments. I've been on
that job now for about three months and I've got three quick points to make.

Number one is we are ready. We have been planning for this for over a decade.

Number two, we have a great track record when it comes to delivering. On federal transportation funds, five years in a row, we have actually overprogrammed, overspent all of our federal funds, in particular, air quality funds that have significant air quality benefits.

So we're ready for this program.

And third, we are, I think, too often in the shadow of the State Capitol, and we need to be in that glow. We're the backyard test bed. We need and we want to be that test bed. I actually just had to leave to kick off a civic lab innovation project for our six-county region. This settlement money, Electrify America, is critical to making us one of the most innovative regions in the United States.

Thank you so much for your time. I ask for your aye vote.

CHAIR NICHOLS: Thank you.

MR. VOORHOEVE: Hi, everybody. Thank you for -- I don't know what happened with that, but I want to thank you all for inviting us to speak for a moment. I'm Marc Voorhoeve, and I'm with EFACEC. We have products in over
65 different countries. We employ over 2,700 people worldwide. We also have about 850 chargers worldwide as well.

We're definitely in favor of this PEV investment plan. We have encourage you to make a decision today, and as all of us would like obviously. And we're just here to support you in whatever way we can. It's crucial that we absolutely include Fresno, which has already been established. We are a -- we expand our price all the time. We work with different utility companies, all types of businesses, and we are open for networking. We do not assign ourselves to any particular one.

Thank you very much.

CHAIR NICHOLS: Okay. Thank you.

Now, Mr. McNabb it's your turn.

MR. McNABB: Good afternoon.

My name is Marc McNabb. I'm the CEO of Electrify America. For those who don't know me, I've spent 30 years in the automotive field, and most recently, have gone electric. I've been involved in the development of electric cars with different car companies. The majority of my career I was at Nissan. I spent 20 plus years. I joined Volkswagen four years ago, and I have been, for the last two years, one of the authors, one of the negotiators, and one of the implementers of the TDI
program for the last two years.

My vision is simple for this company. I want this to be a sustainable business that outlives the 10-year consent decree. This is our legacy. This is what we leave behind, and I am very, very focused on delivering that legacy.

I want to thank all of you, and I want to thank the CARB staff. I think the push that you gave us to come back and refine the plan was a good push. And I've said this to Richard Corey a number of different times. The plan that we presented to you in the supplemental is better than the plan that we had delivered to you originally. And I thank the staff for the push.

With regards to some of the comments that I heard today in regards to training, we agree. We think training is vitally important. All of our contractors will have to be certified -- California certified electricians, which means that they have 8000 hours of training, and have to pass a rigorous State exam. So that is a pre-requisite.

We also will not use installers that do not have a record of installing. We want to make sure -- in the beginning to make sure that we get installers who have experience. They all have, and we will have a pre-requisite of safety records, so we will require that in our RFP to understand where their safety records are.
Obviously, with a poor safety record, they will be disqualified from the bid moving forward.

Our vendors -- because this is new technology, our vendors will train, and they will train, and train on the new machines that we have going out there. And those machines and those new technologies we'll have multiple vendors supplying to us. So that all of those we will go out to our contractors and train over the hours and hours to make sure that they understand the new technologies.

With that said, in the comments that I hear today, I would suggest -- and this is something new. And I explained that -- I think I had several conversations with some of the Board members the last couple days, I would sit down with IBEW and understand the EVTIP plan. I don't understand it -- EVTIP. I think that it is something relatively new. It came to us over the last few days and we have furiously gone after to try and understand what it is.

CHAIR NICHOLS: We'll extend your time given the situation.

(Laughter.)

MR. McNABB: Wow. Just lastly, the last time we appeared, I think Brendon was here, and appeared on my behalf. Since that time, we had a staff of 13. We are now staffed up to 50 people. We have a our own building.
We have our own IT now. We're starting to move and develop as a company. We have backgrounds. One of the pre-requisites I had joining this company was that we needed to have diversity of thought. We have people from different OEMs. I have BMW. We have Toyota. We have people from different EV infrastructure companies. EVGo, Greenlots. We have government officials. We have people who came from the Department of Energy.

So we have very thoughtfully tried to put together a team that brings diverse thought, because we believe that's what leads to great plans.

So thank you for giving me the opportunity to comment and thank you very much.

CHAIR NICHOLS: Will you be available for questions if Board members want to ask you any questions?

Don'e go away.

MR. McNABB: Thank you.

CHAIR NICHOLS: Yes. I'd like to turn now to Supervisor Serna.

BOARD MEMBER SERNA: Thank you, Chair Nichols.

Thank you Mr. McNabb, and thanks to all the previous speakers that patiently waited to provide us testimony, and give us important input as we draw close to a decision here.

I had a follow-up question to the one that you
just answered about your willingness to sit down with IBEW representatives and understand their programs, and exploit, hopefully, opportunities to find where their objectives and yours, ours intersect.

I didn't hear you necessarily mention veterans. That was another group that had come up. And I don't know if you have any other similar comments relative to veterans.

MR. McNABB: We do have -- as part of the consent decree, we do have a provision that actually provides us the opportunity to report back to you on minority-, veteran-owned businesses.

I have not looked at it any deeper than that in terms of workforce. You have to remember we're going out to probably 200 different installers and in an incredibly complicated field. I don't know what's out there, but we have to use people that have the experience there. So I just need to do my homework and understand what's out there.

BOARD MEMBER SERNA: So it sounds to me like you will look -- actively look for those opportunities. And where they do meet your standards, your objectives for what you need to do, that will be a priority, fair to say?

MR. McNABB: Yes.

BOARD MEMBER SERNA: Very good.
BOARD MEMBER GIOIA: Madam Chair.

CHAIR NICHOLS: Okay.

BOARD MEMBER SERNA: I was -- I had two more thoughts.

CHAIR NICHOLS: Yes, please. Go ahead. We'll let you do your piece.

BOARD MEMBER SERNA: And I won't be long. I know that it's late in the afternoon and --

CHAIR NICHOLS: Well, I'm actually counting on you to make the resolution also, to make the motion.

BOARD MEMBER SERNA: Oh, absolutely. I mean I would be happy to.

CHAIR NICHOLS: Okay.

BOARD MEMBER SERNA: I know people have flights back to other parts of the State, so I won't be long here. I won't belabor this to.

