

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

CALEPA HEADQUARTERS
BYRON SHER AUDITORIUM
SECOND FLOOR
1001 I STREET
SACRAMENTO, CALIFORNIA

THURSDAY, DECEMBER 14, 2017

9:09 A.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

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Ms. Trish Johnson, Air Pollution Specialist, Industrial Strategies Division(ISD)

Mr. Nesamani Kalandiyur, Manager, Transportation Analysis Section, AQPSD

Ms. Stephanie Kato, Staff Air Pollution Specialist, ISD

Ms. Deborah Kerns, Senior Attorney, Legal Office

Ms. Leslie Kimura Szeto, Manager, Sustainable Communities Policy and Planning Section, AQPSD

Ms. Heather King, Air Pollution Specialist, Sustainable Communities Policy and Planning Section, AQPSD

Mr. Jack Kitowski, Chief, MCSD

Ms. Lisa Macumber, Manager, Innovative Light-Duty Strategies Section, MSCD

Mr. Gabriel Monroe, Attorney, Legal Office

Ms. Lucina Negrete, Branch Chief, Innovative Strategies Branch, MCSD

Mr. Andrew Panson, Staff Air Pollution Specialist, Innovative Strategies Branch, MSCD

Ms. Rajinder Sahota, Assistant Division Chief, ISD

Mr. Jonathan Taylor, Interim Division Chief, AQPSD

A P P E A R A N C E S C O N T I N U E D

STAFF:

Mr. Floyd Vergara, Division Chief, ISD

Mr. Jacob Zielkiewicz, Air Pollution Specialist, ISD

ALSO PRESENT:

Mr. Alan Abbs, California Air Pollution Control Officers Association

Ms. Fariya Ali, Pacific Gas & Electric

Ms. Chloe Ames, Climate Resolve

Mr. Ivan Altamura, Global Automakers

Mr. Will Barrett, American Lung Association

Mr. Sam Bayless, California Independent Oil Marketers Association

Ms. Susie Berlin, Northern California Power Agency, MSR Public Power

Mr. Drew Bohan, California Energy Commission

Mr. Kealii Bright, Natural Resources Agency

Mr. Todd Campbell, Clean Energy

Mr. Tim Carmichael, Sempra Energy Utilities

Ms. Akeele Carter

Ms. Llesenia Cevallos, EHC

Mr. Nicholas Chavez, School Transportation Coalition, California Association of School Transportation Officials

Mr. Andrew Chesley, San Joaquin Council of Governments

Ms. Cynthia Cory, California Farm Bureau Federation

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Jon Costantino, SCCPA

Ms. Christina Darlington, Placer County Air District

Mr. Sean Donovan, International Emissions Trading Association

Mr. Steven P. Douglas, Alliance of Automobile Manufacturers, Inc.

Mr. Sean Edgar, CleanFleets.net

Mr. Randal Friedman, Department of Defense

Mr. John Gamboa, California Community Builders

Ms. Rachel Golden, Sierra Club

Mr. Gary Graham Hughes, Friends of the Earth, U.S.

Mr. Rod Headley, Central California Power

Ms. Jennifer Hernandez

Mr. Henry Hilken, Bay Area Air Quality Management District

Ms. Bonnie Holmes-Gen, American Lung Association in California

Mr. Mike Hursh, AC Transit

Mr. Hasan Ikhata, Southern California Association of Governments

Ms. Melissa Immel, Solid Waste Association of North America

Mr. Michael Jacob, Pacific Merchant Shipping Association

Mr. Greg Karras, Communities for a Better Environment

Ms. Kim Kawada, San Diego Association of Governments

Mr. Ryan Kenny, Clean Energy

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Ms. Linda Khamoushian, California Bicycle Coalition

Mr. Ken Kirkey, Metropolitan Transportation Commission,
Association of Bay Area Governments

Ms. Dona Lacayo, Port of Hueneme

Mr. John Larrea, California Food Producers

Mr. Thomas Lawson, California Natural Gas Vehicles
Coalition

Mr. Kent Leacock, Proterra

Ms. Jenny Lester Moffit, California Department of Food and
Agriculture

Mr. Roger Lin, Center on Race, Poverty and the
Environment, California Environmental Justice Alliance

Mr. Charles E. Love, Jr., Love's

Mr. Edward Lovelace, XL Hybrids

Mr. Richard Lyon, California Building Industry

Ms. Brenda Kuehnle, Chevron

Mr. Bill Magavern, Coalition for Clean Air

Mr. Bruce Magnani, Gerdau Steel, U.S. Borax, Rio Tinto
Minerals, California's Cement Manufacturers

Ms. Carolina Martinez, Environmental Health Coalition

Ms. Deanna Martinez, Shell

Mr. Michael McCormick, Governor's Office of Planning and
Research

Ms. Amy Mmagu, CalChamber

Ms. Urvi Nagrani, Motiv

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Brian Nowicki, Center for Biodiversity

Mr. Mike Neuenburg, Sacramento Metropolitan Air Quality Management District

Ms. Rachel O'Brien, Agricultural Council of California

Mr. Jimmy O'Dea, Union of Concerned Scientists

Mr. Chris Peeples, AC Transit

Ms. Michelle Passero, The Nature Conservancy, Pacific Forest Trust, California ReLeaf

Ms. Kathryn Phillips, Sierra Club California

Mr. Michael Pimentel, California Transit Association

Mr. Raul Portugal, Central California Power

Ms. Katelyn Roedner Sutter, Environmental Defense Fund

Ms. Mari Rose Taruc, Environmental Justice Advisory Committee

Ms. Ana Reynoso, Environmental Health Coalition

Ms. Tiffany Roberts, Western States Petroleum Association

Ms. Jamesine Rogers Gibson, Union of Concerned Scientists

Dr. Linda Rudolph, Public Health Institute

Ms. Stephanie Tsai, Climate Justice Program

Mr. Tim Schott, California Association of Port Authorities

Mr. Matt Schrap, Velocity Vehicle Group

Ms. Phoebe Seaton, Leadership Counsel for Justice and Accountability

Mr. Ryan Schuchard, CALSTART

A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT:

Mr. Mark Sedlacek, Los Angeles Department of Water and Power

Mr. Perin Shah, Asian Pacific Environmental Network

Mr. Michael Shaw, California Manufacturers & Technology Association

Mr. Mikhael Skvarla, California Council for Environmental and Economic Balance

Mr. Adam Smith, Southern California Edison

Mr. Jeremy Smith, State Building and Construction Trades Council

Ms. Shelly Sullivan, Climate Change Policy Coalition

Mr. Kirk Trost, Sacramento Area Council of Governments

Ms. Eileen Tutt, Low Carbon Transportation Coalition

Ms. Amy Vanderwarker, California Environmental Justice Alliance

Mr. Emanuel Wagner, California Hydrogen Business Council

Mr. David Weiskopf, Next Gen California

Mr. James Worthley, San Luis Obispo Council of Governments

Mr. Andy Wunder, Ceres

Mr. Steven Yang, Chevron

Mr. William Zobel, Trillium CNG

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1 P R O C E E D I N G S

2 CHAIR NICHOLS: Good morning, ladies and
3 gentlemen. Sounds like the system is working. The Board
4 is gathered. So I'm going to call this meeting to order.
5 And before you get too settled, let's please stand and say
6 the Pledge of Allegiance.

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

9 CHAIR NICHOLS: I have to say -- I'm not going to
10 say anything more political than this, but the Pledge of
11 Allegiance seems to me to be more meaningful now than it
12 ever has before.

13 All right. We will call the roll, please, Madam
14 Clerk.

15 BOARD CLERK McREYNOLDS: Dr. Balmes?

16 BOARD MEMBER BALMES: Here.

17 BOARD CLERK McREYNOLDS: Mr. De La Torre
18 Mr. Eisenhut?

19 BOARD MEMBER EISENHUT: Here.

20 BOARD CLERK McREYNOLDS: Senator Florez?

21 BOARD MEMBER FLOREZ: Here.

22 BOARD CLERK McREYNOLDS: Assembly Member Garcia?
23 Supervise Gioia?

24 Senator Lara?

25 Ms. Mitchell?

1 BOARD MEMBER MITCHELL: Here.

2 BOARD CLERK McREYNOLDS: Mrs. Riordan?

3 BOARD MEMBER RIORDAN: Here.

4 BOARD CLERK McREYNOLDS: Supervisor Roberts?

5 BOARD MEMBER ROBERTS: Here.

6 BOARD CLERK McREYNOLDS: Supervisor Serna?

7 Dr. Sherriffs?

8 BOARD MEMBER SHERRIFFS: Here.

9 BOARD CLERK McREYNOLDS: Professor Sperling?

10 BOARD MEMBER SPERLING: Here.

11 BOARD CLERK McREYNOLDS: Ms. Takvorian?

12 BOARD MEMBER TAKVORIAN: Here.

13 BOARD CLERK McREYNOLDS: Vice Chair Berg?

14 VICE CHAIR BERG: Here.

15 BOARD CLERK McREYNOLDS: Chair Nichols?

16 CHAIR NICHOLS: Here.

17 BOARD CLERK McREYNOLDS: Madam Chair, we have a
18 quorum.

19 CHAIR NICHOLS: Great. Thank you.

20 A couple of announcements before we get started
21 on our agenda. First of all, I want to make sure that
22 everyone knows that we have interpretation services
23 available today in Spanish for the first two items, that
24 is the update on SB 375, the greenhouse gas emissions
25 reduction targets, and also for the item on the scoping

1 plan.

2 Head sets are available outside the hearing room
3 at the sign-up table, and can be picked up at any time.

4 (Thereupon translation into Spanish.)

5 CHAIR NICHOLS: Thank you.

6 A reminder for everyone who might wish to testify
7 that we appreciate it if you fill out a request to speak
8 card, which is also available in the outside lobby, and
9 turn it into the Board assistant or the clerk prior to the
10 item actually being presented, so we can organize the
11 speaker list and get some sense of how much time we need
12 to allocate for the item. We also want to remind everyone
13 that speakers are limited to 3 minutes of oral testimony.
14 We do appreciate it if you give your name and -- give us
15 your first and last name, sorry, when you come up to the
16 podium and put your testimony in your own words. But you
17 do not need to read your written statements, since it will
18 also be entered into the record.

19 And I'm also required by some regulation or
20 another to announce that the emergency exits in this room
21 are at the rear of the room, and on both sides of the
22 podium. And if an alarm goes off, we are required to
23 evacuate this room immediately, go down the stairs, and
24 out of the building and gather in the park across the
25 street until the all-clear signal is given. And then

1 we'll come back and resume the hearing.

2 That has actually happened at least once in my
3 time on this Board, so I know it's a possibility.

4 Okay. The first item that we have on our agenda
5 this morning is an informational update on the proposed
6 updates to the SB 375 greenhouse gas emissions reduction
7 targets. SB 375, also known as the Sustainable
8 Communities and Climate Protection Act of 2008 established
9 a process for reducing greenhouse gas emissions from
10 passenger vehicles through more sustainable land use and
11 transportation planning.

12 The Board originally set the targets for the
13 State's 18 metropolitan planning organizations in 2010,
14 and we're required to update those targets every eight
15 years.

16 Our role as ARB in updating the targets gives us
17 an opportunity to guide local land use and transportation
18 decision making towards meeting multiple goals, reducing
19 greenhouse gas emissions, while building healthier
20 communities. These targets play a critical role in
21 meeting our climate change and air quality goals. Both
22 the scoping plan and the mobile source strategy identified
23 reductions in vehicle miles traveled from land use and
24 transportation systems as a necessary element of our
25 statewide strategy.

1 When we originally started down this path with
2 our MPO, and other stakeholder partners working to
3 transform land use and transportation, it was frankly
4 quite a bit of an experiment. Collectively, I would say
5 we've all learned a lot about opportunities to improve
6 this program. In particular, I think many of us will
7 readily acknowledge that quantifying the transformation
8 has proven far more complex than anyone imagined. We now
9 see the need for greater focus on implementation and less
10 on models and for measuring real progress on the ground.

11 Before I turn to staff, I want to acknowledge
12 that we have representatives of several MPOs and State
13 agencies with us, and that they will be sharing their
14 perspective as well.

15 Mr. Corey, would you please introduce this item?

16 EXECUTIVE OFFICER COREY: Yes. Thanks, Chair
17 Nichols. At the March 2017 Board hearing, SB 375 program
18 staff and MPO representatives reported on the target
19 updates process to date. Since that time, staff have
20 conducted public workshops around the state to solicit
21 feedback on targets, as well as conducted several
22 follow-up meetings with MPO and other stakeholders.

23 Based on the feedback received, staff is
24 proposing programmatic changes to the current target
25 framework, as well as methods we use to evaluate MPO plans

1 as part of the target update. These changes are intended
2 to achieve more effective program implementation by
3 placing greater emphasis on local and regional agency
4 strategy and investment decisions, as well as more regular
5 reporting and tracking of those commitments over time.

6 I'll now ask Heather King of our Transportation
7 Planning Branch to give the staff presentation.

8 Heather.

9 (Thereupon an overhead presentation was
10 presented as follows.)

11 AIR POLLUTION SPECIALIST KING: Can you guys hear
12 me okay?

13 Okay. Thank you.

14 Thank you, Mr. Corey.

15 Good morning, Chair Nichols and members of the
16 Board.

17 --o0o--

18 AIR POLLUTION SPECIALIST KING: Today's
19 information item builds on the update CARB staff presented
20 to you last March. At that meeting, your discussion
21 acknowledged the need for and great challenge of
22 transitioning to a future where people have clean
23 alternatives to traveling by single occupancy vehicle.
24 You asked staff to continue engaging with MPOs and
25 interested community stakeholders to develop a path

1 forward that supports achieving more in this space. We've
2 done that, and this presentation will provide an update on
3 CARB staff's current thinking on what we can do to more
4 effectively implement the SB 375 program and better align,
5 transportation, environmental, and social goals.

6 Today, we will be recommending a paradigm shift
7 in the way CARB applies the SB 375 targets and evaluates
8 SCSs moving forward. I will also talk about associated
9 work we plan to undertake with our partners in the new
10 year to identify new strategies beyond SB 375 to meet the
11 goals recommended in the 2030 scoping plan.

12 --o0o--

13 AIR POLLUTION SPECIALIST KING: Before I get to
14 CARB staff's thoughts on what can be done to better
15 implement SB 375, I'll briefly recap where we are in the
16 program.

17 Under SB 375, California's 18 Metropolitan
18 Planning Organizations, also known as MPOs, have prepared
19 Sustainable Communities Strategies, or SCSs, to meet
20 region-specific greenhouse gas reduction targets for
21 passenger vehicles. Those targets are set by this Board,
22 which adopted the initial targets in 2010. The targets
23 must be updated every eight years. MPOs prepare regional
24 transportation plans and SCSs on a 4-year cycle, with some
25 MPOs currently developing their second and third

1 iterations of these perhaps under the SB 375 program.

2 To date, CARB staff have reviewed over 20
3 regional SCSs, all of which have met or exceeded their
4 current targets.

5 However, recent data suggests that vehicle miles
6 traveled, are VMT, is going up. This is one reminder of
7 the great challenge we face in this program.

8 --o0o--

9 AIR POLLUTION SPECIALIST KING: The measure of
10 whether a regional SCS is doing what SB 375 intended is
11 whether and how it incorporates new or enhanced policies
12 and investments to improve people's everyday
13 transportation options. Essentially, does the region's
14 strategy incorporate policy commitments and investments
15 that support infill and mixed-use development with housing
16 choices for all income levels, and delivering clean
17 multi-modal, and affordable transportation choices?

18 --o0o--

19 AIR POLLUTION SPECIALIST KING: With those as
20 guiding program objectives, CARB staff asked ourselves
21 what, if anything, we could do in our target update to
22 better capture that intent.

23 A great deal of analytical work, stakeholder
24 feedback, and MPO input, changes to State law, and program
25 experience has led us to believe that more ambitious

1 targets are achievable and needed. But the targets alone
2 don't give us the insight we need to determine if SB 375
3 is really working.

4 To get where we want to go, we'll need a better
5 understanding of what strategy commitments are included in
6 each plan and how they will be implemented.

7 --o0o--

8 AIR POLLUTION SPECIALIST KING: In October, staff
9 put forward its original proposal for updates to targets
10 and recommended a future process to improve program
11 implementation. Since that time, we've had several
12 additional conversations with impacted MPOs and community
13 advocates to explore those ideas further. And based on
14 those conversations, we are proposing to revise our
15 original proposal.

16 Staff's revised proposal, shown in the right most
17 bar on this slide, is estimated to achieve a 19 percent
18 reduction in statewide average greenhouse gas emissions
19 compared to 2005 levels. There is about a 1 percent
20 difference between staff's October proposal and the
21 revised proposal. Both proposals are expected to get us
22 further than the current 2010 targets of 13 percent, and
23 what adopted SCSs are projected to achieve, which is 18
24 percent.

25 And while staff's revised proposal includes

1 walking the numbers back a bit from what we previously
2 proposed, it includes some new important reporting and
3 tracking elements to strengthen program implementation and
4 increase transparency.

5 Under either proposal, you'll notice there's a
6 gap between what the scoping plan scenario calls for from
7 this sector and what the SB 375 program can contribute. I
8 will talk more about this later in the presentation.

9 --o0o--

10 AIR POLLUTION SPECIALIST KING: Staff's proposed
11 revisions respond to feedback we heard across a number of
12 stakeholder groups calling for a shift in how SB 375 is
13 currently implemented. We heard a desire for a new path
14 forward that puts the focus back on the SCS strategies,
15 and not the modeling.

16 That is what specifically is being done to put in
17 place land use and transportation policies and
18 investments; that makes sure local and regional
19 stakeholders are continuing to innovate and do more in
20 this space; and results in new and enhanced tools to track
21 implementation of those policies.

22 --o0o--

23 AIR POLLUTION SPECIALIST KING: Staff is
24 proposing three key changes to its original proposal. The
25 first is putting in place changes to our current target

1 framework and evaluation process to recognize and isolate
2 actual changes to land use and transportation policies and
3 investments. Our goal is to overcome the effects of
4 assumptions about price of fuel, household income, and
5 fleet efficiency, and focus more squarely on the efforts
6 jurisdictions are actually making.

7 Second is incorporating additional reporting and
8 data tracking by the MPOs related to how their investments
9 and their project lists support their claimed commitments
10 to greenhouse gas reduction strategies, as well as
11 information on how they will be tracking SCS
12 implementation over time.

13 And third is adjusting the 2035 targets to
14 reflect the latest discussions and information shared by
15 the big 4 MPOs, which represents an increase in commitment
16 from their original recommendations to us, but is less
17 than what we initially proposed in October.