I want to, first of all, thank staff for doing a great job in helping this Board work through and quite frankly scrutinize and make better, as was mentioned, the resolution, especially as it relates to looking at other parts of the State. Fresno has been mentioned quite frequently this afternoon, as well as the -- I think it's fair to say the broad interest here in maximizing the focus on disadvantaged communities in California, and bumping up the percentage. So that's much appreciated.
I certainly want to thank the entirety of the Sacramento contingent that came out very strongly today to give us their input and perspective from a multitude of areas, whether it be education, or government, or industry, or health. So I think all those perspectives are certainly ones that will certainly affect my -- my decision.

I'm curious to hear other members of the Board with their comments and/or suggestions. But Chair Nichols, I am prepared to make the motion to adopt Resolution 17-23.

CHAIR NICHOLS: I think we might as well put the motion on the table. We have a motion --

BOARD MEMBER MITCHELL: Second.

CHAIR NICHOLS: -- and a second.

Okay. Let's go down to the other end here.

Mr. Gioia.

BOARD MEMBER GIOIA: Thank you. I wanted to sort of address a couple of the points that have been raised, which is really how to make the commitment stronger. And I appreciate that the resolution has some stronger language. But one thing I've learned in many years sort of addressing these issues on the county board of supervisors is the strongest language and the firmest commitments are really the best opportunity to ensure that
we can enforce the provisions.

So with regard to the 35 percent investment in disadvantaged communities, so the language in the supplement uses the term "anticipate", which clearly is not very strong, but the resolution uses the language, "Strive to ensure to the maximum extent allowable under the consent decree".

Why can't we say to have the actual 35 percent number to the extent allowable under the consent decree as opposed to strive to ensure. If we're using language that says we want to achieve this goal to the maximum extent allowable under the consent decree, then let's just state that goal as the minimum.

And let me understand, does the consent decree prohibit us from doing this? So this is more of a legal issue. Does it prohibit us from stating some specific goal on some of these areas?

CHIEF COUNSEL PETER: So Supervisor Gioia, the consent decree has certain provisions, as you know. And there's not a provision that requires a 35 percent. So we cannot require Electrify America, or Volkswagen rather, to do 35 percent. That is not within -- it wasn't negotiated. It wasn't a part --

BOARD MEMBER GIOIA: It wasn't negotiated. But if we agreed here -- if Electrify America agreed and we
agreed, then would that be prohibited by the consent decree.

    CHIEF COUNSEL PETER: No, it's not prohibited. By their supplement now, they've already done a number of additional things.

    BOARD MEMBER GIOIA: Right.

    CHIEF COUNSEL PETER: The 35 percent is only one thing that they're doing.

    BOARD MEMBER GIOIA: Right. I understand. But again, I just want to focus on this for a second. So the consent decree would not prohibit an agreement here between Electrify America and ARB, if we decided to reach an agreement and put that provision in?

    CHIEF COUNSEL PETER: Right. That is correct. It's not prohibited.

    BOARD MEMBER GIOIA: Okay.

    CHIEF COUNSEL PETER: What I'd like to do though is point out the, "strive to ensure", that was following what the legislature had put in SB 92, so that --

    BOARD MEMBER GIOIA: Right.

    CHIEF COUNSEL PETER: You know, to the extent we are trying to match what the legislature did.

    BOARD MEMBER GIOIA: I understand.

    CHIEF COUNSEL PETER: Okay.

    BOARD MEMBER GIOIA: But their -- but the
legislation on investment of cap and trade dollars
actually -- has actually the statutory minimums, correct?

CHIEF COUNSEL PETER:  I'm sorry, the --
BOARD MEMBER GIOIA: On the expenditure of
cap-and-trade dollars, the language that talks about the
percent that must be spent in disadvantaged communities --
CHAIR NICHOLS:  SB 535.
BOARD MEMBER GIOIA:  -- is an absolute -- is an
absolute minimum
CHAIR NICHOLS: It was legislation, yes.
BOARD MEMBER GIOIA: That's correct.

So I guess the point I'm trying to make is I
think there comes a time that we just need to stand up and
say if we have the legal authority with agreement with
Electrify America, why don't we put it in here -- why
don't we put it in? And it's consistent with State law
with regard to investments in disadvantaged communities.
There's nothing that prevents us if Electrify America
agrees to have the same standard, that we could put that
in here.

Because, you know, the strive to -- strive to
ensure is great, but, you know, if -- if in two years from
now, you know -- yes, I understand there's going to be
reports back over, you know, a couple times a year. But
if in a year or two, we see data that shows it's 25
percent, and the answer is, well, we strived to achieve 35, but we got 25, at least when we establish that, we'll get 35. That's -- I think we need to try to achieve that, and that's consistent with what we're getting in other investments.

MR. McNABB: I --

CHAIR NICHOLS: So I would -- If I may --

BOARD MEMBER GIOIA: Yeah.

CHAIR NICHOLS: -- can I interject at this point, because I was at a meeting with Mr. Corey, and Ms. Peter, and representatives -- I don't believe Mr. McNabb was there actually. This was Volkswagen's representative, their attorneys who were involved with the consent decree negotiation, and they were quite ferociously adamant about this language in terms of "strive to achieve" being about as far as they were willing to go before they went back to court.

I don't want to put Mr. McNabb in the position of having to speak on behalf of Volkswagen, because he's got his own company to run. But the consent decree is a different animal, and I think we've made our views quite clear. We're going to be living with these people, almost literally, for 10 years. And we're also trying very hard to establish a relationship, which is one of shared adherence to the desire to genuinely have a successful
brand-neutral electric vehicle support program using
Volkswagen's money through Electrify America.

I think it's a wrong path to go down to be as
insistent, as I know you want to be, as an elected
official, as a public official, in demanding and holding
them accountable in that particular circumstance. I would
have no problem with applying that kind of a principle to
the expenditure of the money under appendix B, the money
that's coming to us directly for the State to spend.
That's our money, and we should be spending it, you know,
in accordance with overriding principles.

This is a different situation. It's not our
money.