18 --o0o--

19 AIR POLLUTION SPECIALIST KING: This figure
20 illustrates the current SB 375 target framework, and shows
21 that within any given MPOs greenhouse grass reduction
22 target, there are a number of factors that are baked in.
23 These factors include progress made through the region's
24 policy decisions on transportation, infrastructure, and
25 land use change. But at the same time, they include

1 emissions reductions associated with changes in long range
2 assumptions for things like the economy, the price of
3 fuel, and changes in future demographics, all of which are
4 important for planning, but are not controlled by local
5 and regional efforts.

6 Isolating the emissions reductions attributable
7 to SCS strategies is what we care about. We are currently
8 working with the MPOs and other stakeholders to develop a
9 method and documentation criteria for how to quantify the
10 greenhouse gas benefits of the SCS strategies only.

11 --o0o--

12 AIR POLLUTION SPECIALIST KING: In addition to
13 framework adjustments, CARB would also start asking MPOs
14 questions that we haven't asked of them before. This
15 slide lists some examples of the additional reporting and
16 tracking information we would be looking for from the
17 MPOs. This is not all inclusive.

18 Other metrics that we propose incorporating
19 include reporting on VMT, criteria pollutant emissions,
20 and accessibility for example. Related to the items
21 listed here, we would be asking for more detail on the
22 types and timing of investments, information on how the
23 MPO's transportation project list would promote
24 achievement of the greenhouse gas targets, and whether
25 implementation efforts support success by including

1 mechanisms to track progress and avoid unintended
2 consequences.

3 A common example of this is the presence of
4 supportive anti-displacement policies in a region.

5 --o0o--

6 AIR POLLUTION SPECIALIST KING: This slide
7 summarizes staff's current thinking on revised proposed
8 targets for the four largest MPOs in the state.

9 Under staff's revised proposal, targets would be
10 accompanied by additional reporting requirements that
11 demonstrate progress directly tied to new or enhanced SCS
12 strategies. We would look to use this next planning cycle
13 to begin testing the new framework to quantify the impacts
14 of enhanced land use and transportation strategies.

15 If it is successful, we would explore the
16 potential to move forward this new target setting paradigm
17 designed to incentivize incremental progress. We are
18 currently in talks with SACOG about a potential pilot for
19 this, which is why we show a range for their target in
20 that chart.

21 Staff does not propose any revisions to the
22 October proposal for the 8 San Joaquin Valley MPOs nor for
23 the 6 small remaining MPOs. However, we will expect them
24 to begin thinking about the new quantification framework
25 and additional reporting in their next planning cycle.

1 Staff also does not propose any revisions to the targets
2 for year 2020 that we proposed in October.

3 --o0o--

4 AIR POLLUTION SPECIALIST KING: Since we began
5 down this bath to update the targets, we readily
6 acknowledge that SB 375 is not a silver bullet. It is
7 only one tool to get at the VMT reductions needed from the
8 transportation sector. Under either proposal, additional
9 strategies beyond SB 375 are needed.

10 These strategies to close the gap are already in
11 development through conversations with MPOs, State
12 agencies, and advocates, and will continue next year. The
13 4 initial opportunities identified in the scoping plan and
14 already under discussion include:

15 Implementation of the recent SB 1 transportation
16 bill and housing bills, and making sure new dollars are
17 directed towards sustainable development rather than
18 growth-inducing projects;

19 Development of complementary State and local
20 policies to expand pooling opportunities with
21 transportation network companies and connected autonomous
22 vehicles;

23 Adjusting performance measures used to select and
24 program State, regional, and local transportation
25 projects;

1 And further development of State, regional, and
2 local mileage based congestion or parking pricing tools
3 for managing vehicle activity impacts and generating funds
4 for sustainable transportation solutions.

5 --o0o--

6 AIR POLLUTION SPECIALIST KING: Our next step
7 will be to conduct a public process on the proposal before
8 you today, prior to bringing a formal proposal for the
9 target update to the Board for adoption in spring 2018.

10 We have a lot more work that we will be pursuing
11 over the next 10 months. We will partner with our sister
12 State agencies to engage with MPOs, local transportation
13 agencies, and other interested stakeholders to further
14 develop the needed additional State and local policies to
15 meet our scoping plan goals.

16 We will be updating our SB 375 program guidelines
17 to reflect the new framework for evaluating SCSs and
18 target achievement, which will include new sections on MPO
19 reporting, and a draft of that will be anticipated this
20 summer.

21 And we will be preparing the first annual program
22 progress report to the legislature on SB 375
23 implementation due by September 1st. This report will
24 highlight program achievement to date, as well as
25 challenges. This new role will set up CARB to be more of

1 a clearinghouse for best practices across MPOs, as well as
2 have us tee up important discussions on tying funding to
3 demonstrated progress. CARB staff will share our findings
4 with you later next year.

5 --o0o--

6 AIR POLLUTION SPECIALIST KING: Before we go to
7 question for staff, I would like to invite Brian Annis,
8 Undersecretary for the California State Transportation
9 Agency, who is here today to share a few additional
10 insights on the new landscape of transportation funding
11 afforded under SB 1.

12 Thank you.

13 CHAIR NICHOLS: Good morning.

14 (Thereupon an overhead presentation was
15 Presented as follows.)

16 MR. ANNIS: Good morning. Happy to be here this
17 morning to talk about Senate Bill 1, which is one of the
18 big 3 legislative packages of 2017. The other 2 of course
19 being the housing package and the cap-and-trade extension.
20 SB 1 was developed over a couple years of working with
21 legislative leaders, and I should say many people in this
22 room as well. We had a lot of support, and I see many
23 people involved in the SB 1 effort in this room. So I
24 want to thank them. I won't name them, but you know who
25 you are, and thank you.

1 We're very proud of the package.

2 Go to the next slide, please.

3 --o0o--

4 MR. ANNIS: SB 1 is -- to highlight the key
5 provisions, SB 1 is very focused on fix it first. In
6 fact, about two-thirds of the funding is directed to
7 improvements to neighborhood streets, highways, bridges,
8 to improve safety and accessibility and travel for all
9 users of those roads and highways.

10 SB 1 also provides historic levels of funding for
11 public transit, and operating expenses, and also for
12 active transportation. And as an illustration of that,
13 pictured here is a Caltrans employee giving a ARB employee
14 bike ride. So we're --

15 (Laughter.)

16 MR. ANNIS: -- happy to help however we can.
17 Lastly, Senate Bill 1 funds priority freight and congested
18 corridor investments.

19 Next slide.

20 --o0o--

21 MR. ANNIS: As is -- has been the historic
22 practice, State transportation funds are often split with
23 significant portions being distributed to the local level,
24 and that's the case here as well. About half of the SB 1
25 funds, or about 26 million -- billion over a 10-year

1 period is distributed to cities, counties, local transit
2 agencies. And the other half is for State investments.

3 Next slide.

4 --o0o--

5 MR. ANNIS: I wanted to focus on some strategic
6 investments in SB 1. So these are going beyond the fix it
7 first areas. The biggest category here is new funding for
8 transit. Over 10 years about 7.5 billion. About half of
9 that amount is by formula that goes out to transit
10 agencies all over this State, so every transit agency will
11 benefit.

12 The other half of the money is for a competitive
13 program. And actually, we were really happy with the
14 climate -- California Climate Investment Program funded
15 with cap-and-trade funds, the Transit and Intercity Rail
16 Capital Program. So instead of creating a new program
17 with SB 1 funds, we're using the SB 1 funds to supplement
18 that existing cap-and-trade funded program.

19 And that has been very successful to date. I
20 know some of the Board members have gone to some ribbon
21 cuttings there. It's funded new Metrolink locomotives in
22 Southern California that are Tier 4, and also some of the
23 Muni car replacement in San Francisco. Some of those cars
24 are now out in service and those were funded through this
25 program.

1 The program also funds bike and pedestrian
2 projects, 100 million a year, or 1 billion over 10 years.
3 This is for the active transportation program that the
4 State started in 2013. Before that program, we had a
5 scattering of very small bike and ped programs. The
6 bicycle account was about 7.2 million a year. There were
7 some other programs that didn't get specifically
8 appropriated, but there were some small amounts for safe
9 routes to schools and other things.

10 But with the creation of the active
11 transportation program, over 1 billion of projects to date
12 have been programmed, and we're on a cycle now where every
13 2 years, the program will award about \$440 million around
14 the State for bike and ped projects.

15 On the bottom two examples here, we also have
16 programs that are new to address congestion experienced by
17 freight, and congestion for commuters. Both of these have
18 some touchpoints with the Air Board. The Trade Corridor
19 Enhancement Program follows the model of Prop 1B, which is
20 a 2006 Bond Act, and is consistent with the recent
21 Sustainable Freight Action Plan.

22 We see with this program some funding for
23 infrastructure. And through the cap-and-trade expenditure
24 plan, like Prop 1B, there's funding for some clean air
25 freight projects as well. The guidelines for the Trade

1 Corridor Enhancement Program recently adopted by the
2 California Transportation Commission. And they include
3 input from ARB on how to assess projects for air quality.

4 The last program here Solutions for Congested
5 Corridor Program is a bit of a different approach to how
6 we might mitigate some of the -- the most extreme
7 congested corridors in this State. It focuses on those
8 corridors, which for the most part are already
9 multi-modal. That Caltrain 101 corridor in San Mateo in
10 the Bay Area, for example. You see there the Caltrain
11 system being upgraded. There's also interest in looking
12 at a -- perhaps an express lane there that would have HOV
13 users, high occupancy vehicles, and also some of the mass
14 transit users there that could have a lane that would be
15 managed to keep efficiency high.

16 Let me go to the next slide.

17 --o0o--

18 MR. ANNIS: So a couple other things to note on
19 SB 1, it includes 25 million per year to local and
20 regional governments for planning grants to further the SB
21 375 goals.

22 That's an ongoing 25 million annually. And then
23 we have a one-time amount of 20 million to fund a regional
24 transportation climate adaptation plan to see things where
25 things like sea level rise or other impacts might be

1 mitigated as we go forward.

2 Next slide.

3 --o0o--

4 MR. ANNIS: On sustainability, I wanted to focus
5 a bit on that fix-it first amount, which is two-thirds of
6 the SB 1 package. There's language in that bill that not
7 only allows, but really indicates these things shall
8 happen, where are feasible and cost effective. And those
9 extra investments as we fix our roads are things like
10 using advanced technologies and pavements that reduce
11 greenhouse gas emissions, being mindful of new
12 technologies and communication systems, and trying to
13 accommodate those technologies, such as the autonomous
14 vehicles in our road repairs, including features and
15 projects of course to adapt the assets for climate change,
16 and finally incorporate complete street elements, things
17 such as the bus-only lanes or separated bike lanes that
18 will further grow those modes in our existing
19 infrastructure.

20 Next slide.

21 --o0o--

22 MR. ANNIS: A couple other things that CalTrans
23 specifically is a requirement to update our highway design
24 manuals. And these are used also by local governments, so
25 cities and counties look to Caltrans design manuals. I

1 registration. On the other end, if you own a car that has
2 an assessed value exceeding \$60,000, the annual fee would
3 \$175.

4 Also, that -- the legislature wanted to look to
5 the zero-emission vehicles for equity as well. And this
6 includes starting in 2020 a \$100 fee on zero-emission
7 vehicles for vehicles model year 2020 and later. There
8 was discussed concern also about the impact that might
9 have on ZEV sales. So this includes an analysis, I
10 believe, that UC Davis is going to do on the impact of
11 this new fee on zero-emission vehicle sales.

12 Next slide.

13 --o0o--

14 MR. ANNIS: This is a little hard for me to see.
15 Hopefully, you can see it better. This is just a complete
16 accounting, if you will, of all the SB 1 programs. I
17 didn't -- for brevity didn't go through all of them, but
18 there are a few others, such as some funding for
19 transportation-related university research, the freeway
20 service patrol program that has put tow trucks on the
21 highways to clear incidents faster for safety and
22 congestion reductions.

23 I also wanted to mention there's categories here
24 for parks and agriculture, which seems a little
25 counterintuitive in a transportation package. But this is

1 associated with the revenue that comes from fuel purchases
2 by people that use that fuel off public records, so fuel
3 people buy for boats or agricultural equipment. As is
4 historically the case, that's being returned to those
5 areas through funding programs that benefit those areas.

6 Then that completes the presentation. Happy to
7 answer any questions.

8 CHAIR NICHOLS: Thank you very much. I don't see
9 any questions at the moment. It was a achievement for
10 sure, and definitely, as I believe your Secretaries used
11 to say, not your father's transportation bill. So, yeah,
12 it's a new approach and a good one. So thank you for
13 coming and for sharing in this exciting adventure that
14 we're all involved in.

15 Before we proceed with the agenda, I wanted to
16 allow our Board Member Dr. Sperling to add a few words,
17 because he's going to have to absent himself for a bit to
18 go over and meet with some legislators. And so before he
19 leaves he wanted -- as perhaps at least one of our most
20 active members on this particular topic, both
21 professionally and as Board member, I thought it would be
22 good to let him have a few words.

23 BOARD MEMBER SPERLING: Thank you, Chair Nichols.
24 Yeah, I'm actually very pleased to offer some
25 thoughts on this. I am -- I have to say I am delighted

1 with this shift. Those of us that have been involved with
2 SB 375, we had noble aspirations from the beginning. We
3 started to -- the further we went along, we started to
4 appreciate all the challenges of actually accomplishing
5 our aspirations. And as the staff report just kind of
6 offhandedly mentioned, we thought we were doing great for
7 a few years. And then the economy recovered, and lo and
8 behold, actually greenhouse gases were not only not going
9 down towards the target, but we're increasing. VMT was
10 increased and is increasing.

11 So this is a huge Challenge, and perhaps even
12 greater than we had thought at the beginning. And so this
13 fo -- this refo -- so what we have here is a refocus. And
14 it's a shift. Instead of focusing so much on the modeling
15 results and harassing the MPOs to come up with models that
16 gave the right answers, we're now focusing on actually
17 accomplishments or actions and implementation.

18 So this is a great turn. So now, of course, now
19 we just have a different aspiration and we have to
20 actually accomplish it. But I think we're on the right
21 path now. And as Brian Annis just presented with SB 1,
22 there's some pieces of SB 1 that are actually very helpful
23 and supportive. I think we have to do even a better job
24 of channeling that money in a way that does really reward
25 the MPOs and the cities counties for doing the right

1 thing.

2 And it's not quite so tied to together and the
3 rewards aren't quite there, but it's headed in the right
4 direction. And so I think the big thought I want to give
5 is that we really need to support innovation. We've got a
6 transportation system that's become a monoculture, a
7 monoculture in the sense that everyone basically just
8 drives in their car by themselves. You get up in the
9 morning, you get in your car, you don't even think about
10 other options, and that's where we are.

11 And so we need a lot of innovation. And the good
12 news is there is a lot of innovation on the -- at hand.
13 And we need to take care -- take advantage of that. And
14 just yesterday, Judy Mitchell, Board -- my fellow Board
15 Member Judy and I were down at the South Bay COG working
16 with them. And we saw there firsthand an example of the
17 kind of innovation we need where they're focusing -- so
18 this is 4 million people, okay. This is not, you know, a
19 little town.

20 And they're focusing on neighborhood-oriented
21 development, which is actually a new way of thinking about
22 land use, and matching it with neighborhood transportation
23 options. And that's the kind of thing we need. That's
24 the kind of thing we need to be rewarding. That's the
25 kind of thing we need to be incentivizing.

1 But there's a lot of things that are happening
2 that are not so good, you know, like we need to take
3 advantage of these innovations with shared mobility, and
4 automation, which is, you know, coming up soon. Just an
5 example of that is in Chicago, they just adopted a tax on
6 T -- on Lyft and Uber and micro-transit services, and they
7 imposed it as a tax per vehicle, as opposed to a tax per
8 passenger mile or per passenger.

9 And that's a huge mistake, because we want to be
10 incentivizing the use of pooling services, and transit
11 services, and micro-transit services. So there's a lot of
12 decisions and a lot of innovation, and we're really at the
13 beginning of it. And so I think we're on the
14 right -- we're starting on the right path. You know, I
15 think we've got good leadership in a lot of places. You
16 know, and I have to call out Hasan Ikhrata, who's going to
17 speak in a moment, who's done a fabulous job down in the
18 SCAG in trying to turn around a lot of those cities and
19 counties, and people that think about these -- along these
20 ways. But, you know, in MTC and SACOG, we're seeing a lot
21 of, you know, good thinking too.

22 So I just want to endorse this new change.
23 There's obviously ways of doing this better. But the
24 primary -- and I -- you know, thrust of this is we want to
25 reward innovation, we want to reward leadership, and we

1 want to focus on action.

2 And so as long as we keep that in mind here, I
3 think we'll do better. This is tough.

4 Thank you.

5 CHAIR NICHOLS: Thank you for that reminder,
6 Professor Sperling. And thanks for adding your
7 endorsement to this -- this new approach. I think I
8 should probably just return to the agenda at this point.

9 Staff, were you planning to call on any of the
10 other friendly agencies here before we go to the list?

11 BOARD MEMBER GIOIA: Were you distinguishing with
12 unfriendly agencies, Madam Chair.

13 (Laughter.)

14 CHAIR NICHOLS: No, they're all friends. I was
15 just looking for an adjective. Sorry.

16 DEPUTY EXECUTIVE OFFICER KAPEROS: We -- Chair
17 Nichols, we have them teed up at the start of the --

18 CHAIR NICHOLS: Okay. Perfect. Then let's go
19 with SCAG's Director, who has just been praised.

20 MR. IKHRATA: Thank you very much. Good morning,
21 Chairwoman, Board members. And Professor Sperling, thank
22 you for the compliment.

23 I'm here. I'm the executive director of SCAG,
24 but I'm representing actually today my colleagues from San
25 Francisco, Sacramento, San Diego, and San Joaquin. And

1 I'm representing them to say we are united in what the
2 professor just talked about, is moving forward,
3 innovating, working together with you to get to where we
4 want to go.

5 Before I say anything, I want to tell you that
6 your CEO Richard Corey, and Kurt, and Steven the team at
7 the ARB, I couldn't thank them enough, because they made
8 themselves available. We had several conversations. And
9 all the conversation is about us we are one team. We need
10 to change that conversation in California, and we need to
11 change it in the right way.

12 And, yes, the data right now is saying we have
13 more of us buying cars. And we need to figure out how we
14 get more people in those cars. And so I really appreciate
15 the staff report and presentation. This is not about the
16 numbers and the modeling. This is about the great State
17 that's going to sustain itself into the future, and
18 innovate to get where we want to go.