BOARD MEMBER GIOIA: Well, but -- no, I respect
that, and -- but there are a lot of things in here that
are directive about how the money should be spent. And I
just -- I -- and I don't -- I'm not doubting that there's
a commitment to do this. I respect and appreciate that.
I just think, yes, while there's going to be a
relationship here, having it legally enforceable in
writing, allows -- puts us in a better position, because
again it will be easy to explain away that you strived to
achieve, but didn't get it because, well, you know, these
are the design of the census tracts, these are hard. I
mean, we've heard -- we heard these. I'm not talking
about Volkswagen here, but we hear this issue come up a lot in enforcing these types of provisions.

And if the legislature saw fit, I mean, it -- to set a standard in stone, because it also believed that, you know, having good faith efforts about how to spend cap and trade weren't enough and we're going to set it in stone, we have -- it sounds like if Electrify America agrees, this is not inconsistent legally with the consent decree. It's not prohibited by the consent decree, so we have the ability.

And so it's really sort of a call, can we push this further? And I guess that's how I just think we're better off if we do that.

And similarly, if we can have some stronger language on goal on -- I think this idea of hiring individuals from disadvantaged communities, a certain percent, makes sense as well. What we're trying to do is train individuals in the new energy economy. And to the extent that we can provide job opportunities for people from disadvantaged communities, as well as veterans, in the new energy economy, we are providing a great service in terms of sort of just transition on these jobs. So I would say we should also have some goal language with regard to jobs as well.

So I'd like to hear just some discussion on that,
how the folks feel.

CHAIR NICHOLS: Ms. Mitchell.

BOARD MEMBER MITCHELL: Thank you, Madam Chair.

I think that we might be able to fashion some language that encourages Electrify America to hire people from disadvantaged communities, because I think that isn't quite said in here. I mean, the infrastructure is going to benefit disadvantaged communities. But to the extent that you can find qualified persons who can do this kind of work, I would like to see some language that maybe encourages that and encourages hiring veterans as well.

I agree that this is a different animal here than just getting an agreement from VW today to change what is in the terms of the consent decree. We -- I think we are bound by the consent decree, and what's in the plan must be in agreement and comport with what is in the consent decree. So I wouldn't push that further than to -- so far as to require it. But it might be appropriate to add some language that encourages hiring qualified people from disadvantaged communities and vets as well.

So I -- I don't know what the language would look like. It maybe fits in on page seven under, "Striving to ensure that they spend at least 35 percent", or add language there, or in the last -- in that third bullet point add language that includes job creation and job
training estimations, and encourage Electrify America to
to provide hiring opportunities to qualified persons residing
in the disadvantaged communities and to hire persons that
are trained and certified. I think you'll do that anyway.

MR. McNABB: We have to.

BOARD MEMBER MITCHELL: You have to do that, but
also to hire veterans. One of my concerns is that we
won't be hiring the Californians who need jobs, you know.
And I think that's something I want to make sure you're
not going out of state and hiring people. Like we heard
one gentleman claim in the Oakland fire that they just
went outside and hired people. We have a lot of people in
California who need jobs, and I would -- I would want to
hope that we can at least go in that correction.

MR. McNABB: Oh, I think going outside of
state -- you have the largest infrastructure installation
team in the country, and maybe in the world. This is a
very -- there is a group of very well qualified people out
there that can do this job. And they have been working,
you know, tirelessly over the last seven years to refine
their skills and get better and better at it.

Your pool here is amazing from that. So I don't
think the danger of going out of state is as much as the
danger of the people leaving the state to go find some of
these jobs somewhere else.
BOARD MEMBER MITCHELL: Jobs somewhere else.

I'm glad to hear that, because I think, you know, we have an opportunity here to make sure those people stay employed as well. So, I mean, that would be my point to make in this discussion, Supervisor Gioia, as to the comments that you're making.

CHAIR NICHOLS: Any other?

Sorry, I'll go to Mr. Florez and then Ms. Takvorian.

BOARD MEMBER FLOREZ: Thank you. I know you're going back and forth. So, Mr. McNabb, let me get to the end of my questions, which is simply, I think the question of can we trust you?

(Laughter.)

MR. McNABB: Let me --

BOARD MEMBER FLOREZ: And that's a very serious question.

MR. McNABB: No, I --

BOARD MEMBER FLOREZ: And let me preface that by saying, you know, this is a very open-ended agreement. It's not as though ARB has the money, and we are dictating where it should go. This is an agreement in the larger context of an investment, but yet not an investment that Volkswagen walked in six -- five years go and said we just naturally want to invest $800 million in the State of
California, so we'd like to work with you on that. This was part of a larger settlement, so put it in context. So we are working with you. We have the ability to say, yes or no, but we can't dictate the specifics, as I understand it to you. I understand that part of it.

But at the end of the day, it really comes down to the fact that we are going to live with you for 10 years, and none of on this Board, I believe, are going to be here in 10 years. So we really need to hear today at the kick-off of this particular investment the fundamental question is whether the State of California can trust you, with such nebulous words as "anticipate"? As Supervisor Gioia mentioned, I think, obviously we'd like words like "commit", or "promise", or "pledge". Those all good strong words, but yet not too binding.

And I understand the confines of the attorneys, but I'll let you answer. Can we -- can we trust you?

MR. McNABB: That's a very good question. And given -- given the light of everything that's happened over the past couple years, I understand the question. And let me take a couple minutes to first introduce you to me.

BOARD MEMBER FLOREZ: Sure.

MR. McNABB: I'm a 30-year veteran in the
automotive industry. I spent my life at -- well, 20 plus years at Nissan. I worked here in California. I was a California resident for over 10 years. My last job at Nissan is I ran sales and marketing for the company for the Americas, all the way from Canada down to the South America and ran the company in Infiniti globally.

I have a lot of experience in automotive field. And I think over the years, I've developed a reputation of being a very straight shooter. Somebody that doesn't BS, just comes right to the point.

I think, from your perspective, I've spent the last two years -- I signed up. I put my hand up for the last two years to negotiate with California Air Resources Board, EPA, DOJ, 77 of the nicest plaintiff attorneys that you will ever meet --

(Laughter.)

MR. McNABB: -- and a countless number of other lawsuits. I've been involved in settling all of them from Canada into the U.S. To date, we have bought back more than 330,000 cars, I have trained over a thousand people, I have taken over a million phone calls, and I have reviewed over two million documents to make sure that I lived up to my word to the government, that I would deliver what I promised.

In this case, I cannot promise. And why I say --
again, I'm straight shooter about this -- is I don't control it all. There are so many variables out here. You know, can I go to the next neighborhood? If I end up in the next neighborhood, because I can't get permitting, and I can get everything else, I spill over and could end up in a different census tract. But you have my commitment and my intent to move this team to strive to ensure that we meet the 35 percent.

BOARD MEMBER FLOREZ: Thank you. And just a few more questions just on that line. I think we do have control at the ARB, however, if you do somehow end up in the wrong census tract, or do something that wouldn't necessarily be in a disadvantaged community, we can withhold that money from you, correct, at the end of the period? And so therefore, we do have some control.

So let's say month 28 and we're closing up at least the first investment period, is it -- I don't know. Maybe staff can answer that. Do we have the ability to withhold dollars from VW, if they made an investment that we didn't agree?

CHIEF COUNSEL PETER: I -- Let me answer that, Senator Florez. It depends what the violation is. On your specific example if they moved one census tract over, on one particular commitment? No, that wouldn't be a violation. If at the end of the 30 months, they're at 15
percent, you know, in a disadvantaged community, we would say that -- we would examine the facts behind it. So I think it's a very fact-dependent kind of situation.

BOARD MEMBER FLOREZ: And let's --

CHIEF COUNSEL PETER: And so the standard is --

BOARD MEMBER FLOREZ: And if we do find a bad fact, what happens?

CHIEF COUNSEL PETER: So there's certain things that are credible costs. And if it doesn't count as a credible cost, that's what we disallow.

BOARD MEMBER FLOREZ: Okay. That's what I'm asking.

CHIEF COUNSEL PETER: So there's --

BOARD MEMBER FLOREZ: So we have the ability to dis-allow at some point, if something didn't quite work out the way it's supposed to.

CHIEF COUNSEL PETER: For example, if they didn't use on their -- if they -- using an example of banning a particular technology. So they're supposed to have -- all of these infrastructures are supposed to take every car. If they build a station that doesn't allow certain cars to plug in, we would disallow that station. That amount goes out.

So there's strictures though of what's in these credible costs guidelines. So I don't want to overstate
that. And the specific example, if it ends up not being
at exactly 35 percent, does it all count? And that that
is why if I were -- you know, if I was Mr. McNabb without
knowing launching into this that he can deliver 35
percent, I would be reasonably concerned about saying, "I
pledge", "I promise".

BOARD MEMBER FLOREZ: Thank you.
Thank you. And, Mr. McNabb, the reason I'm
asking obviously the fundamental question and the kick-off
of this particular investment of 800 million is that staff
told us in their presentation today a few times that this
is going to get better. You know, this is specifically
going to get tougher, better, business plans. And that's
all far out.

So kind of what I see right now is not
necessarily a plan. I'd like to see a roadmap. I think
the members here, Mr. Gioia and others, we'd like to see a
road map. We're seeing a compass. We're seeing a --
we're going in this direction and just kind of trust that
we're going in the right direction, and as we keep
walking, this map is going to get better, and better, and
better, so that we actually reach these percentages.

And so with a compass, we have to have some
assurance from our leader, which at this point is you,
that we are, yes, heading in the right direction, but
without any sort of specifics like census tracts, and
where are those census tracts, and why can't you tell us
where those census tracts are, or things like the
investment plan with $20 million and $2.3 million going to
EJ types of things, when I asked the question, that's only
15 percent.

And the list goes on and on in terms of charging
stations on freeways, and maybe 40, 50 miles away from
disadvantaged communities, and how those people plug in
when they're driving a Leaf only to go to a charging
station and come back half empty.

There are many, many questions that I'm
definitely not going to bore the Board on, but I am very
thankful, I should say, of your agreement to work with our
staff. The quarterly reports are awesome. Thank you so
much for agreeing to that.

I think the fact you're checking with our staff
once a month, I think the fact that we're living with you
for little bit -- but I will say that the issue at hand is
really about trust. We get -- I really appreciate your
answer. I don't know if you're going to be here for 10
years. That's part of that. So hopefully you will, but
I'm sure that a lot of us here on the Board won't. So
we're really kind of signing up for the first part of this
investment plan with a promise, and a compass, and some
assurances. And, you know, I think we want to make sure we do the right thing.

I think the monitoring piece of this resolution is excellent. I don't think we could have asked you to agree to anything more. That's a lot of reporting. And I can guarantee you that our lege representative from CARB will appreciate it when they've got to go report to Mr. Garcia once a year on how we're doing on the investment plan as well.

So we're going to need as much specifics as possible. And I think as long as you're willing to dig in - I think as our Chair said is be good roommates, you know, I think we're willing to work. But I think we're going to push a lot on the edges very heavily, particularly on the disadvantaged side, because at the end of the day it's about giving somebody that lives in Cathedral City, National City, or Bakersfield, or McFarland, or of these areas we want EVs, you know, that's really the name of the game.

And we want to see you there. We don't want to see you be duplicative. I believe the settlement is about being supplemental. We want to see you be supplemental. We want to see you do things that you normally wouldn't do, and you won't -- don't want to see you next to a whole bunch of other chargers that are already there, at least I
MR. McNABB: Well, I think two things that I --
BOARD MEMBER FLOREZ: Sure.
MR. McNABB: -- if I may. I think I agreed when
I sat down, and it was brought up to me on the quarterly
reports, I looked at the transcript from the last hearing,
which I was not here, and there was a line used by
Chairwoman Nichols, where she basically said trust, but
verify. And I agree with that.

And I thought that these quarterly reports give
you a compass of where we are and what we're doing, and
how we're progressing on the plan. And it is exactly why
I agreed to it, because I think you should have the
transparency, and that's what I'm trying to provide to
you.

The second thing what I would say on the sites
and the site selection, our basic methodology, just the
basics of the methodology, which we brought in numerous
consulting firms to work with us, and developed a
proprietary model is doing a actually demand supply gap
analysis. So at the very core of our whole premise is to
identify where energy needs are, where there isn't enough
energy to develop EV markets in the future.

And we will continue -- I believe our model is
one of the best out there. We use a term inside our
company called purpose-placed. And that was something we
kind of coined own our, because we need to be that
detailed, because with what's coming with the onslaught of
cars coming -- and I'm a car guy. You know, I know, CO2
regulations at 2022, 2023, you're going to see an
explosion.