19 And I commit to you and SCAG, and I'm sure my
20 colleagues from the other regions that we're going to be
21 with you making sure we work together to achieve not only
22 the scoping plan, but to actually make it happen, not just
23 to show a model that it gets there to make it happen.

24 I will tell you that I stood in front of you
25 twice already on this. And if you ask me what's the most

1 significant thing that happened since the first time, I
2 would say, we have changed the conversation in California.

3 We have changed it, in a significant way. And
4 thanks to your staff and our partner MPOs, we have changed
5 it to the point where now we're thinking at least about
6 how we sustain ourself into the future. So I support the
7 new approach. I welcome the new approach. We have
8 been -- I just want you to know we went to our Board and
9 we called our target. They're very ambitious, because we
10 want to be very ambitious, and we're going to do more with
11 you in partnering to achieve the scoping plan.

12 So again, I want to thank you, thank your staff,
13 and I look forward to this new approach that is going to
14 yield changing the discussion, is going to yield
15 innovation. And Brian Annis, we're going to hold him to
16 that. He's going to give us more money to do that.

17 (Laughter.)

18 MR. IKHRATA: So thank you very much for having
19 me and I appreciate it.

20 CHAIR NICHOLS: Thank you. Appreciate your
21 coming.

22 Mr. Kirkey.

23 Oh, not.

24 MS. KAWADA: We're a little bit out of order and
25 actually could we advance the slide a couple.

1 --o0o--

2 MS. KAWADA: Hasan mentioned in speaking -- Kim
3 Kawada with SANDAG, San Diego Association of Governments.

4 I want to echo Hasan, and you'll hear from my
5 colleagues around the state as well working with ARB staff
6 and all the other partner agencies with CalTrans with the
7 State Transportation Agency.

8 SB 375 has made us better partners. It's made us
9 really sit down at all levels, leadership levels with our
10 Board, at the executive director level here, our planning
11 staffs, our modeling staffs. And we're in support of this
12 idea of a target and also working on implementation and
13 performance monitoring and implementation.

14 To get where we were today, we did spend a
15 significant amount of time collectively -- all four
16 MPOs -- four major MPO's on modeling looking at, without
17 constraints with the federal requirements and the State
18 requirements that impose on us with regional
19 transportation plans, what things could be done, what
20 levers could be pulled, what tools do we have in our tool
21 box that could reduce greenhouse gas emissions even more,
22 and meet aggressive SB 375 targets.

23 So I'm not going to read everything here, but you
24 see it on this slide. We've tested land use. We've
25 tested transportation investment scenarios. We've

1 tested -- you know, with TNCs, and automated and connected
2 vehicles, we tested strategies there. We tested pricing.

3 And next slide, please.

4 --o0o--

5 MS. KAWADA: What we found in this sort of
6 technical effort that we did was really that not all
7 strategies were equal. While we had hoped that a lot of
8 investments in some of the capital strategies would yield
9 a lot greater results, they were actually more modest.
10 And the things that we really found sort of gave us
11 greater results were things like fuel efficiency, greater
12 impact of autonomous vehicles, connected vehicles, things
13 of that nature and pricing. Obviously, those things,
14 MPOs, in and of themselves, can't do, regions can't do by
15 themselves. And it's really going to rely on partnerships
16 with the State and with, you know, our partner agencies at
17 Caltrans and other folks.

18 Investment was key, and partnerships are key.
19 The most potential with user fees. We do it -- in the San
20 Diego region, you talk about implementation, we've done
21 pricing and done managed lanes for years for 20 years, and
22 we do find effectiveness there.

23 We're embarking, Professor Sperling. San Diego
24 is actually 1 of 10 automated vehicle proving grounds in
25 the nation. California has 2 of those 10. Contra Costa

1 County and then the San Diego region. And so in terms of
2 innovation, we're trying to actually see real world what
3 will these autonomous and connected vehicles do, where can
4 partnerships happen. So at the regional level we're
5 trying to lead, we're trying to innovate, we trying to
6 understand.

7 More research is needed. Our partners sitting
8 around here today with SCAG, with MTC, we are -- have done
9 projects on future mobility research, on what do TNCs do,
10 what do automated and connected vehicles do for congestion
11 relief, safety, and reducing greenhouse gas emissions. So
12 we're on the right track. And then we fully support, you
13 know, moving forward in this fashion.

14 And I'll turn it over to my next colleague.

15 One thing, before Ken comes up, I have to plug.
16 We are -- we have -- in the San Diego region, we're
17 actually in the lucky place of being first again, so first
18 with these new targets. And while we're working really
19 closely with the staff, the timing is going to be
20 challenging for us, because we're working on our next
21 update of the regional plan. And the current scenarios --
22 we're going to need -- our current timeframe has the Board
23 and the region working on some scenario development, and
24 actually selecting a preferred scenario in the summer.

25 So we'll need to work closely in terms of timing

1 with your staff, in terms of -- we're going to have to
2 actually assume a 19 percent target to do the scenario
3 planning. So I just want to say we need to actually work
4 real closely on the timing of that.

5 --o0o--

6 MR. KIRKEY: Good morning, Board members. I'm
7 Ken Kirkey, planning director with the Metropolitan
8 Transportation Commission and the Association of Bay Area
9 Governments. And we are fortunate to be last in line in
10 terms of the 4 MPOs in our process. We just adopted our
11 last plan in July, and so we'll be learning from our MPO
12 brothers and sisters as we have in the past couple of
13 cycles.

14 Can I have the next slide, please?

15 --o0o--

16 MR. KIRKEY: So I'm just going to touch real
17 briefly on how we got here today over the last several
18 months. As has been said by Hasan and Kim, we've had a
19 lot of good back and forth with ARB staff. We've had a
20 lot of collegial conversations together in terms how we --
21 how we would move forward. Based upon the stress test
22 that Kim outlined, we originally came up with 18 percent.
23 And that was -- that was really looking at what we thought
24 could happen with really aggressive policies.

25 ARB staff came back with hire targets. We had

1 concerns about that, but as has been expressed, including
2 by Professor Dan Sperling, we think this shift toward a
3 real focus on policies and innovation is the right place
4 to go. We could spend the next three or four years
5 talking about models. And we don't think, given this
6 global crisis, that's where we should put our energies.
7 We really tried to make our plans high impact in each of
8 our regions.

9 We want to have more of an impact. We want to
10 work with local jurisdictions. We want to come up with
11 new funding tools, new ways of really trying to drive down
12 VMT and GHG. And for that reason, with this shift toward
13 innovation, really looking at new tools, how we can work
14 together, we think we can pursue very ambitious targets of
15 18 to 19 percent for our four regions. So with that, I
16 will turn it over to Kirk from SACOG.

17 --o0o--

18 MR. TROST: Thank you. Kirk Trost, chief
19 operating officer with the Sacramento Area Council of
20 Governments.

21 If we could move to the next slide, maybe.

22 --o0o--

23 MR. TROST: So I think all of this has been
24 talked about, what we see as the next steps. But I did
25 want to take a step back. Chair Nichols, I appreciated

1 your comment about this being a grand experiment, or an
2 experiment that we started a decade ago. And it's been an
3 adventure. And maybe you could skip to the next slide --

4 --o0o--

5 MR. TROST: -- and I'll just wrap up our thoughts
6 about this. When we started this process a decade ago, I
7 think we, as MPOs viewed ourselves in this kind of binary
8 relationship with ARB. We knew a lot about what was going
9 on in our plans, and what we hoped to accomplish through
10 these Sustainable Communities Strategies. And I think we
11 very much viewed the ARB as a regulatory body who would
12 set targets, who would look at our plans, who would look
13 at our -- the methodologies we used in our models. And
14 they would tell us or they would -- they would say -- make
15 a state judgment about whether we were doing the right
16 thing.

17 And with Professor Sterling -- Dr. Sterling --
18 Sperling and others, I guess I would reinforce the notion
19 that I -- I can't congratulate the staff enough on what
20 truly is a paradigm shift. We've been at this for a
21 decade. And I think we've learned a lot about the things
22 that we can control, but more importantly the things that
23 we just can't control any more, and the fact that there is
24 this disruptive thing going on in the transportation
25 industry, and in the world that is impacting what we're

1 trying to do every single day.

2 And the staff's approach to this to work together
3 on these things that we don't yet understand fully, on
4 these things that we need to understand and positively
5 influence like shared mobility, and automated vehicles,
6 and the next generation of transit and micro-transit, and
7 all these things that are going to happen.

8 If I can continue?

9 CHAIR NICHOLS: Please finish up, yes. Go ahead.

10 MR. TROST: The opportunity to work with your
11 staff -- a decade ago, I don't think your staff, and they
12 would admit this, had the breadth of experience that we
13 had about modeling and understanding the things that we're
14 doing. And today, they come to us with a great deal of
15 expertise and in partnership with us to help address these
16 challenges.

17 We are really excited about the opportunity to
18 work with them in the days and months and years ahead to
19 meet a shared challenge of reducing GHG and VMT in this
20 State. And we appreciate the dialogue that we've been in
21 with them, and we look forward to it.

22 I think all of us want to achieve the most
23 ambitious targets possible 18, 19, more if we can do it.
24 But we can't -- we can't do it alone. We need a great
25 deal of help. And in the Sacramento region in particular,

1 we face unique challenges here, but we think there are
2 unique opportunities here.

3 The conversations we've been having about pilot
4 projects around understanding the disruptive impacts in
5 the transportation industry to realize there is an
6 important role for modeling. It's -- I know that we want
7 to focus on outcomes, but there is an important amount of
8 work that we need to do around modeling to be able to
9 predict the future to help drive the policies and
10 strategies that we want to pursue, but we need models that
11 are more useful than we have currently been using them,
12 and that isolate the important issues that can be
13 influenced within the Sustainable Communities Strategies
14 that we adopt.

15 So, in conclusion, we want to thank you. We
16 appreciate the comments of the Board members, we
17 appreciate the work of staff, and we're looking forward to
18 the future and getting to work on this.

19 So thank you.

20 CHAIR NICHOLS: Thank you.

21 BOARD MEMBER SPERLING: Chair Nichols, I really
22 do have to leave, but I did -- I can't help but say one
23 more thing.

24 (Laughter.)

25 CHAIR NICHOLS: Wait a minute.

1 (Laughter.)

2 BOARD MEMBER SPERLING: I am running.

3 And I do think -- because the end of this
4 process, I think we do need to think about how is it --
5 how are we going to really operationalize this. And, you
6 know, there's -- we are all going in new territory here.
7 And so I think we need to do, in terms of the staff,
8 what's the role of staff and capabilities, how do we
9 partner in -- you know, with my university hat on, I think
10 we need -- there's a good opportunity to bring in
11 universities as well to help out.

12 So at the end of this, I hope there is a little
13 discussion about that.

14 Thank you. Bye.

15 (Laughter.)

16 CHAIR NICHOLS: Okay. Is there going to be
17 another farewell address too or --

18 (Laughter.)

19 CHAIR NICHOLS: Bye. Good luck. Go get em.

20 All right. Mr. Chesley.

21 MR. CHESLEY: Thank you, Chair Nichols, members
22 of the Board. My name is Andrew Chesley. I'm the
23 executive director for the San Joaquin Council of
24 Governments in Stockton, California. And first off, I
25 would like to applaud the 4 largest MPOs in the State of

1 California are not just leaders in California, but leaders
2 in the nation in terms of tackling some challenging
3 efforts associated with developing analytical tools that
4 affect and change policies when it comes to looking at
5 greenhouse gas emissions.

6 And so we have, as the either 14 MPOs of the
7 State of California, we have learned from them and applaud
8 the efforts they've done.

9 But also, we've been innovative as well. In the
10 San Joaquin Valley, on the MPOs there, we have taken the
11 mission that this Board, that SB 375 has laid before us.
12 We adopted our first Sustainable Communities Strategy
13 regional transportation plan 3 years ago, and have been
14 busily working to implement that. And I think that if you
15 take a look at our urban areas throughout the San Joaquin
16 Valley you can already see some changes occurring as a
17 result of our investment strategies, and some of the
18 policies that we are putting in place in terms of vanpools
19 and our ride-sharing activities. Bus rapid transit
20 routes, we are expanding ours to 7 in the City of
21 Stockton, for instance. And investments in rail passenger
22 service throughout the San Joaquin Valley.

23 We will continue to innovate along these lines.
24 We are excited about working with our new direction with
25 our partners here at the Air Resources Board, as well as

1 all of our partners up and down the State of California
2 among the 18 MPOs.

3 So thank you very much.

4 CHAIR NICHOLS: Thank you.

5 Ms. Rudolph.

6 DR. RUDOLPH: Hi. I'm here on behalf of the
7 Public Health Institute and 23 other State and local
8 public health organizations to support strong efforts to
9 reduce greenhouse gas emissions through ambitious regional
10 GHG targets. California, for decades, has been on the
11 wrong track with planning decisions that have created
12 sprawl, longer driving distances, and fewer opportunities
13 for healthy transportation options.

14 Communities of color and low-income communities
15 have suffered the most with the lack of transportation
16 options and higher chronic diseases burdens. We're
17 pleased with the progress that's been made under SB 375
18 over the last 9 years, but much more needs to be done.

19 To promote improved community health through land
20 use and transportation planning and investments, we have
21 submitted a letter calling for 3 key actions.

22 One, support the staff proposal for stronger
23 regional targets to keep State and local agencies focused
24 on the need for local actions.

25 Two, focus on how to make use of new climate

1 investment funds and existing planning dollars to maximize
2 progress toward SB 375 goals.

3 And three, support ongoing health analysis of SB
4 375 planning efforts to better understand and promote
5 healthier transportation options.

6 As the analyses you will see in the next agenda
7 items show, more ambitious transit and active
8 transportation scenarios yield significantly greater
9 health benefits due to reductions in obesity,
10 cardiovascular disease, respiratory disease, osteoporosis,
11 diabetes, and mental health problems.

12 These greater health benefits -- these -- the
13 deaths and illnesses averted by the most ambitious
14 scenarios may equate to billions in health care costs and
15 productivity savings. These benefits, not to mention the
16 health and well-being benefits to families and
17 communities, well justified the investments needed to
18 achieve more ambitious targets.

19 We believe strengthened relationships between the
20 Board, public health agencies, and community planning and
21 transportation agencies accompanied by more robust and
22 routine health analysis of local and State transportation
23 plans can better inform transportation and land use
24 decision making.

25 We need to build capacity for local, regional,

1 and State agencies to more routinely consider health as
2 some local agencies have started to do. We also need the
3 Air Resources Board to invest in the development of tools
4 that allow analyses to drill down to examine the impacts
5 on specific communities and neighborhoods and to assess
6 the health equity impacts of various planning scenarios.

7 Integrating health and equity into community and
8 State land-use and transportation planning is really
9 critical if we want to ensure that California meets its
10 goals for sustainable, equitable, and healthy California.

11 Thank you very much for the opportunity to
12 comment.

13 CHAIR NICHOLS: Thank you. It's good to see you.
14 Ms. Reynoso.

15 MR. REYNOSO: Okay. My name is Ana Reynoso. And
16 I am here on behalf of over 5,000 members of Environmental
17 Health Coalition in San Diego. EHC is a 37-year old
18 environmental justice organization. EHC strongly urges
19 the California Air Resources Board to require an emission
20 reduction target of 25 percent for the San Diego
21 Association of Governments.

22 The system SANDAG has built is expensive,
23 car-centric, increases toxic pollution, and contributes to
24 climate change. A lower emission reduction target would
25 only keep the system in place. Low income communities of

1 color suffer the most from SANDAG's focus on freeway
2 expansion.

3 Communities like Barrio Logan and West National
4 City suffer from many sources of pollution, including the
5 impacts from freeways. As a result, they rank in the top
6 10 percent of the most impacted communities in California.

7 San Diego is the 8th largest city in the country.
8 Yet, its transportation system lags behind cities with
9 much smaller populations. As a result, the average
10 resident in San Diego can only reach 29 percent of jobs
11 within 90 minutes on public transit.

12 On top of that, SANDAG also has a long history of
13 misleading San Diego residents. In November of 2014, the
14 California Court of Appeal held that SANDAG violated CEQA
15 by approving a defective EIR in connection with its 2011
16 regional transportation plan. And this past summer, Voice
17 of San Diego exposed SANDAG for wrongly projecting revenue
18 from tax measures during the last election cycle.

19 It is a fact, SANDAG is not accountable to the
20 people of San Diego. Therefore, relying primarily on
21 their analysis for emission reduction can have grave
22 consequences for San Diego's residents. SANDAG's proposed
23 18 percent emission reduction target absolves them of any
24 real changes.

25 Even CARB staff's proposal for an 18 -- for a 19

1 percent emission reduction target won't improve existing
2 conditions.

3 Based on CARB's own analysis through the scoping
4 plan, only a 25 percent target for transportation
5 emissions will meet the 2030 goals. The solution is a
6 stronger focus on VMT reduction and changes in our mode
7 share, which would subsequently make a 25 percent emission
8 reduction target possible. The passage of AB 805, or
9 SANDAG Reform, clearly demonstrated at this point, we need
10 stronger support an enforcement from CARB.

11 It is evidence that our transportation system is
12 not only inadequate but also routinely hurts the most
13 disadvantaged families in San Diego. A 25 percent
14 emission reduction target would truly meet the intended
15 purpose of SB 375. Thank you for your attention to our
16 request.

17 CHAIR NICHOLS: Thank you.

18 MR. WORTHLEY: Good morning. My name is James
19 Worthley. I'm with the San Luis Obispo Council of
20 Governments. We want to express our appreciation of
21 working with your staff and the opportunity to speak here
22 today on our targets. We support the goals of 375,
23 embrace the benefits it brings to our residents, and our
24 region, and the new focus Dr. Sperling mentioned paradigm
25 shift to focus on what can be accomplished.

1 One approach we use to reduce VMT and GHGs is
2 through smart transportation investments. They're
3 critical to change the existing travel patterns and
4 choices of our current population, homes, workers,
5 shoppers, and tourists. That change isn't easy,
6 especially when you consider that -- the rural nature of
7 our county, its beaches, trails, wine country, small towns
8 attracts tourists from all over California, as well as the
9 nation.

10 And we have no chance of seeing a BART or a
11 subway system, or a light rail system, or high-speed rail
12 in San Luis Obispo County. The local and regional bus
13 services are limited by funding. They're challenged to
14 serve all of our communities and commuters that are spread
15 along 70 miles. And none of our transit systems can come
16 close to what the State has defined as high quality
17 transit service, as they do not even offer 30-minute
18 headways today.

19 The second approach we use to reduce greenhouse
20 gas and VMT is developing aggressive scenarios that plan
21 for new growth in locations that are better suited to the
22 goals of 375. But we note that scenarios that have more
23 growth are better able to reduce the existing VMT and
24 GHGs.