People have to get to these numbers, and they
will put more battery electric. We see 30 new models
coming in the next five years. So we're there. I mean,
and this is what we tried to do with the basic core of our
methodology.

CHAIR NICHOLS: Thank you. Just maybe to
interject one additional point about that, because there
was a -- I think it now would be conceded by most people
to be a failed settlement a number of years ago of a case
that the Public Utilities Commission had against a company
that wanted to put in a lot of charging stations. That
was the settlement was that they would put in the charging
stations. And they were not able to do it, because in
most cases, they couldn't secure either the land or the
permits that they needed to build those stations.

I want to particularly go back to the members of
this Board who are local elected officials and say to them
we need you, and we need you to be available, and we need
you to be forthcoming. If there are sites that you know
of, or if the company is looking in areas, and they're not able to get moving as quickly as they want to, this is where this partnership aspect comes in where you have a role to play also in helping to allow them to succeed.

I'm not suggesting that you wouldn't. I'm just saying you need to be prepared for that, because this is not just going to be self-executing.

MR. McNABB: And I think just to add to that, we are in our phase of consulting with the individual cities. I'm out -- in fact, tonight I jump on an airplane on a red-eye to get to Boston, so I can make a meeting Friday in Boston to go through the plan.

And one of our first asks is helping us with permitting. It is an absolute valid point that permitting and power are two very, very limiting factors that we need to overcome. And we're -- that's why we have these dialogues with the local governments to try and establish that, and to try and work with them and get -- and gain their assistance to get it done.

CHAIR NICHOLS: Okay. Further comments?

Yes.

ASSEMBLY MEMBER GARCIA: Thank you, Madam Chair. And thank you so much for the presentation.

I'll begin by stating that this certainly is a better plan than the first plan that was presented. And I
want to thank the Board members here, particularly Board Member Florez for his push to making sure that this plan is reflective of the needs of California.

Look, if I had a dollar for every time the word disadvantage community has been mentioned today --

(Laughter.)

ASSEMBLY MEMBER GARCIA: -- we'd have enough money to perhaps expand on this first iteration of the plan.

And I can appreciate, you know, the emphasize that's taking place. But, you know, disadvantaged communities means different things to different people. In fact, it's becoming somewhat of cliché-ish terminology in the State Capitol and around the State where, shy of everyone raising their hand and saying, me too, I want to be a disadvantaged community, it seems to be moving in that direction.

You know, we have parts of California that are economically disadvantaged, whether they're part of the CalEnviroScreen or defined by other criterias that I believe we, at least in this particular plan, are not hitting. And recognizing that this is the first of several cycles, you know, I'm referring to communities that are in rural parts of the State of California.

And if we were to do some type of mapping
exercise and we looked at criterias like unemployment, issues of air quality, access to reliable, sustainable, clean transportation, I think all of these maps would begin to overlap.

And so one of the things that I'd like to just State and put a marker out there is that we have to be inclusive as we're looking at parts of the State in rural parts of California, that if we're truly trying to make a transition, that we're going to have to make those investments there.

There's information out there. I was looking at some data where it is the high income census tracts where likely people are going to be driving these electrical vehicles. And, you know, for my colleagues in San Jose, in Fresno, Los Angeles, San Diego, and San Francisco, I'm excited for them, especially Sacramento for becoming, you know, the leading city in these efforts.

But there are small cities up and down California that have these very same economically disadvantaged circumstances, where we have to make these investments in order for -- someone said earlier, I think, it was Eileen Tutt said, these charging stations will sell cars. Well, if we're not putting the charging stations in these particular parts of the state, one, we're not going to sell the cars, and number two, we're not going to meet our
emission reduction goals.

MR. McNABB: I think it's a very valid point. I think everything you said is something that we need to -- look, I think what we did in the initial plan is we tried to prioritize where the investments would go. We had to come up with a methodology to try and prioritize the first cycle spend. What is the biggest need out there right away.

I think the second, third, and fourth actually become the more difficult plans, because they become the plans of how do you actually fill in. And a hundred percent agree with you. And my direction to my staff has always been, in cycle two and cycle three is -- cycle one is the easy one. We do gap analysis. We know where we are. We know what's coming.

But how do we fill in? And the dynamics today in the industry, you have an average income right now -- even though you have these rebates out, you have an average income well north of $100,000. I think the last I looked, it was 148,000 cited in a 2015 study.

I mean, $148,000, they have an average of two cars in the garage. They use this car as a primary car -- only 68 percent rejected that they use it as a secondary vehicle.

And I think that the thing that's coming, and I
think this is where I get excited, is you actually are going to start seeing the UIO build, and then used cars become really interesting. And used cars start spreading out like a mushroom. And it just keeps going out, out, and out. And I think there -- in cycle two, cycle three, cycle four, it is imperative that we capture that to be successful.

ASSEMBLY MEMBER GARCIA: Thank you for highlighting that. And I think it's important for the general public to also hear that. We're going to be very involved every step of the way. This is of much interest and importance to myself, and to my 79 other colleagues that are expecting me to ask questions --

(Laughter.)

ASSEMBLY MEMBER GARCIA: -- who I represent in the State Assembly. And I've mentioned this before whether I agree with those questions that they're asking me to pose or not, I'm going to kind of be the liaison for the green carpet and making sure that the answers are coming back as clear as they possibly can

Look, for us, and as I mentioned, you know, we represent a rural part of the State of California adjacent to the Mexican border. It is extremely important that we are considering not just, you know, my district, but districts down the street here. Ms. Aguiar-Curry
represents places like Winters. And, you know, Rudy Salas who represents places like Bakersfield. These are not metropolitan communities, right?

MR. McNABB: Yeah.

ASSEMBLY MEMBER GARCIA: These are non-metropolitan areas that are economically disadvantaged, that are impacted by high levels of pollution. And again, if we're going to move in this direction, the investments have to also go in those areas. So thank you for entertaining my thoughts and opinions here, and I look forward to working closely with you.

But I will say this, you mentioned that you've hired a lot of people that you have ramped up in your organization. And I -- you know, this isn't something that ARB or Eduardo Garcia gets to decide, but my hope is that your organization is also one in which you're diversifying, you know, the people, and that hopefully it's reflective of the people who are reflected in the State of California, men, women, people of color that also are contributing to the ideas and the plans that are being developed here with us.