25 To let you in on a secret, our 2015 plan had 25

1 years of new growth to spread 45,000 new people. That's a
2 17 percent increase over base. The plan we're working on
3 now, adopting in a year and a half from now, has 20 years
4 of new growth, 20,000 new people to spread, and that's a 7
5 percent increase of the base.

6 Four years ago we developed our aggressive and
7 achievable scenario using the best available data. We
8 don't want to use outdated data. We keep improving our
9 planned by improving the date and the base underlying
10 scenarios.

11 Our timing was not well aligned with that of the
12 target-setting process. But now, we do have most of the
13 necessary pieces that we can develop a preliminary
14 reduction target that would better inform staff instead of
15 the 11 percent that sits -- as it sits now. That 11
16 percent reduction target is closer to what the Bay Area
17 achieved in its last plan than the average of the four
18 other small MPOs that are more comparable to San Luis
19 Obispo County.

20 I'm often asked how can you put this in terms of
21 what the public and our Board members can understand? And
22 VMT is a much more understandable topic. If you look at
23 an 11 percent per capita reduction to VMT in our area,
24 that would mean none of the newly added population between
25 2015 and 2035 could drive at all.

1 And there's a 6 percent reduction for existing
2 people. At 6 percent reduction, no new residents can
3 drive unless it's offset by reductions across the Board.
4 At a 4 percent -- if I may continue?

5 CHAIR NICHOLS: Please just finish up, if you
6 wood.

7 MR. WORTHLEY: At a 4 percent reduction, newly
8 added residents can drive less than 4 miles per day each.
9 That seems aggressive. No driving at all seems more --
10 more like asking the impossible.

11 Using per capita reductions results put slow
12 growth, no growth, rural and tourist attraction counties
13 at a disadvantage, as that new growth increment cannot
14 significantly offset the existing VMT that results from
15 existing jobs and homes. The new paradigm shift sounds
16 like it will account for that.

17 For 2020, we did do model results and we found a
18 near zero change. To hit a 2 percent target is going to
19 be aggressive, and we're going to need to pull every tool
20 out of the tool box, and we're going to be needing to work
21 with your staff to get even close to it, I believe.

22 For 2035, again, our alignment with the
23 target-setting process wasn't ready. Here we are, the
24 precipice, I think, in the next 2 months, we can provide
25 your staff with a preliminary target that we can identify

1 as aggressive and achievable without something that's so
2 overly burdened like the 11 percent as it sits now.

3 Thank you.

4 CHAIR NICHOLS: Thank you.

5 Mr. Magavern.

6 MR. MAGAVERN: Good morning. Bill Magavern with
7 the Coalition for Clean Air. Transportation is not only
8 the largest source of greenhouse gas emissions in
9 California, it's also growing. And that is primarily due
10 to the increase in vehicle miles traveled. We're making
11 slow progress on engines, we're making even slower
12 progress on fuels, and we're not making progress on
13 vehicle miles traveled. So that's a big challenge,
14 because we need to. We need to address all three of those
15 factors.

16 We agree that it makes sense to focus on the
17 actual land use and transportation strategies. That's
18 what this law is supposed to address, rather than having
19 the models that bring in other factors and really don't
20 move us forward on land use and transportation. I'm not
21 completely clear, at this point, on how those land use and
22 transportation measures are going to be measured to get us
23 to the targets that we need to.

24 And so I want to point out, we also need to have
25 higher targets in order to get to the 25 percent reduction

1 that the scoping plan calls for by 2030.

2 We have a problem in that regional transportation
3 plans, many of them, continue to fund capacity increasing
4 road and highway projects, instead of more sustainable
5 transportation. What we should be doing is offering
6 choices, so that people can get around through transit,
7 through biking, through walking, not just through going
8 everywhere with a ton or 2 tons of metal accompanying
9 them.

10 I also want to point, I don't think anybody has
11 addressed this so far today, is there is a potential
12 unintended consequence of some housing infill projects.
13 And we completely support infill when it's in healthy
14 places. But when we put housing right adjacent to
15 freeways, we're actually jeopardizing the health of the
16 people who are going to live in that housing, because we
17 know that the exhaust from freeways continues to be toxic.

18 So smart land-use planning includes guidance from
19 this agency to make sure that we're not spending State
20 money to put people into unhealthy housing.

21 Thank you.

22 CHAIR NICHOLS: Thank you.

23 MS. AMES: Good morning, Honorable members of THE
24 Board. My name is Chloe Ames and I speak on behalf of
25 Climate Resolve, a non-profit organization focused on

1 advancing climate solutions in the SCAG region.

2 I want to start by commending the ARB Staff on
3 their excellent analysis for the scoping plan update. It
4 is a tremendously important exercise to map out how our
5 State can make good on its greenhouse gas reduction goals.
6 And these targets -- and is making us a leader on the
7 world stage.

8 The area of which progressive action is most
9 lacking though is on achieving SB 375 targets, targets
10 which are ambitious enough to align with our scoping plan
11 needs assessment, and which we strongly believe the SCAG
12 region is capable of achieving.

13 We want to highlight two areas in which we
14 believe SCAG's stress test could yield greater greenhouse
15 gas reductions. First, SCAG's latest SCS and stress test
16 only concentrate 50 percent of growth in transit priority
17 areas. We can and must do better than that. If we don't,
18 if we continue down our current trajectory, urban housing
19 prices will continue to rise. We'll be forcing out our
20 core transit riders into the fringes of the city forcing
21 them to drive until they are no longer able to afford
22 living in the city.

23 Opportunity gaps will continue to rise, all for
24 the sake of maintaining outdated 20th century sprawl
25 development patterns.

1 Second, we can curb the expansion of road
2 capacity. Are you familiar with the proposed high desert
3 freeway? Well, it's also in SCAG's latest SCS, but we
4 argue it doesn't belong there. It's a new 63-mile 8-lane
5 freeway with offramps of every 2 miles into under --
6 undeveloped Joshua Tree country land. It's a freeway
7 that's not designed to relieve congestion, but rather
8 induce sprawl and correspondingly further automobile
9 dependence.

10 The VMT that it will add to our region cancels
11 out over half of the VMT reductions that L.A. County
12 Measure M is set to achieve. Without higher SB 375
13 targets, this kind of project will continue to appear in
14 our SCS. Rather than continuing further down a path of
15 automobile dependence, we must course correct, and we must
16 do so now.

17 With new revenues from SB 1 and local/State tax
18 measures, we've got an opportunity to make sure our
19 investments are helping us with our State goals rather
20 than impeding them. For that to happen though, we need SB
21 375 targets that are high enough to get us to where we
22 need to go. We can't afford to stay on this current
23 trajectory, especially when it entails widespread
24 displacement and new sprawl-inducing freeways.

25 I want to encourage you to not lose site of the

1 25 percent reduction target that has been identified in
2 the scoping plan, and with a sense of urgency, commit to a
3 process that leaves no unaccounted for gaps, but rather
4 puts our region on a path towards achieving what's needed

5 By setting ambitious targets, we are more likely
6 to achieve greater success. Where there is a will, there
7 is a way.

8 Thank you.

9 CHAIR NICHOLS: Thank you. Mr. Lyon.

10 MR. LYON: Good morning, Madam Chair and members.
11 Richard Lyon here on behalf of the California Building
12 Industry Association. Our members produce the vast
13 majority of the housing in California, both fore sale and
14 rental in urban areas, and suburban areas, and other
15 locals as well.

16 And through our efforts, the home building
17 efforts, as an architect of SB 375, the working with the
18 Regional Target Advisory Committee, and over the last 8
19 years our members, locally and regionally working through
20 the SCS process, we have, I think, identified ourselves as
21 sincere and authentic partners in the effort to reduce
22 emissions and achieve the targets.

23 I would say this that as the stakes get higher
24 and the low hanging fruit is picked, and then the need for
25 balancing economic considerations, and housing costs and

1 housing supply issues becomes every more paramount,
2 California is ground zero for high housing costs and very
3 low supply. And the imbalance contributes directly to
4 high levels of homelessness, to poverty rates, and to the
5 fact that for most middle income Californians, they are
6 simply not able to be able to afford the -- a new home in
7 California.

8 The average median price of an existing home in
9 California is over \$500,000. And if you're talking about
10 a new home in regions, you probably have to add at least
11 another 100 to 120 thousand dollars on top of that. So
12 you can see that the problem we're having in California in
13 terms of housing supply and housing cost is a real one.
14 And the regulatory environment, although it's not the main
15 cause of it, certainly does play a significant role.

16 So we're concerned that absent meaningful
17 broad-based regulatory and fiscal reforms, the very policy
18 tools, if you will, that need to be there in order to
19 achieve this new direction that we're talking about, that
20 the commitment of the State to a true partnership is
21 lacking at this point.

22 We stand ready to work with you on that, but we
23 need to have the policy tools, the pricing, the financing,
24 the regulatory reform tools to be able to get the housing
25 in the places that -- that 375, and the scoping plan

1 envisioned, to be able to get the kind of transportation
2 reductions that the plan envisions. The tools are simply
3 not there right now.

4 We've known this for quite some time. This has
5 been an ongoing problem. And we really appreciate the
6 opportunity to have this informational hearing. We look
7 forward to working with your staff going forward. It is
8 important that we not push the point where ambition is
9 eclipsing what's feasible and what is achievable. So
10 having those policy reforms is absolutely essential, and
11 we look forward to CARB being a partner with us in
12 encouraging the legislature to adopt those reforms.

13 Thank you.

14 CHAIR NICHOLS: Thank you.

15 MS. VANDERWARKER: Good morning. My name is Amy
16 Vanderwarker with the California Environmental Justice
17 Alliance. On behalf of CEJA we also align our comments
18 today with those of our colleagues from Environmental
19 Health Coalition, as well as Coalition for Clean Air.

20 As you all know, transportation is not only the
21 largest source of greenhouse gas emissions in California,
22 it's also a major contributor to health and quality of
23 life -- negative health and quality of life issues in
24 environmental justice communities across the State.

25 The scoping plan clearly outlines a need to cut

1 transportation emissions to 25 percent to meet our 2030
2 climate targets. To set anything less aggressive in the
3 SB 375 this process would both undermined our ability to
4 meet our 2030 targets, as well as negatively impact the
5 health of environmental justice communities.

6 So as you consider SB 375 targets moving forward,
7 we urge the Air Resources Board to set strong aggressive
8 SB 375 targets that put us on a path to meet our 2030
9 goals, as well as protect the health of environmental
10 justice communities across the State.

11 Thank you.

12 MS. HOLMES-GEN: Good morning, Chair Nichols,
13 members. Bonnie Holmes-Gen with the American Lunch
14 Association in California.

15 The Lung Association has been a key partner with
16 the State Board and regional agencies over the 9 years of
17 implementation of the SB 375 program. And we do believe
18 this program is a transformative health and climate
19 program, has changed local planning strategies and we have
20 a lot of success to build on.

21 But clearly, we have a long way to go, given the
22 need to achieve the 25 percent GHG reduction from the land
23 use sector and 7.5 percent VMT reduction. These are
24 important and strong targets we need to meet.

25 We supported this earlier staff recommendation,

1 including the 21 percent for large MPOs, because we
2 believe that they are fair targets and will propel the
3 strongest State and local action forward to achieve our
4 State's climate goals and improve health. Much is at
5 stake. We don't have time to lose in our climate efforts.
6 We believe that this is a package effort. We need higher
7 targets together with strong State and local partnerships,
8 strong VMT reduction strategies, more active
9 transportation, and focused investment programs.

10 All of these pieces are needed to bring
11 co-benefits cleaner air, increased physical activity, and
12 public health gains. Including reductions in chronic
13 illness.

14 As Dr. Rudolph testified, research shows a
15 tremendous drop in early death, cardiovascular activity,
16 and -- excuse me, cardiovascular disease and asthma
17 attacks in GHG emissions from even modest increases in
18 physical activity.

19 Implementation of stronger targets is supported
20 by new State funding programs that can help advance
21 sustainable transportation modes. You've had a great
22 presentation today about all the different funding pots
23 that can help build more compact, efficient, and
24 sustainable communities, so we wanted to add 3
25 recommendations to the mix.

1 Considering these new funding pots, one is to
2 direct more staff time and resources to tracking the
3 various State financial resources and incentives available
4 to support integrated land use and transportation planning
5 measures and achieving that 25 percent reduction, and to
6 determining how to work with the regional agencies to best
7 leverage these resources to further 375 implementation
8 efforts and provide guidance two, to establish a CARB-led
9 State agency working group to identify additional State
10 strategies to reach that 25 percent; and finally, to build
11 more focus on active transportation, whether it could be a
12 new target for active transportation that would be built
13 into the local Sustainable Communities Strategies, or
14 maybe as part of the SB 50 -- 1 -- as part of the SB 150
15 analysis, the staff could work with each region to develop
16 metrics for what can further be done to boost active
17 transportation with more State and regional coordination.
18 There's a lot more that can be done here.

19 Through all of these efforts, we believe that we
20 can achieve the higher SB 375 targets and tremendous
21 public health benefits.

22 Thank you.

23 MS. CEVALLOS(through interpreter): Hi. My name
24 is Llesenia Cevallos. I live in National City, San Diego
25 County. My house is less than 600 feet away from Highway

1 Interstate 5, one of the busiest highways in California.

2 I am also a promoter of the EHC.

3 I'm here to request the Board to give priority to
4 these communities impacted by toxic emissions. This can
5 only be accomplished if the Board demands SANDAG a
6 reduction of emissions by 25 percent.

7 In National City, the emissions, because of the
8 winter effect, are very high. Also, we have more and more
9 trucks passing through our community. I am worried that
10 my 3 children have to breathe toxic emissions day by day.

11 In fact, at home, I have a lemon tree and it's
12 full of a black sticky substance. I thought it was just a
13 pest, but no, it is pollution. If you check the documents
14 I presented to you, you have a picture and a tree sample,
15 a leaf, so you can see what we breathe every day. It is
16 not just my tree, but it's the trees around my
17 neighborhood. If the trees have this sticky black
18 substance, can you imagine what's happening inside my
19 children's lungs?

20 The Board needs to demand an emissions reduction
21 by 25 percent, and also needs to come out with a plan to
22 make sure there is a reduction of miles traveled by these
23 trucks. The Board needs to make sure that SANDAG abides
24 the law, so they can decrease this contamination and
25 emissions.

1 We need an effective solution to develop an
2 efficient public transportation system, and also it has to
3 be low cost.

4 I request your support, so SANDAG takes in
5 consideration my community and my family's health. My
6 children's lung health is in your hands.

7 Thank you for your time.

8 CHAIR NICHOLS: Thank you.

9 Our final speaker is Phoebe Seaton.

10 MS. SEATON: Thanks so much. Good morning.
11 Phoebe Seaton, Leadership Counsel for Justice and
12 Accountability. We align our comments with EHC, CEJA,
13 Coalition for Clean Air, also Dr. Rudolph, in terms of the
14 relationship between the SCSs, RTPs, 375 implementation,
15 public health, environmental justice inequity. I think
16 that the speakers, especially EHC, highlighted the
17 importance of urgent and ambitious action on targets, on
18 regional transportation plans, et cetera. And I think
19 we echo all of them in asking for targets that will allow
20 us to achieve the goals set out in the scoping plan, more
21 ambitious than we are seeing and have seen.

22 We think that there's no opportunity like now to
23 achieve those higher targets. We now do have some funding
24 that can facilitate some smarter investments, better
25 investments, more equitable investments. And we also

1 would really like to see CARB require greater transparency
2 among the MPOs. We have -- we've spent -- most of our
3 work is in the Coachella Valley, Riverside County, and
4 SCAG, as well as the San Joaquin Valley.

5 It's spending a lot of time trying to decipher,
6 discern, and understand the data behind the scenarios, the
7 transportation plans, and the prioritization. And if we
8 have, and we and our colleagues and CARB, has greater
9 access and understanding to the assumptions underlying
10 these decisions, we think we can help the MPOs kind of
11 move along, become more ambitious, and allocate some of
12 those fundings to better investments that will both reduce
13 vehicle miles traveled and improve public health,
14 community health, and address some of the critical
15 transportation and transit needs that we're seeing in
16 communities throughout the State.

17 Thanks so much.

18 CHAIR NICHOLS: Thank you. There's no record to
19 be closed here, because there's no formal action to be
20 taken. This was an information item, but I think some
21 Board members may wish to make additional comments. I
22 just would like to start out by emphasizing that this
23 shift in thinking, shift in emphasis and focus in our
24 implementation of SB 375 is just that. It's not
25 self-implementing. It's going to require action.

1 And we know from long experience that changes in
2 land use and transportation are slow and difficult to move
3 in the direction of being more environmentally benign.
4 And we've heard certainly today that there's a great need
5 for progress here. I personally would be extremely upset
6 if I thought that the fact that we are not taking action
7 on targets today was read as meaning anything less than a
8 full commitment to the 25 percent reduction that is called
9 for in the scoping plan. And I would not like to have any
10 implication that somehow we were backing away from that.

11 I think where we are represents a recognition
12 that the approach we were taking to setting targets wasn't
13 working as well as we had all hoped it would when we first
14 started, and that it was going to be more productive to
15 focus on getting measures adopted and measuring results
16 from those measures.

17 But we don't have a lot of time to spend thinking
18 about that or patting ourselves on the back for our good
19 ideas. We have work to do. And I guess I'd like to hear
20 either Mr. Corey or Mr. Karperos give us an update on the
21 this process that we will be proceeding on.

22 DEPUTY EXECUTIVE OFFICER KARPEROS: Thank you,
23 Chair Nichols. You're absolutely right. As we began to
24 look at this process, we came to the conclusion that as we
25 were focusing on the output of the model, which actually

1 is an input to a planning process, it became the metric of
2 success. Rather than a tool for building a rational and
3 sustainable plan, it became the measure of success. And
4 we -- over time, we're losing our focus on the strategies
5 themselves. So the process that we need to follow going
6 forward and is multi-faceted in order to identify how we
7 want to construct sort of this new paradigm.

8 So there's multiple pieces. First, the issue,
9 and Dr. Sperling alluded to it, and Mr. Trost from SACOG
10 also alluded to it, we have in front of us, and we want to
11 be able to incorporate in our 375 thinking the potential
12 for the disruptive impact of connected and autonomous
13 vehicles, and what that might be on VMT. So there are
14 some schools of thought that it means there could be a
15 ballooning of VMT over time. There are other schools of
16 thought that it could be, in fact, a mechanism for
17 reduction of VMT.

18 That's not well understood. So step 1, in terms
19 of figuring this out, is to sit down primarily I think
20 with the academics and the MPOs to start to game out
21 how -- what are the types of policies that we think would
22 be appropriate for addressing this over time.