So thank you.

MR. McNABB: Our staff is very diverse.

ASSEMBLY MEMBER GARCIA: Thank you.

CHAIR NICHOLS: Okay. Ms. Takvorian, then Mr. De
La Torre.

BOARD MEMBER TAKVORIAN: Thank you very much.
And thank you to staff for really, I think, advancing this project in a way that is resulting in this conversation.
And thank you, Mr. McNabb, for being responsive.

I just want to pick up on what Assembly Member Garcia has said. I think there are places -- I really agree that the rural parts of our State and the small community parts of our State really need to have attention here. And from San Diego, we're a county divided. We have small space -- small places that are not very well developed, and that are clearly disadvantaged.

I want to see those really invested in as well. And I think all of the Board members have that sentiment. I'd like to see, in response to a letter that we received from Senator Atkins, who happens to be my senator, that in addition -- on the quarterly reports, there's a reference to the census tracts, but it's not specific, so I'd like to ask if you could commit today to including the specific census tracts that are being served by the -- by the investments that you're making.

MR. McNABB: After the fact or before the fact?

Two reasons I ask that question -- I apologize if it seems -- if I signal to the market where we're going to put the investment, we've seen huge dollars inflated. My
average vendor is coming in anywhere from 30 to 40 percent 
over what is normally paid out in the market right now, 
what we saw in our RFP process.

And we have the same. I tell the story to my 
staff, I've become everyone's best friend on LinkedIn. 
You know, they're all -- they're all friending me and 
wanting to talk.

And I think that -- and I'm not trying to make 
light of it. I'm actually just trying to make a point 
that we want to make sure that we keep the expense down, 
so that we put more stations in.

And every time I get less efficient, so that's 
the reason why we've kept a lot of this as business 
confidential, because of that. But, you know, as I said, 
we will, after the fact, once we make the investment and 
sign the agreement, I will certainly provide the census 
tracts that they're in to everybody.

BOARD MEMBER TAKVORIAN: Well, these are -- I 
appreciate what you're saying. And I think that -- I'm 
not here to tell you how to do your business, and we want 
you the save attorney, so that it goes farther, and when 
you submit your first quarterly report, we'd like to see 
where those investments have been made, and to have them 
be in specific census tracts with the CalEnviroScreen 
ranking on it.
And so if that doesn't look so good, then back to Senator Florez's question about trust and verification, then we may have something else to say about that. So I think we just want to see what you've done.

MR. McNABB: Yeah. No, it's fair. I made a commitment to the CARB staff to actually provide to them coming soon stations, which would be stations that we entered into agreements with, and they will have all of that material in there.

BOARD MEMBER TAKVORIAN: So that would be helpful. And I think it's important not -- I don't want to get too much in the weeds, but when we did have our conversation the other day, I was a little bit concerned about applying the disadvantaged community criteria across the board to some of the highway charging stations. I don't want to negotiate it all here, but I hope that you don't apply it equally across the Board, so that every highway charging station is serving a disadvantaged community. I don't actually think that that's in keeping with the spirit of what we're talking about here.

MR. McNABB: It's not our intent. And actually if you go deep into the detail, all the individual elements will meet the 35 percent criteria. So metro meets 35 percent also. So even independent of that -- and the second thing I would ask -- or that I actually failed
to mention when we talked, was that Sacramento, as a green
city, 58, 59 percent of the census tracts are either
disadvantaged or low income, we will put, as part of that
investment for green cities is nearly $10 million of
infrastructure. So we are investing significantly more in
six cities in California than we are in 11 cities
Federally, significantly more.

BOARD MEMBER TAKVORIAN: Thank you.
MR. McNABB: You're welcome.
BOARD MEMBER TAKVORIAN: Okay. And then on
the -- on the certification, I appreciate that you're
talking about the licensed electricians, which I think
is -- would be a requirement in the State California. The
EVITP was mentioned in the April letter. So I hope that
if you haven't, that others on your team have had an
opportunity to look into that. This isn't a new program
as we've heard in testimony. And I would encourage you to
utilize that program. There aren't any other
certification programs for this specific type of
installation.

MR. McNABB: I actually don't recall that it was
in the letter. I'll get the letter.
BOARD MEMBER TAKVORIAN: I have it up on my
computer, so I can show it to you.
MR. McNABB: I -- sorry about that.
BOARD MEMBER TAKVORIAN: Okay.

MR. McNABB: We will sit down, as I committed. We will come back, sit down, and if the regulatory body wants to sit down with us as we have the discussion with them, I'm more than happy for full transparency on the discussion.

BOARD MEMBER TAKVORIAN: Great.

MR. McNABB: I just don't know enough about it, and I need to -- I need to know more.

BOARD MEMBER TAKVORIAN: Okay.

MR. McNABB: And it's definitely a concern, because everybody mentioned it to me in individual conversations, and I can very much appreciate that.

BOARD MEMBER TAKVORIAN: Thank you.

And then the last thing I wanted to say is I really appreciated that you've expanded your awareness campaign. And as I think I said to you on the phone I hope that you'll increase the role of local organizations, both environmental justice organizations, equity organizations, some of the local groups that were here today.

I think that's really important, not only in getting the word out, but also in selecting the locations for charging stations, because they are going to know where in the community people will be able to use those,
so -- and I also appreciate the used car emphasize that you have.

MR. McNABB: Thank you.

BOARD MEMBER TAKVORIAN: So thank you very much.

MR. McNABB: Thank you.

CHAIR NICHOLS: Mr. De La Torre.

BOARD MEMBER DE LA TORRE: Thank you.

Back in March, I raised a few issues. And I wanted to acknowledge the movement on the supplement that staff has accomplished working with you. One was the disadvantaged communities, which also includes the local hire component to it, and the other was hydrogen. And so on both those measures, I think there's been movement.

You know, we could quibble about how much, but it's there, and that's what's important to me. And I want to really focus on the long play here, which is that there will be four funding time periods. And, to me, that's what's the most important.

On trust but verify, the first tranche is the one we're going to be looking at --

MR. McNABB: Yeah.

BOARD MEMBER DE LA TORRE: -- and seeing how this plays out. And we will be able to over time get into more granular focus based on what is actually happening out there. Right now, it's all hypothetical.
So I think that it's our obligation to get this thing going, to let you do the work that you're going to do, and then, you know, if there's things that we see that we don't like to my colleague's point's, we're going to be talking about it, so -- as long as we're here. And so I think that's the most important piece to it.