23 So that's number one. That's a longer term
24 effort that we're going to have to go through. More
25 short-term is identifying a framework for daylighting, as

1 we've been talking about, the impact of the strategies
2 themselves, the transportation and land-use strategies
3 themselves, which are embedded in the SCSs, and
4 daylighting them in a way -- sort of in keeping with the
5 last commenter, to allow the public to understand, and
6 quite frankly ourselves, and the MPOs to understand what
7 are really moving -- really moving the dial in terms of
8 changing the transportation patterns within the regions.

9 That's something that we think we can work out
10 over the next just -- at least in terms of a general sense
11 we can work out in the next couple of months, and bring to
12 you a more specific framework when we have -- in the March
13 timeframe.

14 The next piece is understanding how we fill this
15 gap between a 375 target of -- as we're looking at now
16 '19, and the 25 percent that was alluded to multiple times
17 in the testimony and as in the scoping plan. We already
18 have in place -- it's being led by ARB staff a discussion
19 among State agencies about what the State level policies
20 are that contribute to closing that gap. We need to
21 expand that group to now bring in the MPOs and other
22 stakeholders. And in the presentation, we talked about
23 next steps, and one of those was a roundtable discussion.
24 And that we would look to kick off -- a public roundtable
25 discussion we'd look to kick off the first part of next

1 year.

2 Modeling. We still, under 375, believe that you
3 need a numerical target as a focus of the planning, not
4 modeling -- again, as I was saying at the outset, not
5 modeling as the measure of success, but as a tool for
6 identifying how far you need in -- need to push your SCSs
7 in terms of the strategies.

8 We've been talking particularly with SACOG about
9 methods to use -- the current models to do that sort of
10 thing, and isolate the benefits of the land use and
11 transportation strategies using that tool, and that's
12 something we think we can work through with them over the
13 next year.

14 I also want to point to one last thing. It was
15 mentioned several times about the public -- the health
16 impacts of active transportation reduced VMT, if it
17 results in active transportation. We have -- we are going
18 to initiate a public review process of something called
19 the ITHIM model, which is an analytical tool for capturing
20 the public health impacts of a shift from driving to
21 active transportation. And that we think will allow us --
22 can be an input tool to the MPO discussions and modeling
23 where you can actually start to see what are the potential
24 health benefits of different strategies. But also quite
25 frankly a tool for convincing people of what the benefits

1 are of getting out of your car, moving to -- you know,
2 living in a more sustainable community as well.

3 So essentially a tool to convince people that
4 it's not just about you have to walk everywhere, that
5 you -- that there are true public health, and then as a
6 result, monetary benefits from this sort of change.

7 BOARD MEMBER BALMES: Chair Nichols --

8 CHAIR NICHOLS: Thank you. Yes, go ahead.

9 BOARD MEMBER BALMES: -- could I just --

10 CHAIR NICHOLS: Um-hmm.

11 BOARD MEMBER BALMES: -- add on to that?

12 I've been engaged with -- in conversations with
13 Mr. Karperos and Ms. Chang about this very item, which
14 I -- this issue of trying to make active transportation,
15 the health benefits be a part of the SB 375 Sustainable
16 Communities Strategies planning. You know, I note that
17 both in SB 1 there's a lot of money for active transport,
18 and then the MPOs -- the large MPOs, you know, talked
19 about -- they tested at additional bike pediatrician --
20 pediatrician --

21 (Laughter.)

22 BOARD MEMBER BALMES: -- pedestrian
23 infrastructure. And, you know, I'm not sure how much
24 greenhouse gas reduction benefits they found in their
25 stress test. But as Mr. Karperos just said, and as Dr.

1 Rudolph mentioned and maybe -- and Ms. Holmes-Gen, there
2 are public health benefits from this that go beyond the
3 greenhouse gas reduction.

4 So I think that's very important for us to
5 consider. And, you know, given that there's money in
6 State pots for active commuting infrastructure, I think we
7 should direct -- we should be taking advantage of that in
8 our new paradigm shift approach to the sustainable
9 communities strategies. So I just wanted to say that I'm
10 working with staff on this. I very much support what
11 several of the witnesses have said in this regard.

12 And ITHIM is one model that can be used to
13 actually quantify health benefits from active transport.
14 You know, there are others and people can argue about
15 models, but -- I'm working with staff on trying to get
16 ITHIM into our planning. And actually the California
17 Department of Public Health is very much supportive of
18 that as well. So I like that partnership as well.

19 CHAIR NICHOLS: Great. Thank you.

20 Comments, yes, Supervisor.

21 BOARD MEMBER SERNA: Thank you, Chair Nichols.

22 One of the things that I brought up in my
23 briefing discussion with staff on this subject was - this
24 is my opinion - that at some point maybe in the not too
25 distant future in terms of whether it's modeling or just

1 the broader discussion about what are the appropriate
2 analogs or surrogates that we use to gauge greenhouse gas
3 reduction, it seems to me that at some point there's going
4 to be a tipping associated with the increased market share
5 for zero emission vehicles.

6 We've heard a number of comments today about the
7 effect of the disruption, if you will, that autonomous
8 vehicles may have on the ability to continue to shoot for
9 appropriate targets here. But I think, in addition to
10 that, there's going to be a need, at some point, to
11 acknowledge how hopefully the increasing market share for
12 ZEVs is actually going to have the benefit -- the
13 beneficial effect that we all want relative to the intent
14 of the legislation.

15 Right now, the principal surrogate is vehicle
16 miles traveled. But obviously, that does not come into
17 play when you're -- when you have an expansion of the
18 market share for vehicles that don't have any greenhouse
19 gas emissions associated with them.

20 DEPUTY EXECUTIVE OFFICER KARPEROS: Supervisor
21 Serna, as we move forward, certainly the penetration of
22 zero-emission vehicles is going to be critical in terms of
23 meeting our greenhouse gas targets, as we have modeled and
24 sort of the foundation of the 25 percent number that
25 you've been hearing through the course of this morning.

1 Still, as we look further out as far as 2050, we are
2 still, because there would be a very optimistic
3 penetration scenarios, a lot of traditional internal
4 combustion engines on the road, we still need to be
5 focusing on mechanisms to reduce activity.

6 A critical point, and this connects to your point
7 about connected and autonomous vehicles, we want those to
8 be zero-emission vehicles. So what are the policies to
9 leverage that as they penetrate, because they're -- in a
10 sense, that's the two-fer. If you have multiple people in
11 that vehicle and that vehicle is not deadheading, and it
12 is an electric vehicle, that's as close as you're going to
13 get to a perfect scenario.

14 CHAIR NICHOLS: Right.

15 Ms. Mitchell.

16 BOARD MEMBER SERNA: Great. Thank you.

17 BOARD MEMBER MITCHELL: Thank you, Madam Chair.

18 I agree wholeheartedly with the position and
19 direction we're going here, shifting from modeling, to
20 some degree, to focus on the strategies. This is hard.
21 We all know how hard this is, because it requires a lot of
22 collaboration among agencies. And it requires
23 collaboration with local government. The land-use element
24 of the SB 375 program is critical here. And I think to
25 some degree, it's kind of ignored. It's the combination

1 of land use and transportation and housing.

2 And at the -- in the SCAG region, we've been
3 focusing a lot on housing also, because there is an
4 incredible need for more housing and for affordable
5 housing. And Dr. Sperling mentioned that yesterday he and
6 I participated in a program put on by the South Bay
7 Council of Governments.

8 And what was interesting about that was not only
9 that it's very innovative, but they have relied on
10 academics to help with their strategies. And I think to
11 have academics brought in on this program is critical.

12 Some of the people we need to hear from are
13 academics and urban planning, architectures -- architects
14 of urban design, and we need to look at, as I said more
15 closely, how the land-use element can play into where we
16 put housing, and what vehicles we use in the course of
17 that direction.

18 Autonomous vehicles, electric vehicles, we are in
19 transformative change right now with what is happening in
20 our economy, especially here in California.

21 And with autonomous vehicles, I think we want
22 them to be electric, but we probably also want them to be
23 vehicles that are used for sharing. One thing that is a
24 bit scary is that we have a lot of autonomous vehicles
25 running around with nobody in them.

1 And even if they're electric, even with our
2 electric vehicle program, we still face road congestion.
3 I mean, that is a huge problem, and that goes to what the
4 quality of life that we have. So, you know, that's a
5 different -- bit of a different problem, but it exists as
6 we think about how we deal with this.

7 I think there's great value in the MPOs working
8 together, because I'm not convinced that we've identified
9 all the strategies that we could be employing to reach our
10 targets. And if the MPOs work together, they can share
11 some of those strategies.

12 The other thing that is the corollary of that is
13 that we know one size doesn't fit all. So we have to look
14 at communities and areas individually. And that goes all
15 the way down to local governments, where they are --
16 whether you're in the urban center, whether you're in a
17 suburb.

18 The other thing I would mention with this shift,
19 I would recommend that as we embark on this path, that we
20 ask our MPOs to report to us more regularly than every
21 four years. I would ask that we get a report back from
22 them annually. Let's see whether the strategies that
23 they're putting in are actually working. And also, that
24 will, I think, you know, enhance collaboration between the
25 ARB and the MPOs, and also among the MPOs as well.

1 So these are my comments. And I thank staff for
2 working on this, and working on it in a collaborative way
3 with our MPOs. I think it's absolutely essential that
4 we -- that we do this together.

5 Thank you.

6 CHAIR NICHOLS: Thanks. Ms. Takvorian.

7 BOARD MEMBER TAKVORIAN: Thank you. Thank you
8 very much.

9 Ms. Mitchell just said a number of the things
10 that I want to say, so I won't repeat those. But just to
11 emphasize congestion, quality of life, more reporting, I
12 agree with all of that. I also agree with the paradigm
13 shift. I think it's a good one, good to shift from
14 modeling towards performance. I think where I have
15 questions and where I might part company a little bit is
16 on what the actual and required changes are that would be
17 required now, and not just for the future.

18 We've had SB 375 for 7 years. We have a
19 performance record, and we should look at it. We should
20 look on what efforts the jurisdictions have made, and
21 which ones they are saying they'll make, but we shouldn't
22 ignore the past. This is not square one. So in thinking
23 about that, I think we've heard, and what I think we have
24 to consider, is that all MPOs are not created equal. It's
25 great that the MPOs are collaborating. I agree that they

1 can learn a lot from each other. But the impacts can be
2 quite local, as we've heard expressed in communities, and
3 especially in environmental justice communities.

4 And so the targets really need to be based on
5 regional performance. We recently got a report, which I
6 think we didn't talk about, maybe SANDAG didn't report to
7 us today, is that VMT has actually increased. This report
8 came out a week ago, two weeks ago. VMT has actually
9 increased in 2 -- in 2016 by 1.3 billion more vehicle
10 miles traveled.

11 We need to look at that. We need to look at why
12 it's increasing versus decreasing, which is what the
13 project is. So that tells us that modeling isn't always
14 going to be reliable, but we now have actual data. So how
15 do we use it, and how do we use it going forward.

16 And I think as was stated, San Diego is the 8th
17 largest city in the country, and we're 33rd in terms of
18 U.S. cities with populations of more than 65,000 for trips
19 per resident. So those are metrics, those are metrics
20 that ought to be looked at, and they ought to be looked at
21 now as we determine what the goals are both the VMT goals
22 as well as the greenhouse gas reduction goals.

23 I also wanted to lift up something that I think
24 was in one of the letters that we received. I think the
25 increased transparency around regional transportation

1 funding, how it's planned to be spent, and how it has been
2 spent are critically important. We need to look at how
3 the agencies are allocating their funds, and if they are
4 allocating them towards Sustainable Communities
5 Strategies, in fact, not just towards expansion of
6 freeways, so -- and that would give us an opportunity in
7 the upcoming SCSs to allow them to reprioritize those.
8 And I think CARB can collaborate and help to be a little
9 bit of a push in that regard.

10 And I think as you've heard and seen with the
11 evidence that we received here, that environmental justice
12 communities can't wait. There's more asthma, there's more
13 respiratory disease. I really don't want to see us
14 adopting weak targets, and then asking for metrics and
15 reporting, so that in 8 years we can say, oh, gee, that
16 didn't work either. And I know that's not what anyone's
17 intention is.

18 So we really -- we have 3 times the rate of
19 children's asthma in our communities, and those lungs
20 can't wait. So I hope that we can take this paradigm
21 shift and really push it forward to be more aggressive,
22 and really to have better outcomes for our communities.
23 So thanks so much.

24 CHAIR NICHOLS: Thank you.

25 Mr. Gioia.

1 BOARD MEMBER GIOIA: Thanks. I won't repeat what
2 others have said. But let me just make a couple of
3 observations. As someone who was part of the development
4 of the first SCS in the Bay Area with Plan Bay Area, I --
5 it takes a lot of political will. And I think -- I
6 appreciate that while we have had representatives from
7 each of the metropolitan planning organizations here all
8 expressing support, I don't think we should fool ourselves
9 that there's different levels of political will in each of
10 those MPOs.

11 And that there are some regions of the State that
12 are working more aggressively to develop realistic
13 programs or policies to meet the targets and others in
14 which that political will is not as strong. So I think we
15 shouldn't fool ourselves.

16 So I think it's also -- I mean, I think we want
17 all achieving A plan that's workable and doable in each
18 region, but all clearly striving for the most aggressive
19 targets. So we've gotten a lot of comments about some
20 common points.

21 So I wanted to ask our staff it would be good to
22 understand how we can hold each of the regions to, one,
23 ensuring that they're having the most robust health
24 analysis in their plans, because some are better than
25 others, right?

1 So -- that we actually are setting a standard for
2 ensuring that all the plans that we approve have a robust
3 health analysis. Second, that all of them address the
4 issue of displacement with anti-displacement policies.
5 That was a big issue in the Bay Area, as I know it is in
6 other regions of the State.

7 And third, that each of the regions use the
8 funding that they can to incentivize reaching the goals,
9 right? That -- there seems to be a different level of
10 commitment on how -- how funding can be used as an
11 incentive. So aligning funding as an incentive, more
12 funding -- the more funding the better to achieve the
13 goals, robust health analysis, anti-displacement policies.

14 And then the last point I'll add, and this is
15 sort of different and new, yesterday, I participated --
16 there was a county -- statewide group of folks from
17 counties and organizations in a gathering put together by
18 the Governor's Office of Planning and Research to look at
19 how counties -- how we can have more county level planning
20 on land use where to site commercial solar for energy
21 development.

22 And what came out of that was, you know, that
23 there needs to be greater incentive and help to get cities
24 and counties together. So if there's some way that that
25 can also -- it's a land-use issue, get it at least

1 addressed or discussed as part of the SCS, that if we're
2 going to really have broader commercial solar development,
3 there are obstacles on -- land-use obstacles, permitting
4 obstacles. And, I mean, Ken Alex was there and it was
5 something that he was part of.

6 So I think it's really important to look at how
7 the SCS can at least be a venue for cities and counties to
8 address land-use permitting for large scale commercial
9 solar.

10 CHAIR NICHOLS: Okay. Any other Board members?

11 Yes, Supervisor Roberts, and then on. You did
12 not have your hand up or did you?

13 You did. I'm sorry. Well, raise it higher then.
14 You go first. You get to go first. Yes, we'll go in
15 order.

16 BOARD MEMBER SHERRIFFS: Thank you.

17 CHAIR NICHOLS: There's a reason for this seating
18 chart here.

19 BOARD MEMBER SHERRIFFS: Can you hear me over my
20 cold?

21 CHAIR NICHOLS: Yes.

22 BOARD MEMBER SHERRIFFS: Okay. I would just
23 observe, I know why I've increased my vehicle miles
24 traveled.

25 BOARD MEMBER BALMES: Coming to these meetings.

1 BOARD MEMBER SHERRIFFS: They're called
2 grandchildren.

3 (Laughter.)

4 BOARD MEMBER SHERRIFFS: So that's certainly part
5 of it. A question in terms of, we haven't talked very
6 much about sticks. Although, in a sense, and I'm glad San
7 Diego is coming after me, because we've seen one stick,
8 which is I'll say shaming or transparency, but it raises
9 the issue of, well, what can we do to encourage greater
10 performance? Because 19 percent seems pretty doable. And
11 I think it is important that we be aspirational.

12 And one of my questions is, well, if we -- if we
13 set the bar a little higher and people don't make it,
14 should they be punished?

15 Or looking at it another way, well, what are the
16 carrots for exceeding, not just hitting that 19 percent
17 bar, but actually exceeding it. I wouldn't want to set up
18 a system where no good deed goes unpunished, and it means
19 you just got some lower hanging fruit, so you can't get it
20 in the next round.

21 But seriously, what carrots do we have to help
22 encourage not just making it, but even exceeding it?

23 CHAIR NICHOLS: Do you want to answer the
24 question if you have a comment?

25 DEPUTY EXECUTIVE OFFICER KARPEROS: One of the

1 things that we do want to accomplish with the shift
2 towards focusing on the land use and transportation
3 strategies themselves and tracking, that has been -- and
4 reporting that has been talked about, is, one, enable sort
5 of the -- help enable the transfer of one strategy from
6 one area to another where it's applicable, and in the form
7 of which it's applicable, so number one, in terms of
8 bringing sort of everybody up together.

9 Number two, we believe that daylighting itself
10 will allow and help support the MPOs in moving forward and
11 convincing their locals of the benefits of these
12 strategies. And then three, when we were very focused on
13 the modeling, it became the performance of the MPO's model
14 became the metric we were looking at.

15 And has been said, what we're looking at is local
16 strategies, regional strategies, and statewide strategies.
17 So this effort where we're looking at what are the -- what
18 are the actions -- as Dr. Sperling talked about, what are
19 the actions that are really getting the reductions at any
20 of those levels, I think, provides opportunities for local
21 and regionals to then advocate for various pots of funds
22 to be rewarded for their actions.

23 CHAIR NICHOLS: Supervisor Roberts.

24 BOARD MEMBER ROBERTS: Thank you, Madam
25 Chairwoman. I feel like the Grinch who stole Christmas

1 the comments I'm going to make.

2 I wish that staff would plot out vehicle miles
3 traveled how it's increased, and then plot on that same
4 chart air quality. There's been an inverse relationship
5 between the two, not a positive relationship.

6 I think it's one of the worst metrics. I said
7 that when I was first here in 1995. It's a pathetic
8 metric for anything. It's a political metric. It's not a
9 performance metric. As we increasingly electrify
10 vehicles, cars, and trucks, and buses, and everything
11 else, you'll see that clearly. And I think you'll
12 still -- I think you'll see it today. We've seen it in
13 San Diego County the relationship is an inverse one.

14 And there's a lot of reasons for that. And this
15 Air Board has been a strong part of that, and I'm very
16 proud that that's the case. But I think it's something
17 that we need to have a better understanding. And when
18 you're measuring the wrong thing, it seems to me your
19 chances of success are far more limited. So I've
20 registered that concern in the past. A lot of people keep
21 hanging their hat on it.

22 Most people are motivated by a whole series of
23 things. We're trying to -- we're struggling even -- none
24 of us know what the disruption that's going to be caused
25 by autonomous vehicles is. And some of us have been

1 studying this to death. I'm very interested in what's the
2 disruption that's caused to public transit in that. And
3 it may be that it will help public transit, because our
4 major expense in public transit is drivers.

5 So what happens when you don't -- when you can
6 cut significantly the costs of your operation?

7 I think it behooves public transit, instead of
8 having big systems, I think in the future, it may be that
9 we're going to be turning to smaller buses that will pick
10 people up in a convenient way and deliver them exactly to
11 where they want to go, rather than having to have active
12 transportation of a mile or two to get to a collection
13 point.

14 It may be the private sector, if the public
15 sector doesn't act, will develop those systems. But I see
16 those as coming definitely. And I'm hopeful that we start
17 experimenting with that in a significant way as part --
18 part of public transit.

19 And these things are going to have an impact.
20 And it's a question -- and each region is going to be
21 different. And I think what you're allowing now is some
22 innovation appropriate to each region. One size does not
23 fit all. San Diego County is 4,200 square miles. We've
24 got a lot of areas. You know, when we have our life-line
25 systems on public transit, we probably are about \$15 to

1 \$20 per passenger per ride subsidy, not a very effective
2 system, and we've got to think of ways to do this.

3 But along with this and what -- we may get an
4 increase in cars. We've got a lot of our -- our fastest
5 growing demographic is seniors, that many of whom are not
6 going to be able to drive. And what's going to help them
7 get around is going to be those autonomous vehicles.

8 And instead of looking at it as a negative, we
9 should be looking at as a positive. And yes, we may get
10 an increase. But if we get an increase in the number of
11 people per vehicle, and the distance between vehicles on
12 freeways and things like that, the overall effect may
13 be -- and the electrification of those vehicles. All of a
14 sudden it's a whole different picture in terms of what
15 we're looking at here and what I'm hearing described by so
16 many.

17 I don't think San Diego is different from a lot
18 of places. Probably the biggest crisis we have right now
19 is housing. We're falling about 20,000 units a year short
20 on what we should have. It's exacerbating every other
21 problem that we have. I don't know what -- you know, it's
22 so difficult for -- especially for young people what do
23 you do? It's not just can I buy a house. It's the rents
24 that are being -- that are going up.

25 And they're -- those rents aren't -- they're an

1 adverse ratio to vehicle miles traveled too, if you want
2 to look at those. And we've got -- but for us to sort
3 of -- and look at part of the issue, and to start
4 establishing policies that may not -- that may work at
5 adversely to other things we're trying to do, it just
6 doesn't make sense.

7 You'd have to acknowledge that the MPOs -- these
8 are not neighborhoods, these are covering cities. And
9 while you may have pockets, and you're dealing with those
10 pockets as part of your disadvantaged communities, and
11 everything else, to come up with a requirement for the
12 whole MPO based on what happens in a particular part of
13 the community, that's not going to work. It's not based
14 on reality. And I -- I'm -- I'm really appreciative of
15 the work that the staff is doing in working out and
16 understanding -- understanding the models.

17 And understand, there's going to have to be --
18 there's a gap within those. I mean, 18 percent is not
19 assured. There's a lot of work and there's going to have
20 to be policies that are going to be developed. I thought
21 that the -- what I just heard was probably the outstanding
22 point of the day, create incentives for makings goals,
23 okay? Put in milestones along the way. And if you make
24 that, guess what, we'll help you.

25 You want a fleet of electric buses, we'll help

1 you get there. Okay. These are the things that I think
2 are positive. There's this attitude in planning that it
3 must not be a good rule if it doesn't cause pain for
4 somebody.

5 My God, we're causing way too much pain. And
6 what we need to do is find a way that we allow people
7 choices, that we allow economies to function, and at the
8 same time as we're creating opportunities for people, be
9 concerned with the overall health impacts.

10 And I would guarantee, if you graph some of these
11 things, you're going to see a different scenario than is
12 sometimes given us. And I want that to continue, make no
13 doubt about it.

14 I get concerned though when we -- our focus seems
15 to have changed from saving the planet to focusing on very
16 small pieces of what's going on here. Greenhouse gas in
17 any area, if you avoid it, it's a positive. There may be
18 collateral benefits that you might miss if you did it
19 somewhere else, and we should be aware of that.

20 And I thought the comments that let's get the
21 health effects that was just suggested really is a good
22 one.

23 But I think let's keep on a practical course --
24 a practical course, as we have in the past. We've had
25 difficult issues before us. We had to backtrack on the

1 electric cars when we found out they weren't working,
2 folks. I don't know if this Board would do that. We'd
3 probably just continue that course until we crashed into a
4 huge wall.

5 I think what we have to do is be flexible. We
6 have to work with each of the groups. We have to identify
7 policies within those areas that will help us have a
8 reasonable chance of meeting those goals. And, gosh, if
9 we could incentivize making the milestones along the way,
10 I think that would be fantastic. I would be a whole
11 different way of looking at this, and being positive as
12 opposed to punishing.

13 And, you know, at the end of the day, we might
14 even have healthier people and a healthier economy. And I
15 think that ought to be the goal.

16 CHAIR NICHOLS: Thank you. I'm going to move on
17 down the line and remind people that this was the first
18 item that was supposed to take a little over an hour.
19 Obviously, it's of great interest to all the Board members
20 and I don't want to cut you short, but I'd like to remind
21 us we've got some work to do also.

22 Next.

23 BOARD MEMBER DE LA TORRE: Thank you. This is a
24 comment on this item, but I think it relates to a couple
25 of other things we do here at CARB. We always focus at

1 CARB on regulatory our authority, our enforcement
2 authority, and our incentive authority. I think we need
3 to start thinking, and it fits here and in these other
4 places, about being a hub for the things that we are
5 looking for.

6 The changes we're going to have to make between
7 now and 2030 to get to our targets are significant. And I
8 think too often we're so focused on those three that I
9 mentioned, that we aren't thinking ahead of -- we need
10 game changers in the State of California.

11 And I think in this context for 375 -- and I'll
12 talk about those other ones when those items come up in
13 the future. But for 375, in talking to community folks,
14 EJ folks, talking to some government folks, they don't
15 know what we have seen works. In San Diego, they might
16 not know that in Sacramento, they're doing something that
17 is really working. In the East Bay, they may not know
18 that the Inland Empire is doing something that's really
19 working. That fits. The comments today from San Luis
20 Obispo clearly is different from other parts of the State.

21 But there's got to be something that's going on
22 in another part of the State that's really working that
23 we're seeing results on, but they don't know, because
24 they're not talking to each other.

25 We are the hub. We're the ones who take

1 everybody's input and we're the ones who are tracking
2 what's working, what's not working. And so I think, CARB,
3 we have to be that hub in the 375 context of what we are
4 seeing that is working, not in a command and control way,
5 just a menu to identify the things that are working, that
6 really yield results. That these local planning
7 authorities should be looking at for their regions. And
8 they can decide whether they put them in or not.

9 But we're saying, hey, these are the things we're
10 seeing that really get results. This is where you're
11 going to get a bang for your buck. And so in this
12 context, I think this is a place to start to do that, so
13 that those government agencies have access to it, and the
14 general public does, because then they can say, well, wait
15 a minute, I'm in the Central Valley, and there's something
16 in the Inland Empire that looks a lot like what -- our
17 region, and we could be doing something very similar here.
18 And it gives -- it empowers them, and it empowers the
19 government agencies.

20 So that's my addendum to all of this
21 conversation. I think it's a very positive move for CARB
22 to take in that direction. And like I said, there are
23 other areas where we could be performing the same role.

24 Thank you.

25 CHAIR NICHOLS: Thank you. No comments.

1 Okay. I'm going to bring it back then for just
2 one last comment and dismissal of this item. And that is
3 I want to really underscore what Hector just said about
4 the need to spend some of our time and energy on better
5 ways to collect, analyze, and disseminate information
6 about what's working in this field.

7 I am -- I'm sure, like many of you, besieged with
8 news letters from multiple organizations, many of which
9 are doing work in this area, and there's good work going
10 on without a doubt. But being able to try to figure out
11 how to put it together, and compare, and actually measure
12 what's working as opposed to just the reports of projects
13 would be a huge addition to the overall discussion here.

14 The other thing I just wanted to mention is the
15 legislature passed and the Governor signed a bill last
16 year that requires ARB to meet regularly with the CTC.
17 And I'm not sure if the first meeting has been scheduled
18 yet. It has not. I see head shaking. But this is a
19 really important item to put on the table, the connection
20 with housing, the connection with the expenditure of SB 1
21 funds, the issue that was brought up by several of the
22 speakers about how funds from that wonderful measure can
23 be used for capacity expansion that works against what
24 we're dying to do here is a critical one. And we can't
25 just let that keep on being mentioned and not do something

1 to really join that conversation.

2 So with that, thank you for a very stimulating
3 discussion, and we will shift to the scoping plan item.
4 And while we're doing that, I'd like to talk a little bit
5 about schedule, because we have a large number of people
6 who signed up to speak on this item, as well as a pretty
7 robust staff presentation.

8 This is the third reading, if you will, the third
9 hearing on this scoping plan. And although it's changed
10 some since we first began, it hasn't changed all that
11 much, and the goals that are -- that it's aimed at are
12 certainly still here.

13 So to the extent that we're going to be hearing
14 testimony that basically repeats what people said before,
15 I don't really think we need to have 3 minutes for every
16 speaker. I think we could go back to our default system,
17 which we use for just giving 2 minutes per speaker, if the
18 rest of the Board is willing to allow that. I know
19 there's at least one group that have combined forces to
20 put together a presentation as a group, and that's fine.
21 That's helpful.

22 And if others want to think about how to do that,
23 effectively, that could be good too. But I'm thinking
24 that what we should do is get through the staff
25 presentation and then break for lunch. Try to keep our

1 lunch under an hour. We don't have a closed session or do
2 we?

3 CHIEF COUNSEL PETER: We do have a closed
4 session, Chair Nichols, but it's only going to take 10
5 minutes. Just very short.

6 CHAIR NICHOLS: Okay. Then we don't have to
7 extend time for that.

8 Okay. So let's proceed along that path then.

9 BOARD MEMBER RIORDAN: That's a good idea.

10 CHAIR NICHOLS. Thank you.

11 After enough years of this job, you eventually
12 get to fill -- you figure out some of these issues.

13 Yes, and I think -- I've also received a
14 suggestion, sotto voce, that we try to make it a half hour
15 lunch, which I think is also a good idea. The Board Clerk
16 wants, or someone wants, to let our staff know that we're
17 going to try to get through the lunch very quickly. That
18 would be helpful also.

19 Okay. Are we ready to go on the scoping plan?

20 I see the -- I see the key people are in place,
21 so let me just kick this item off then very briefly.

22 For anybody who hasn't been following it, the
23 second item on today's agenda is consideration of the
24 2017th edition -- 2017 edition of the Climate Change
25 Scoping Plan, which is the key document that is designed

1 to show how we're going to achieve our 2030 climate goal
2 of 40 percent reductions from 1990 levels in greenhouse
3 gas emissions, and ensure that we're on a path to deeper
4 reductions that are needed by 2050 to avoid the most
5 catastrophic impacts of climate change.

6 We've been at this for more than 10 years,
7 beginning with AB 32, which was the State's first venture
8 into comprehensive and binding efforts to reduce
9 greenhouse gas emissions. The first scoping plan included
10 a diverse portfolio of measures, both specific targeted
11 regulatory measures and market measures designed to
12 achieve the 2020 target.

13 I think at this point, we can acknowledge that
14 we've made great progress under that portfolio of
15 approach. Our greenhouse gas reporting and inventory data
16 indicate that we are poised to meet the target of 2020 and
17 go beyond it. Our early estimates for costs for batteries
18 and renewables, such as solar and wind, failed to
19 anticipate how quickly these technologies would fall in
20 cost, and become economical to deploy. So we were
21 conservative in our predictions. And fortunately,
22 technology exceeded our expectations. Similarly, a number
23 of our other programs could be said to be overperforming,
24 which just gives us a head start on the much more serious
25 reductions that are needed to achieve the 2030 target.

1 As greenhouse gas emissions in this State have
2 declined, the economy has continued to grow. So certainly
3 the worst fears of critics of AB 32 also failed to appear.

4 California's climate leadership has been
5 recognized globally, and other jurisdictions are following
6 similar paths. We know that going forward preventing the
7 worst impacts of climate change will require continued
8 accelerated development and deployment of technologies,
9 not just in California, but around the world.

10 With the passage of SB 32 and AB 197, California
11 reaffirmed our commitment to reduce greenhouse gas
12 emissions, and to continue our global climate leadership
13 role, while making sure that we have the tools to
14 effectively understand and address local air pollution
15 concerns at the same time.

16 In addition, with the passage of AB 398 and AB
17 617 earlier this year, the legislature clarified the role
18 of cap and trade through 2030, put it on a firm
19 foundation, and provided new tools to continue to improve
20 air quality at the community level, especially in the most
21 burdened communities.

22 The plan that we are here to consider today
23 outlines not only how we meet the greenhouse gas reduction
24 targets that are now set in law, but also provides a
25 visionary look at the longer term and the deeper kinds of

1 transformations that we're going to need to stabilize
2 climate.

3 This plan provides a policy framework to achieve
4 our 2030 target. And I would note that some of the
5 policies that are included in this scoping plan are in
6 direct response to legislation that was carried by two of
7 our Board members, Senator Lara's short-lived climate
8 plant, and Assembly Member Garcia's post-2020
9 Cap-and-Trade Program.

10 The multi-agency plan that was before us today
11 was developed over the last 25 months in consultation with
12 environmental justice advisors on our committee, academic
13 experts, industry, and the public. This is not to say
14 that they all endorse this plan in a whole or in part, but
15 just to say they were consulted and their views were
16 reflected in the product.

17 Countless hours were spent in public workshops,
18 stakeholder meetings, dialogue with experts, and
19 collaborative work with our sister agencies. And so we
20 truly believe that this is a plan for the State of
21 California, not just for the Air Resources Board.

22 And with that, Mr. Corey, I will ask you to begin
23 the presentation.

24 EXECUTIVE OFFICER COREY: Thanks, Chair. And
25 I'll be brief.

1 The scoping plan, as noted, is designed to ensure
2 the State is able to meet its long-term climate objectives
3 in the most cost effective way, while also supporting
4 economic, environmental, and public health priorities.

5 And as noted, this plan incorporates legislative
6 direction provided in AB 32, SB 32, AB 197, and AB 398,
7 Board direction provided at the January and February Board
8 hearings.

9 The draft of this plan was first presented as you
10 noted to the Board in January -- at the January Board
11 hearing, and again in February. And at the meetings, the
12 Board provided direction to the staff on some additional
13 analyses, and requested an opportunity to have a joint
14 meeting with EJAC members of which there were actually two
15 meetings.

16 So we're confident this plan will keep us on
17 track to achieve our long-term climate goals.

18 And with that, I'll ask Jacob Zielkiewicz to give
19 the staff presentation.

20 Jacob

21 (Thereupon an overhead presentation was
22 presented as follows.)

23 AIR POLLUTION SPECIALIST ZIELKIEWICZ: Thank you,
24 Mr. Corey. Good morning, Chair Nichols, Vice Chair Berg,
25 and members of the Board.

1 As Mr. Corey mentioned, today I will be
2 presenting the 2018 scoping plan, the strategy for
3 achieving California's 2030 greenhouse gas target for
4 consideration for Board approval.

5 --o0o--

6 AIR POLLUTION SPECIALIST ZIELKIEWICZ: I'll start
7 today's presentation with background on the scoping plan,
8 including legislative history directing scoping plan
9 development, the progress we've made on reducing
10 greenhouse gas emissions, and the process that we've
11 undertaken over the past 2 plus years in developing the
12 2017 scoping plan update.

13 Next, I'll provide an overview of the scoping
14 plan, including the measures that make up the scoping plan
15 strategy, and the analyses undertaken as part of the
16 scoping plan process.

17 I'll then speak to the next steps, including
18 implementation of the scoping plan strategy and the
19 ongoing work that's occurring to monitor and provide
20 feedback on performance of our climate programs.

21 Lastly, I'll provide the staff recommendation of
22 approving the scoping plan.

23 --o0o--

24 AIR POLLUTION SPECIALIST ZIELKIEWICZ: Next
25 slide, please.

1 --o0o--

2 AIR POLLUTION SPECIALIST ZIELKIEWICZ: AB 32

3 direct the California Air Resources Board to develop a
4 scoping plan to lay out the path for the State to achieve
5 the 2020 limit, and to update the scoping plan at least
6 every 5 years. The initial scoping plan was developed and
7 adopted in 2008, and the first update followed in 2014.
8 The initial scoping plan included a range of greenhouse
9 gas reduction actions that included a mix of direct
10 regulations, incentives, and a market-based mechanism, the
11 Cap-and-Trade Program.

12 In 2016, the legislature pasted Senate Bill 32,
13 which codified the 2030 greenhouse gas limit in statute.
14 The 2030 GHG target of 40 percent below 1990 levels by
15 2030 was initially established by Governor Brown through
16 Executive Order in 2015, which also directed CARB to
17 update the scoping plan to reflect a path to achieve the
18 2030 target.

19 Along with SB 32, the legislature passed AB 197
20 authored by Eduardo Garcia. AB 197 provides direction on
21 the development of the scoping plan to consider the
22 societal costs of greenhouse gas reductions and prioritize
23 measures resulting in direct emissions reductions.

24 In addition, AB 197 also follows existing
25 requirements in AB 32 to consider the cost effectiveness

1 and technological feasibility of measures in the scoping
2 plan and to minimize leakage. Lastly, just this past
3 year, the legislature passed AB 398, also authored by
4 Eduardo Garcia, which directs CARB to update the scoping
5 plan no later than January 1st, 2018, and companion
6 legislation AB 617 which provides new tools to address air
7 quality levels in communities.

8 --o0o--

9 AIR POLLUTION SPECIALIST ZIELKIEWICZ:

10 California's annual statewide greenhouse gas
11 emissions inventory, shown here by the yellow line, is an
12 important tool for establishing historical emission trends
13 and tracking California's progress in reducing greenhouse
14 gases. We see that our GHG emissions have followed a
15 declining trend since 2007, and are 10 percent lower since
16 peak levels in 2004.