And I also wanted to add something, and maybe it's a question of staff, during my staff briefing on the training piece, my understanding was there are a few different training protocols that are good for this purpose. And so, you know, to the extent there are multiples - and I'm no expert - but clearly our staff seems to know that there are others that would get us that quality installation that is in your interests, because it will last longer and be better, and it's in our interests because we know it's getting done the right way.

So I think that's a conversation that needs to continue. We don't want to shoehorn you into something if there are others that are equivalent.

So thank you.

CHAIR NICHOLS: Any further comments or questions from the Board?

If not, are we prepared to bring this up for a decision?

All right. We have a motion and we have a
BOARD MEMBER GIOIA: Madam Chair, I heard a suggestion about what language with regard to employment --

CHAIR NICHOLS: Yes.

BOARD MEMBER GIOIA: -- so we didn't talk about that further.

CHAIR NICHOLS: You're correct. Let's go back to whatever the language should be, and if there's a way to make it a little more expressive of the desires of the Board in this area.

BOARD MEMBER SERNA: Chair Nichols?

CHAIR NICHOLS: Yes.

BOARD MEMBER SERNA: If I may, as the maker of the motion, I'd like to understand, both from our counsel and from Mr. McNabb, if the language the way I understand it from the seconder of the motion, is to interject the word "encourage", if that is going to be problematic?

My concern should be somewhat obvious. I think it's been made clear that I'm very sensitive at this point to running afield of what the consent decree permits us to consider at this late point. So I don't know, Ellen, if you want to...

CHIEF COUNSEL PETER: If Electrify America feels like they want to change that commitment. Personally,
I -- we have the statute, and so I would stick with that. Frankly, the statute goes --

BOARD MEMBER SERNA: Okay.

CHIEF COUNSEL PETER: -- is very -- I think hits the right tone. On the other hand, it's --

BOARD MEMBER GIOIA: You're talking on the employment issue?

CHIEF COUNSEL PETER: I'm sorry?

BOARD MEMBER GIOIA: You're talking on employment?

CHIEF COUNSEL PETER: Were you talking about the 35 percent, the encourage?

BOARD MEMBER GIOIA: No, we were talking about the 15 percent.

CHIEF COUNSEL PETER: Oh, I'm sorry.

BOARD MEMBER GIOIA: No.

CHIEF COUNSEL PETER: So we're looking at page seven?

BOARD MEMBER GIOIA: This is this provision about at least 15 percent of the electric -- this was this 25 percent of the electricians being residents of --

CHIEF COUNSEL PETER: Oh, the suggestion that came from --

BOARD MEMBER GIOIA: -- disadvantaged communities. Right. Right.
CHIEF COUNSEL PETER: I don't think we can require any of that in that. If Electrify America wants to

BOARD MEMBER GIOIA: So what's the strongest language you could use?

CHIEF COUNSEL PETER: Okay. So once again. So I'm sorry, so Ms. Mitchell you were suggesting adding something on page seven, is that what you were suggesting?

BOARD MEMBER MITCHELL: Right. I was suggesting to add language that encourages Electrify America to provide hiring opportunities to qualified persons that live in the disadvantaged communities, and -- but again, I think it's important that we keep this activity moving, and that I don't want to impose that if it's going to slow down the process of getting this in place, and getting the activities that we're hoping to have happen here with electric charging stations installed.

CHIEF COUNSEL PETER: So back to my original point, we cannot require if. If they want to add it, then that's their -- then they can add an additional requirement that they don't have to do. That's not something we can require.

BOARD MEMBER MITCHELL: Yeah, we're not -- I'm not -- the language wouldn't be require. It would just be that --
BOARD MEMBER GIOIA: It's this encourage
language.

BOARD MEMBER MITCHELL: -- you know, we
courage -- we encourage as part of the resolution that
enviro -- Electrify America provide hiring opportunities
for qualified persons residing in disadvantaged
communities.

CHIEF COUNSEL PETER: There's nothing that
prohibits us from adding that.

BOARD MEMBER GIOIA: Okay.

BOARD MEMBER MITCHELL: I guess I could offer
that as an amendment to the motion.

BOARD MEMBER GIOIA: Yeah. Can I help suggest
some language, since I had raised that issue, and there
was some material presented. I'm just -- if we can do it,
and it can be encouraged, then can we just put some
language in. It doesn't hold up doing this --

CHIEF COUNSEL PETER: Fine.

BOARD MEMBER GIOIA: -- if you put -- right, just
encourage.

CHIEF COUNSEL PETER: I was just -- if they agree
then --

BOARD MEMBER GIOIA: Right.

MR. McNABB: I can agree with the word
"encourage".
CHIEF COUNSEL PETER: Okay. All right. So that would --

BOARD MEMBER SERNA: Then I would take that as a friendly amendment.

BOARD MEMBER GIOIA: Do we want to state a goal, a percent?

BOARD MEMBER MITCHELL: No, I would not add a percentage.

BOARD MEMBER SERNA: No, I would do not want to. That would be bad.

BOARD MEMBER MITCHELL: I don't want to.

BOARD MEMBER TAKVORIAN: Can we --

BOARD MEMBER GIOIA: What's the language?

BOARD MEMBER TAKVORIAN: Well, it doesn't look like we get there on the percent, but can we ask is that part of the quarterly report?

MR. McNABB: It hasn't been.

BOARD MEMBER TAKVORIAN: Could it be?

MR. McNABB: Can we make it part of the twice-a-year report? Just -- I've got 50 people spinning numbers, and I have to get all this back and collated and correlated. But I have no problem being transparent. But, you know, I would appreciate if we could kind of space out the reports a little bit, and maybe -- maybe make that part of the biannual report and the quarterly
reports are, you know, very specific to what are we doing, where is our installations?

CHAIR NICHOLS: What's happened.

MR. McNABB: Yeah.

CHAIR NICHOLS: Yeah. That seems reasonable to me.

BOARD MEMBER TAKVORIAN: Well, I mean, you're doing it, so you probably know who's doing it. So I don't quite get that, but I'd like to get something. I mean, I think we need to have some evidence of the who's getting hired and where they're being hired from.