17 In addition, we have the mandatory reporting
18 regulation or MRR, depicted by the shorter teal line in
19 the graph. The MRR line tracks the inventory, which makes
20 sense since MRR requires large emitters of greenhouse
21 gases to report their GHG emissions.

22 The MRR data collected is approximately 80
23 percent of the emissions included in the inventory. The
24 dashed light blue line is the 2020 target established by
25 AB 32. Though we have yet to attain the 2020 target, the

1 declining trend in the GHG inventory, the recent MRR data,
2 and our modeling suggests that we'll meet our AB 32 target
3 in advance of 2020, also providing a head start on the
4 next decade where the rate of reductions must almost
5 double.

6 The blue line shows per capita GHG emissions,
7 which have decreased by about 20 percent from a peak in
8 2001 of 14 tons per person. This reflects that our
9 climate programs, as they are phased in and take root are
10 delivering the real GHG reductions we expected to see, and
11 in some cases -- and in some cases overperforming.

12 --o0o--

13 AIR POLLUTION SPECIALIST ZIELKIEWICZ: Overall,
14 trends in the inventory also demonstrate that the carbon
15 intensity of California's economy or the amount of carbon
16 pollution per million dollars of gross domestic product is
17 declining.

18 This represents a 33 percent decrease since the
19 2001 peak, while the State's gross domestic product has
20 grown 37 percent during this period. These last 2 slides
21 demonstrate that a portfolio of policies, as originally
22 included in the first scoping plan, is the right mix for
23 California, as greenhouse gas emissions have decreased and
24 the economy has grown.

25 --o0o--

1 AIR POLLUTION SPECIALIST ZIELKIEWICZ: As part of
2 developing the scoping plan update, it was important to
3 understand the sources of greenhouse gas emissions. This
4 pie chart provides a snapshot of the GHG emissions for
5 each large sector-based on the 2015 AB 32 inventory. By
6 far, transportation is the single largest source of carbon
7 dioxide emissions in the State.

8 Upstream transportation emissions from the
9 refinery and oil and gas sectors are categorized as CO2
10 emissions from industrial sources and constitute about 50
11 percent of the industrial source emissions.

12 When these emission sources are added to the
13 transportation sector, the emissions from transportation
14 amount to approximately half of statewide GHG emissions.

15 Reducing emissions in this sector is critical to
16 achieving the 2030 target. However, to meet the deep
17 reductions needed to stabilize the climate, it is
18 important to reduce emissions from all of the sectors in
19 the pie chart, and that is exactly what the scoping plan
20 does.

21 Not included in the pie chart is the natural and
22 working lands sector, which is estimated to have
23 approximately 898 million metric tons of carbon in above
24 ground carbon stock. There is ongoing work to better
25 quantify this biologically complex sector. However, due

1 to the magnitude of potential sequestration and emissions,
2 we cannot ignore this sector and the role it can play in
3 achieving our long-term climate goals.

4 --o0o--

5 AIR POLLUTION SPECIALIST ZIELKIEWICZ: The 2017
6 scoping plan update has been developed over the past 2 and
7 a half years in coordination with our sister agencies, the
8 legislature, economic reviewers, the public, and the
9 Environmental Justice Advisory Committee. Public
10 engagement and review is important with all CARB
11 processes, and the scoping plan is no different.

12 We've been before the Board 5 times and held 15
13 public workshops. The Environmental Justice Advisory
14 Committee was reconvened for this scoping plan update, and
15 they held over 20 public committee meetings, and 19
16 community meetings in various locations statewide.

17 We also consulted a group of economic expert
18 reviewers who have served in an advisory capacity in the
19 assessment of the economic impacts of the scoping plan.
20 Lastly, we have received and reviewed over 500 public
21 comments on the scoping plan.

22 --o0o--

23 AIR POLLUTION SPECIALIST ZIELKIEWICZ: This slide
24 lists some of the key objectives of the scoping plan. A
25 primary goal of the scoping plan is to achieve the 2030

1 greenhouse gas emissions reductions target and to put us
2 on the path to achieving the long term 2050 limit of 80
3 percent reductions below 1990 levels. We want to provide
4 direct greenhouse gas emissions reductions in our largest
5 economic sectors to ensure our economy is transitioning to
6 more sustainable production and energy, while also
7 ensuring that we reap air quality co-benefits and protect
8 public health.

9 The plan should also minimize emissions leakage
10 and ensure any reductions in California are not just a
11 result of a relocation of those sources or production out
12 of State, which would also mean a loss of jobs and
13 economic activity in the State.

14 The scoping plan must include a mechanism to
15 support climate investments for programs in disadvantaged
16 communities to ensure these communities can benefit from
17 the clean technology fuels and become more resilient in
18 the face of climate change.

19 To date, more than \$5.5 billion have been
20 generated by the Cap-and-Trade Program, 35 percent of
21 which must be used to benefit disadvantaged and low income
22 communities and households.

23 We want to make sure we are able to work at
24 subnational and national levels to ensure greater GHG
25 reductions through mutual collaboration. For example, our

1 Cap-and-Trade Program is currently linked with Quebec's
2 program and with Ontario's program effective January 1st,
3 2018.

4 The scoping plan should also be cost effective.
5 We want to meet our GHG targets at the lowest cost to our
6 economy and consumers and provide compliance flexibility
7 so that the economy can grow, minimize impacts to
8 consumers, and support a robust workforce while still
9 reducing emissions.

10 We also want a scoping plan that readily meets
11 the mandates in the U.S. EPA Clean Power Plan and supports
12 other federal programs whenever they are ready to move
13 forward.

14 --o0o--

15 AIR POLLUTION SPECIALIST ZIELKIEWICZ: Over the
16 summer, the legislature passed AB 398, which directs CARB
17 to update the scoping plan no later than January 1st 2018,
18 and clarifies the role of the Cap-and-Trade Program
19 through 2030.

20 In addition, AB 398 directs CARB to make certain
21 adjustments to the Cap-and-Trade Program, specifically to
22 include specified price ceilings, price containment
23 points, offset credit compliance limits, and industry
24 assistance factors for allowance allocation as part of a
25 post-2020 Cap-and-Trade Program. We kicked off a workshop

1 in October on post-2020 Cap-and-Trade Program design in
2 conformance with AB 398.

3 --o0o--

4 AIR POLLUTION SPECIALIST ZIELKIEWICZ: AB 617 is
5 the companion legislation to AB 398. It directs CARB to
6 expand air quality monitoring and to reduce exposure to
7 criteria and toxic pollutants in California's most
8 burdened communities through the development of community
9 action plans.

10 This work will include a robust public process in
11 coordination and partnerships with the air districts and
12 the California Air Pollution Control Officers Association.

13 We have begun the process by holding
14 informational meetings throughout the State on the
15 implementation plan for AB 617. Staff will return to the
16 Board in March to provide an update with final
17 recommendations for priority communities and the statewide
18 planning framework due to the Board in September.

19 --o0o--

20 AIR POLLUTION SPECIALIST ZIELKIEWICZ: I will now
21 discuss the proposed scoping plan.

22 --o0o--

23 AIR POLLUTION SPECIALIST ZIELKIEWICZ: Like the
24 first scoping plan, this update proposes a suite of
25 complementary measures that will help us achieve our 2030

1 greenhouse gas reduction targets. The key measures
2 include increasing renewable energy and energy efficiency,
3 reducing emissions from high global warming potential
4 gases, putting millions of zero-emission vehicles on the
5 road, decreasing dependence on transportation fossil
6 fuels, and instead encouraging deployment of alternative
7 fuels, improving the efficiency of the freight sector, and
8 advancing zero electric technology within the freight and
9 heavy-duty sectors, supporting the sustainable community
10 development, and a post-2020 Cap-and-Trade Program.

11 Based on our uncertainty and evaluation of
12 alternative scenarios, this suite of policies has the
13 highest certainty of achieving the 2030 climate goal.

14 Further, it is important to note that several of
15 the policies, including in the proposed scoping plan, are
16 primarily developed to achieve federal and State air
17 quality standards with co-benefits of greenhouse gas
18 reductions.

19 The scoping plan leverages these planned efforts
20 to reduce harmful air pollutants, and achieve the 2030
21 target.

22 --o0o--

23 AIR POLLUTION SPECIALIST ZIELKIEWICZ: As part of
24 the development of this scoping plan, we considered four
25 alternative scenarios based on Board direction, EJAC

1 recommendations, and industry comments. They are
2 presented on this slide with some of the reasons that
3 informed our ultimate recommendation.

4 The no cap-and-trade alternative included
5 prescriptive regulations to replace cap and trade.
6 Additional activities were modeled in a wide variety of
7 sectors, such as specific required reductions for all
8 large GHG sources and more extensive requirements for
9 renewable energy.

10 Industrial sources would be regulated through
11 command and control strategies. We would also need
12 incentive funding for programs to replace and retire less
13 efficient cars. This would require new statutory
14 authority, would offer fewer options to minimize leakage,
15 and would cost more than the scoping plan.

16 The carbon tax alternative used a carbon tax to
17 put a price on carbon instead of the Cap-and-Trade
18 Program. It does not provide a firm emissions limit
19 resulting in greater uncertainty in meeting our 2030
20 target. In addition, establishing the right price to
21 incentivize reductions is difficult. Uncertainty
22 surrounding the right carbon price, ultimately means that
23 this alternative may fail to achieve reductions beyond the
24 known baseline policies and measures.

25 The all cap-and-trade alternative kept the Low

1 Carbon Fuel Standard at a 10 percent carbon intensity
2 reduction and would impede on transportation fuel
3 diversification.

4 And the cap-and-tax alternative placed a
5 declining cap on individual industry facilities and
6 individual natural and gas fuel suppliers, while also
7 requiring them to pay a tax on each metric ton of GHGs
8 emitted. This alternative has the highest direct cost
9 with potential detrimental economic impacts and loss of
10 jobs.

11 --o0o--

12 AIR POLLUTION SPECIALIST ZIELKIEWICZ: Since the
13 first draft of the scoping plan was made available in
14 January of this year, there have been updates to the
15 emissions modeling to reflect new information and
16 legislative direction. The final modeling reflects
17 consultation with sister agencies to reflect that more
18 reductions are underway than we had counted in January.

19 First, because of utility divestiture more
20 reductions in coal were already planned. Second, we
21 realized that it was not accurate to model a 33 percent
22 RPS for 2020 when the latest data indicates we will be at
23 about 40 percent in 2020, because costs for solar and wind
24 power make them more favorable from an economic
25 standpoint.

1 In addition, we need to ensure the refinery
2 sector measure was removed and attribute those reductions
3 to the Cap-and-Trade Program pursuant to AB 398.

4 The net result of these updates is that the
5 scoping plan needs to procure fewer reductions to achieve
6 the 2030 target than we thought in January. The
7 Cap-and-Trade Program, which must make up tons from the
8 refinery measure, increased by 45 million metric tons in
9 the year 2030 in the final version. All of the details
10 for the modeling in January and this final plan are posted
11 to our website and include all data output files.

12 --o0o--

13 AIR POLLUTION SPECIALIST ZIELKIEWICZ: This slide
14 shows the expected greenhouse gas emissions by economic
15 sectors. The left most bar -- the left most bars of each
16 sector group are the 1990 levels of emissions, and the
17 right bars of the expected GHG emissions by 2030 with
18 implementation of the scoping plan.

19 For the high GWP and waste sectors, we see
20 increased emissions between 1990 and 2030 as a result of
21 expected growth in these sectors. Absent the Short-Lived
22 Climate Pollutant Plan, which limits the total amount of
23 emissions to 40 percent of 2013 levels by 2030, the
24 emissions from these sectors in 2030 would be even higher.

25 For all other sectors, we see decreases from 1990

1 levels. Some sectors reduce more than 40 percent by 2030,
2 and some by less. For transportation, successful
3 implementation of the scoping plan will reduce on-road
4 fuel demand by at least 45 percent from current levels.

5 Lastly, in 2030, cap-and-trade is expected to
6 deliver an additional 34 to 79 million metric tons
7 throughout the economy. So there will be additional
8 emission reductions to the covered sectors on the slide
9 based on where it's most cost effective to reduce the
10 emissions.

11 These additional reductions are not depicted in
12 the bar chart since the exact apportionment of greenhouse
13 gas reductions among the covered sectors is unknown.

14 --o0o--

15 AIR POLLUTION SPECIALIST ZIELKIEWICZ: In
16 recognition that the natural and working lands sector
17 plays a critical role in addressing climate change, we
18 have two objectives, to maintain them as a resilient
19 carbon sink with net zero or negative greenhouse gas
20 emissions, and to minimize the net GHG and black carbon
21 emissions associated with management, biomass disposal,
22 and wildfire events to 2030 and beyond.

23 We are also proposing a preliminary
24 intervention-based target for sequestering and avoiding
25 emissions by at least 15 to 20 million metric tons of

1 carbon dioxide equivalent by 2030 through existing
2 pathways and new incentives.

3 This intervention-based goal is a beginning point
4 for further discussion and development. However, based on
5 newly released information, we believe we should work with
6 our sister agencies to reassess this initial target as
7 part of the development of the Natural and Working Lands
8 Implementation Plan in 2018.

9 --o0o--

10 AIR POLLUTION SPECIALIST ZIELKIEWICZ: For the
11 first time the scoping plan includes new analyses required
12 under AB 197. For each evaluated measure in the scoping
13 plan strategy and the alternatives, this includes cost per
14 ton, greenhouse gas reductions, potential criteria and
15 toxics impacts, and societal costs in 2030.

16 These are publicly posted on our website and were
17 considered as part of the development of the scoping plan
18 strategy staff is proposing today.

19 The suite of policies in the scoping plan
20 strategy are responsive to the AB 197 direction of
21 prioritizing and providing for direct GHG emissions
22 reductions in mobile and stationary sources, while
23 considering cost effectiveness, and minimizing leakage.

24 Specifically: The advanced clean cars
25 regulations require emissions reductions in the light-duty

1 vehicle sector; enhanced Low Carbon Fuel Standard requires
2 emissions reductions in light-duty and heavy-duty
3 transportation; SB 350, Renewables Portfolio Standard and
4 energy efficiency will reduce the need for fossil power
5 generation; the Cap-and-Trade Program constrains and
6 reduces emissions across the transportation, electricity,
7 and industrial sectors; and SB 1383 and the Short-Lived
8 Climate Pollutant Reduction Strategy require reductions in
9 the agricultural, commercial, residential, industrial, and
10 energy sectors.

11 --o0o--

12 AIR POLLUTION SPECIALIST ZIELKIEWICZ: Per Board
13 direction, we also estimated the avoided health impacts
14 due to emissions reductions of the scoping plan strategy.
15 We relied on a U.S. EPA approved methodology to estimate
16 the health impacts of reductions in diesel particulate
17 matter, and NOx that we estimated as part of the AB 197
18 analysis.

19 These health impacts in 2030 include reduced
20 incidence in premature mortality, hospitalizations, and
21 emergency room visits associated with emissions reductions
22 of the scoping plan strategy.

23 In addition, per Board direction, we monetize
24 these avoided health impacts using the U.S. EPA's value of
25 statistical life method. The impact on California's

1 economy is a benefit of 1.2 to 1.8 billion U.S. dollars in
2 2030. This estimated value is likely an understatement,
3 as it does not include cancer risk or the carbon-related
4 disease health impacts included in the social cost of
5 carbon.

6 Lastly, implementation of the transportation
7 strategies, including reductions in vehicle miles traveled
8 with high levels of active transportation would improve
9 health and reduce premature mortality by increasing daily
10 physical activity.

11 We use the California Department of Public Health
12 estimate of 2,100 fewer premature deaths annually, if
13 Californians increased physical health to meet VMT and
14 climate targets.

15 --o0o--

16 AIR POLLUTION SPECIALIST ZIELKIEWICZ: As part of
17 scoping plan development, it is important to consider the
18 economic impacts of the plan. In 2030, the California
19 economy is projected to grow to \$3.4 trillion, employment
20 to reach 23.5 million, and personal income to be \$3
21 trillion.

22 Implementation of the scoping plan would not
23 change the forecasted growth in the economy. In fact, in
24 2030, based on our analysis, the impact of the scoping
25 plan on the California economy is a 0.3 to 0.6 percent

1 contraction, which translates to the economy taking three
2 months longer to grow to the gross domestic product
3 estimated in the absence of the scoping plan.

4 Additionally, reducing greenhouse gas emissions
5 40 percent below 1990 levels under the scoping plan will
6 lead to avoided social damages from climate change on the
7 order of 1.9 to \$11.2 billion, as estimated using social
8 cost of carbon, and social cost of methane.

9 We also expect to see additional growth in new
10 clean sectors and climate-related health impacts that are
11 not captured by the social cost of carbon and methane
12 metrics. As a result, the economic benefits are
13 underestimated as are the costs of avoided damages.

14 --o0o--

15 AIR POLLUTION SPECIALIST ZIELKIEWICZ: There are
16 many goals and policies included in the scoping plan, but
17 there are a few key points worth noting for your
18 consideration. First, this plan provides the most
19 feasible path for achieving the State's 2030 target.

20 Second, the 2030 target is just a milestone on
21 our path to ensure -- to ensuring we achieve the
22 reductions needed to avoid the worst impacts of climate
23 change.

24 Third, this plan is not the end. We need to
25 continue to evaluate and incorporate additional

1 opportunities to reduce greenhouse gases, criteria, and
2 air toxics emissions. The scoping plan for the first time
3 includes lists by economic sector of potential additional
4 opportunities to reduce emissions.

5 We acknowledge those items may need additional
6 research, are currently subject to costs or technology
7 barriers, or may need additional statutory authority, but
8 we will continue to pursue them with our sister agencies.

9 Fourth, as directed in AB 32, implementation of
10 any of the scoping plan measures must not
11 disproportionately impact already burdened communities.
12 Finally, as is our practice, we will continue to monitor,
13 adjust, and enforce existing air quality programs in
14 addition to implementing AB 617.

15 Those existing programs have already dramatically
16 improved regional air quality, and remained part of our
17 toolkit to further reducing emissions in the state.

18 --o0o--

19 AIR POLLUTION SPECIALIST ZIELKIEWICZ: A draft
20 environmental analysis was completed for the scoping plan
21 that was released in January of this year. Staff
22 determined that implementation of the proposed known
23 commitments in the scoping plan may have potentially
24 significant indirect impacts to some resource areas.
25 However, these impacts are mainly due to short-term

1 construction-related activities.

2 The draft EA was released for an 80-day comment
3 period, which ended on April 10th, 2017. Staff prepared a
4 final environmental analysis and written responses to all
5 comments received on the Draft EA and posted them on our
6 website earlier this month.