BOARD MEMBER TAKVORIAN: Quarterly. Bi-annually.

CHAIR NICHOLS: It's just a question of how frequently they compile the information.

MR. McNABB: I just think biannual, because we have to get out to the individual suppliers and make sure that we have that in the requirements to make sure that they are reporting that to us also. So it just takes time.

BOARD MEMBER SERNA: There's an annual audit, is there not?

MR. McNABB: Yeah, there is. There's an audit. We have an audit coming -- a third-party independent auditor that's been hired already.
CHAIR NICHOLS: But, in general, at least in my experience in hiring the knowledge that somebody is really looking over your shoulder is the key thing.

MR. McNABB: That's right.

BOARD MEMBER SERNA: So the motion is, as was mentioned, staff's recommendation on Resolution 17-23 with the encourage language that's been offered by the seconder of the motion and greed to by Mr. McNabb.

CHAIR NICHOLS: Are we okay with what we're doing here?

MR. McNABB: Yes.

CHAIR NICHOLS: Yes. Okay. All right then. Are we ready now?

I'm going to call the question. All those in favor of the approval of the expenditure plan with the suggested language, please signify by saying aye?

(Unanimous aye vote.)

CHAIR NICHOLS: Opposed?

Abstentions?

It's been a long process, but I hope you feel that it's been worth it. We certainly feel like we've gained a lot of confidence that it's going to be a success, so you've been tested.

MR. McNABB: I started with dark hair and a lot more.
(Laughter.)

CHAIR NICHOLS: Thank you for your patience and for your enthusiasm. Both of them are really important. Thank you.

We have a brief open comment period. Two people have asked to testify during open comment. They both happen to represent local air pollution control. So we've got Jack Broadbent from the Bay Area and Alan Abbs from CAPCOA talking about implementation of AB 617.

MR. BROADBENT: Good afternoon, Madam Chair and members of the Board. Again, my name is Jack Broadbent, and I serve as the executive officer for the Bay Area Air Quality Management District. I want to thank you for the opportunity to be here to talk to you about implementing AB 617. And, Madam Chair, I apologize I wasn't able to be here earlier when you had this on your agenda.

First, for the record, I do represent an air pollution control agency, but I'm here not here to whine. I'm not here to complain.

(Laughter.)

MR. BROADBENT: I am here to express our very clear support for the goals of AB 617. We have a number of communities in the Bay Area that need further attention. I know you all know that and respect that. By attention, I mean they need more monitoring. They need
community emission reduction plans, and resources implement those plans. And frankly, we also just need to be able to, I think in this bill, reconcile what do we call these community -- these impacted communities.

So I just wanted to be here this afternoon to, one, express our support in working with you, working with your staff. We look forward to this effort. This is an important priority for the Bay Area. I know it's also a very important priority for CARB as well.

So I'll keep my comments brief. You've had a long meeting, so thank you for the opportunity to speak to you.

CHAIR NICHOLS: Thank you.

CAPCOA EXECUTIVE DIRECTOR ABBS: Good afternoon, Madam Chair, members of the Board. My name is Alan Abbs. I'm the executive director for the California Air Pollution Control Officers Association. I think for the second time -- the second time when I say I'm not here to whine or complain, it's probably funny, probably the third time won't be quite as funny, but --

(Laughter.)

CAPCOA EXECUTIVE DIRECTOR ABBS: I understand -- and so as you know, CAPCOA and the air districts had some pretty strong feelings during the AB 617 process. And we tried to register our concerns. We were supportive of the
overall concept of the emission reductions, the extension of cap and trade, and we showed up along the way to register some concerns and to try to make the resulting bills better, in our opinion.

And so -- so the reason that Jack and I showed up today was just to continue to let the Board know that we have concerns about the aggressiveness of the timelines, the lack of funding that's been identified as part of the process to make this successful, to get the emission reductions, to do these new monitoring networks, to come up with these communities plans. And we would just encourage CARB staff, and whoever else is going to be working on this implementation, to contact us as soon as possible, so that we can -- we can make this a success.

The first deadlines are going to come up in 15 months, and so we need to start this very soon. And as Jack said, we look forward to working with everyone in making this a success.

Thanks.

CHAIR NICHOLS: I appreciate that. Mr. Corey committed earlier, I think, to come back to the Board in September with his outline of how we're going to proceed on implementing 617. This is a tremendous new grant of authority and responsibility for the districts and for CARB. It's -- really, I cannot overemphasize how
revolutionary the thinking in 617 is. It just gives us a whole new lease on life in terms of going back and re-looking at all the major sources, bringing in the community to decide how they want them controlled, speeding it up, putting firm deadlines on. Not that we -- any of the districts haven't been doing a good job up until now. We've made a huge amount of progress, but we've gotten a little bit set in our ways.

And this is a new way of looking at things. It is going to require a new effort. I believe that some of it is going to come from redirection, as opposed to all new activities and new hires, but there probably will be some.

I think one of the reasons why I was a little taken aback by the districts raising the issue of resources practically before they said thinking else was that air districts, unlike CARB in general, have the ability to raise money themselves. They don't have to go to the legislature. They can extract fees from the very people that they're going to be monitoring.

But we also know that mobile sources are a huge part of the problem, and a huge part of what has to be done. And that's going to be on us is to figure out how to enhance that kind of monitoring as well.

It clearly is another one of those situations
where we have to do it together, or we certainly will not be working efficiently or effectively. But I would just hope that we could all approach this in a, what -- in the spirit I think it deserves, which is really one of enthusiasm for, you know, a start at bringing in parts of the communities that haven't been active on our radar screens up until now, and, you know, really taking a new look at the technologies that are out there, at the way we go about adopting our regulations.

And so I think it's going to be an exciting time, but I realize that we've got some -- we've got some significant work to do. So I appreciate both you and Mr. Broadbent coming in and giving us your commitment that you will be working with us, and that we can proceed together.

Thank you.

That is it, as far as testimony, as far as anybody wanting to show up for the public comment. So I will just wish everybody who's going on holiday a good vacation, and we'll see you next time.

Thank you.

(Thereupon the Air Resources Board meeting adjourned at 4:47 p.m)
CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Air Resources Board meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

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

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of August, 2017.

JAMES F. PETERS, CSR
Certified Shorthand Reporter
License No. 10063