7 --o0o--

8 AIR POLLUTION SPECIALIST ZIELKIEWICZ: Staff also
9 prepared a supplemental response to comments -- staff also
10 prepared a supplemental response to comments document to
11 address late comments received.

12 --o0o--

13 AIR POLLUTION SPECIALIST ZIELKIEWICZ: This
14 document was posted on our website this morning and copies
15 were also provided to the Board.

16 --o0o--

17 AIR POLLUTION SPECIALIST ZIELKIEWICZ: I will now
18 talk about scoping plan implementation.

19 --o0o--

20 AIR POLLUTION SPECIALIST ZIELKIEWICZ: As we move
21 to implementation, it is important to note that each of
22 the scoping plan measures will undergo its own public
23 process with additional analyses and public input. The
24 various interagency work groups identified in the scoping
25 plan will convene to pursue their respective endeavors, be

1 it the Natural and Working Lands workgroup, or the Vehicle
2 Miles Traveled workgroup.

3 The Natural and Working Lands Implementation Plan
4 will be developed by 2018 to evaluate a range of
5 implementation scenarios for natural and working lands and
6 to identify long-term sequestration goals that can be
7 incorporated into future climate policy.

8 We also need to implement AB 617 and AB 197.
9 This means building on our integrated emissions
10 visualization tool in order to improve access to air
11 emissions data. It also means improving air quality in
12 the most burdened communities throughout our state.

13 And we will be working to explore how to better
14 integrate health analysis and health considerations in the
15 design and implementation of programs. Lastly, we will be
16 revisiting guidance for California climate investments to
17 dress 2017-2018 budget appropriations.

18 --o0o--

19 AIR POLLUTION SPECIALIST ZIELKIEWICZ: It is
20 important to remember that this is not the end. It is the
21 beginning. In addition to the -- in addition to the
22 5-year update cycle for the scoping plan, there are
23 ongoing monitoring and reporting activities that provide
24 regular, publicly-accessible feedback on scoping plan
25 program performance, and therefore provide the ability to

1 make midcourse adjustments, if needed.

2 This process of ongoing monitoring, review, and
3 adjustment are the norm for ARB's programs. The list
4 below focuses on these opportunities for our climate
5 programs.

6 As required by AB 1803, CARB is responsible for
7 preparing, adopting, and updating California's greenhouse
8 gas inventory. Statewide greenhouse gas emissions
9 inventory data is published annually. Under California's
10 mandatory greenhouse gas reporting regulation, industrial
11 sources, fuel suppliers, and electricity importers must
12 report their annual GHG emissions to CARB.

13 Data provided by reporters subject to the
14 Cap-and-Trade Program is verified by a CARB-accredited
15 independent third-party verifier. A status report on
16 scoping plan implementation is to be provided to the Board
17 on an annual basis.

18 Per direction in SB 10 -- 1018, CARB provides a
19 series of reports on key climate programs, and on actions
20 proposed by the Western Climate Initiative Incorporated,
21 of which California is a member, every 6 months in
22 addition to annual fiscal and resource reports.

23 --o0o--

24 AIR POLLUTION SPECIALIST ZIELKIEWICZ: AB 197
25 directs CARB's Chair to appear before the Joint

1 Legislative Committee on Climate Change Policies and
2 present the State Board's annual informational report on
3 the reported emissions of greenhouse gases, criteria
4 pollutants, and toxic air contaminants from all sectors
5 covered by the scoping plan.

6 AB 398 requires the newly established Independent
7 Emissions Market Advisory Committee to at least annually
8 report on the environmental and economic performance of
9 relevant climate policies. Lastly, AB 398 requires that
10 the Legislative Analyst's Office annually report to the
11 legislature on the economic impacts and benefits of
12 specified greenhouse gas emissions targets.

13 Indeed, there are numerous venues and media
14 through which CARB and other committees provide pertinent
15 information on program performance with opportunity for
16 public and legislative feedback.

17 --o0o--

18 AIR POLLUTION SPECIALIST ZIELKIEWICZ: In
19 closing, staff recommends that the Board approve the
20 proposed resolution, which includes approval of the
21 written responses to environmental comments received,
22 including the supplemental response to comments document
23 provided to the Board today, certification of the final
24 environmental analysis, and making the required CEQA
25 findings. And lastly, approval of the 2017 scoping plan

1 update.

2 Before Chair Nichols asks for public comment, I
3 would like to invite our representatives from sister
4 agencies to provide their public comments followed by the
5 Environmental Justice Advisory Committee.

6 We'll begin with Jenny Lester Moffitt from CDFA.

7 CHAIR NICHOLS: Welcome.

8 MS. LESTER MOFFITT: Good morning.

9 Can you hear me now?

10 CHAIR NICHOLS: Yes. Thank you.

11 MS. LESTER MOFFITT: Good morning, Chair Nichols
12 and the rest of the Board. Thank you for having us here
13 today. My name is Jenny Lester Moffitt and I am Deputy
14 Secretary at the California Department of Food and
15 Agriculture.

16 As you guys all know we are a State leader -- or
17 global leader in our climate change goals and our
18 agriculture industry has also stepped up to the plate and
19 really ramped up the work that we're doing in the
20 agriculture industry on achieving those climate change
21 goals.

22 Certainly as we talk about and we heard about our
23 methane, there's SB 1383 reduction goals. Our dairy
24 industry has been working, along with the Air Resources
25 Board on addressing those. We have actually just did --

1 announced a whole new slough of funding for our dairy
2 digester program, and we're in the middle of also working
3 on an alternative Manure Management Practice Program.

4 Ag has been working on water efficiency, land
5 conservation, and land management practices that include
6 healthy soils. This scoping plan that is before you guys
7 today outlines an aggressive yet achievable plan for
8 meeting our State goals.

9 For the first time ever, this plan has a goal --
10 a statewide goal for the natural and working lands,
11 including agriculture for greenhouse gas reductions, both
12 carbon sequestration and reductions. It is important as
13 we recognize this goal that this is the first time ever
14 that we have such a goal, and it is important that we
15 recognize that by achieving this goal, we can achieve it
16 by working with and supporting industry and private land
17 managers as we build climate resiliency and sequestration
18 in our land base.

19 I commend your Board for leadership in this, and
20 I commend your board and a strong focus on the public
21 process as well. I commend your staff for their
22 engagement with us as and our sister agencies. I know we
23 have more work to do, and I look forward to continued
24 collaboration, because our work is important and the world
25 is certainly watching us.

1 Thank you.

2 CHAIR NICHOLS: Thank you.

3 MR. BRIGHT: Good morning. I think it's still
4 morning. Good morning, Chair Nichols and Vice Chair Berg,
5 and the members of the board. So my name is Kealii
6 Bright. I'm the Deputy Secretary for Climate and Energy
7 at the Natural Resources Agency. And first, I just wanted
8 to congratulate you for getting to the finish line. We're
9 not quite over the finish line yet, but we're right at the
10 line.

11 And then second, from the Agency from Secretary
12 Laird, I really wanted to commend your -- your placement
13 of a stake in the ground for making natural and working
14 lands and important and accountable piece of the scoping
15 plan.

16 You know, California leads the nation and leads
17 the world in climate science. We are -- we chase science,
18 but we have a really good understanding of what our
19 lands -- what risks and what -- and potential our lands
20 pose for our State's climate goals. And this plan puts in
21 place a process for us to harness all of our State's
22 conservation activities to really maximize those lands'
23 ability to serve as carbon sinks for the State.

24 Year over year, the State supports incredible
25 funding amounts for conservation through State bonds,

1 local tax measures, GGRF programs. And that really is --
2 that really spans across multiple administrations and
3 multiple political cycles. And what we are excited to be
4 a part of is harnessing this opportunity to take that
5 conservation ethos that is proven in our State and
6 materialize that into deployable tools to impact our
7 State's climate goals.

8 So thank you, and congratulations.

9 MR. BOHAN: Good afternoon. Chair Nichols and
10 Board members. My name is Drew Bohan. I'm am the
11 Executive Director for the California Energy Commission.
12 I want to second the comments you just heard about the
13 terrific work of your staff. I'd have to call out
14 Rajinder, because she's worked so closely with our staff
15 over the last couple years. We're pleased to provide
16 input on this -- on this document.

17 Electricity sector is down 24 percent since 1990.
18 I noticed from one of the slides that Jacob showed that
19 the electricity sector was the second largest and is now
20 the third largest having achieved pretty significant
21 reductions over the yeas. They'd be higher, but the last
22 year we have records for is 2015, which was a drought
23 year, so our production from GHG free or very low hydro
24 was down. So the figures will probably continue to go
25 down as hydro goes up.

1 The -- going forward, the scoping plan
2 contemplates additional reductions from the electricity
3 sector, and we're confident that additional reductions are
4 achievable. Just over two years ago, Governor Brown
5 signed land mark legislation SB 350, and it called for a
6 number of actions I just want to go over very quickly and
7 give you a sense of what progress has taken place to date.

8 First, and probably most famous, is the 50
9 percent -- the requirement for 50 percent of all
10 electricity consumption in California by '23 coming
11 from -- by 2030, excuse me, from renewable energy. Today,
12 we are at just shy of 30 percent. And as you heard from
13 your staff, we're well on track to meet the interim goal
14 of 2020, which is 33 percent, and 50 percent by 2030. So
15 good news there.

16 Second, we are charged with looking at the
17 doubling of energy efficiency requirement in SB 350. And
18 just last month, the California Energy Commission Board
19 adopted a series of targets for 2030, and some
20 recommendations about how to achieve those targets. A
21 good bit of the wedge -- the wedges we need to accomplish
22 by that time are on track. Others we still need to work
23 on to come up with additional measures.

24 Third, we were charged with developing a barrier
25 study to low income individuals in the State of

1 California, and barriers to their participating in the
2 clean energy revolution. And a year ago today, the Energy
3 Commission adopted a plan and submitted that to the
4 legislature. It has 12 different recommendations and we
5 have achieved several of them and are well on our way to
6 achieving the rest.

7 And finally, I just want to note that SB 350 also
8 called for, at least for some utilities, a new approach to
9 look the at GHG reductions and that's to develop IRPs,
10 Integrated Resource Plans. Some utilities had already
11 been doing them, but others it will be their first time.
12 And in August of this year, the Energy Commission adopted
13 guidelines for the publicly-owned utilities.

14 The PUC will be developing guidelines for the
15 IOUs. And the POUs will be required by Jan 1 of 2019 to
16 have their plans for meeting GHG reductions with an
17 integrated approach that could use renewables, energy
18 efficiency and lots of other tools.

19 We'll continue to work together with your staff,
20 and again appreciate the opportunity to speak this
21 morning.

22 MR. McCORMICK: Good afternoon. I can now say
23 good afternoon. I'm excited to be here. My name is
24 Michael McCormick with the Governor's Office of Planning
25 and Research.

1 I think one of the things that we've been really
2 impressed by this process is the collaborative nature of
3 your staff working with those of us out in State agencies.
4 We've recently released the general plan guidelines, which
5 is document that every State agency and hundreds of
6 workshops, public workshops, focus groups have informed,
7 basically been in process since 2011.

8 Through that, we provide some guidance on how
9 local governments can move forward on greenhouse gas
10 emissions reductions plans, climate action plans, climate
11 change elements, et cetera. And so I think we were really
12 excited to see a very consistent and collaborative process
13 on the local actions piece of the scoping plan as well.

14 Obviously, there's been a lot of other aspects of
15 the scoping plan we've worked with. This is probably the
16 piece I've worked most closely on individually with your
17 staff. And we greatly appreciate that prior collaboration
18 on this, and look forward to continuing to work together
19 in the future as well.

20 Lastly, I just want to thank that tireless staff
21 at the Air Resources Board. They've been such a pleasure
22 to work with, really professional. And I know that we're
23 going to continue having a wonderful working relationship
24 moving forward. So on that, thank you again, and I don't
25 want to be the person that holds you from lunch, so I'll

1 leave it there.

2 Thanks.

3 CHAIR NICHOLS: Thank you. You're not keeping us
4 from lunch. So thank you. We still have at least one
5 more presentation that I'm aware of, and it looks like
6 they're coming forward now.

7 I just want to thank our State agencies that are
8 represented here today, and I know others were involved as
9 well, that there's been a tremendous evolution, I would
10 say, in terms of the role that State Government as a whole
11 is playing in this climate action work going from the very
12 beginnings under AB 32 when there was a Climate Action
13 Team under the direction of the Secretary for CalEPA that
14 would meet once in many, many months, and sort of hear
15 reports from ARB and people would go away. And, you know,
16 they'd give us their advice or tell us what they thought
17 we weren't doing right, but there was no sense that this
18 was a shared enterprise.

19 And I think we've come to a point now where
20 there's widespread recognition that although ARB has the
21 honor and the responsibility for tracking all the
22 emissions and doing the plans. And for some of the
23 implementation that whole big swathes of this program
24 belong to other agencies and to local governments and the
25 private sector as well.

1 And so we've seen really terrific progress on
2 that front. And this just gets more complex and more
3 interesting all the time. So I think there's going to be
4 plenty of work for everybody for years to come. So thank
5 you all for your efforts as well, and now Mari Rose, I'll
6 turn to you.

7 EJAC MEMBER ROSE TARUC: Good afternoon, Chair
8 Nichols, the Board, the staff, the public. I know we're
9 all eager to get our 2030 scoping plan passed. I do want
10 to dedicate this presentation to the folks who are
11 under -- are experiencing the fires in Ventura and
12 Southern California. I think, you know -- I especially to
13 look to staff and I think about, you know, the folks who
14 are working under those conditions right now.

15 Can you -- next slide.

16 --o0o--

17 EJAC MEMBER ROSE TARUC: So we have front line
18 communities in climate change. And this is a picture of
19 strawberry fields in Ventura. And I don't know if you can
20 see. There are little dots on the rows on these
21 strawberry rows. And those are farm workers that are
22 still outside working under the toxic air that is -- that
23 is caused by these fires and by climate change. And as
24 a -- I think it's just appropriate that as a farm worker's
25 daughter that I get to present the final recommendations

1 of the Environmental Justice Advisory Committee.

2 Next.

3 --o0o--

4 EJAC MEMBER ROSE TARUC: Front-line communities
5 in California, like the one -- like the farm workers in
6 Ventura are part of the State's sacrifice zones. There
7 are -- while we are trying to design a climate plan that
8 is going to reduce emissions, there are communities right
9 now, and in the future, that will be sacrificed because
10 we're not doing enough, and we're not doing them soon
11 enough. And we call these front-line communities.

12 These front-line communities are different than
13 communities that are on the mid-line or the back of the
14 line or where they have escape. And so we look at
15 front-line communities as those who don't have the
16 privilege of benefiting from an extractive economy. And
17 we see that decisions that went into what goes into the
18 scoping plan and what is approved now are mostly folks who
19 are on the benefiting side of the extractive economy. And
20 so we want to point out that there are those who do not
21 benefit from the extractive economy, who are on the front
22 lines, and those who are making decisions about our
23 climate plan today.

24 We also have shared with you not just what's bad,
25 but what's -- what is -- what are good solutions that will

1 work for our communities. So the EJAC has met, yes,
2 almost 20 times. We've held 20 community workshops across
3 the State. The approach to that is because we want to
4 make sure that important policies are actually known by
5 the community, and that's how we can successfully
6 implement these policies. If we didn't do these workshops
7 across the State, only you and the staff and the lobbyists
8 would know about them, but not the communities that would
9 be most impacted by them. So I definitely want to thank
10 CARB and the staff for coming out to different
11 environmental justice communities during the EJAC meetings
12 and the ease workshops to hear from folks what their ideas
13 are for the best climate plants that we could have in
14 California.

15 There's a long way to go in this culture shift.
16 We've seen the culture shift begin within the Board. And
17 we thank you for meeting with the EJAC twice this year, an
18 EJAC and Board meeting to talk about and exchange our
19 ideas. And so we're seeing that. We're seeing that you
20 have staff now dedicated to environmental justice,
21 something that the EJAC had asked for in the beginning of
22 this two-year process.

23 And so next slide.

24 --o0o--

25 EJAC MEMBER ROSE TARUC: And so over the 2 years

1 of our dozens of recommendations, while staff is giving
2 you their preferred proposal, we still see that there are
3 ways that you can improve the staff proposal with these
4 final changes that we want to see you make as the Board to
5 the scoping plan that the staff is presenting you.

6 We have two dozen priority changes, but these are
7 the top five that we're identifying. They -- so here's a
8 picture of the EJAC when we met last month. They are --
9 the five are around biomass, around transportation
10 targets, and then around prioritizing direct emissions
11 reductions, making sure there are reports on localized
12 emissions trends, and modeling the Cap-and-Trade Program
13 to meet our 2030 targets.

14 Next.

15 --o0o--

16 EJAC MEMBER ROSE TARUC: So we think climate
17 change is a problem with the culture of burning. In the
18 natural and working lands and waste section -- sector, we
19 see a lot of proposals for biofuels, biomass burning,
20 renewable natural gas. And one of the things that we
21 still want you to do in the scoping plan is that in any
22 discussion of waste that you prioritize and emphasize
23 composting and recycling of biomass over biomass
24 combustion.

25 So this is a picture of a biomass facility in

1 Delano where I grew up. And those are shredded trees that
2 are then being put into those -- those facilities to burn.
3 And they're probably getting renewable energy credit. And
4 that -- that is not a climate solution to us. That is a
5 problem.

6 Next.

7 --o0o--

8 EJAC MEMBER ROSE TARUC: Second of the
9 recommendations, we had a lot of discussion on
10 transportation this morning. We know that the
11 transportation sector is such a huge beast to figure out
12 how to reduce emissions. We appreciate actually -- of the
13 sectors of the scoping plan, the transportation sector
14 actually did the best job of doing an environmental
15 justice disadvantaged community and public health
16 analysis. And so we definitely appreciate the authors of
17 the transportation section for doing that.

18 The thing is we still want to see the numbers.
19 We want to see the target numbers about how this is going
20 to be -- how the emissions are going to be reduced for the
21 entire transportation sector. I think the meeting that we
22 had with staff last month is we saw some numbers in
23 scoping plan. We were told that, you know, reducing fuel
24 use by half is part of what staff is committed to doing,
25 but we want to see the numbers about how we can

1 mathematically and scientifically achieve those targets.

2 Next.

3 --o0o--

4 EJAC MEMBER ROSE TARUC: Because this is the
5 slide that we -- this is the data and the trends that we
6 look at. And interestingly, this did not appear on the
7 full -- the full publication of your scoping plan. It's
8 probably buried in the appendices. And to us like looking
9 at all the sectors and how they are performing over time
10 is important.

11 So we see that in transportation it's basically
12 flatlining, maybe dipping up -- or going up a little. The
13 industrial section is not making progress at all. And
14 where a lot of these large facilities and polluters are at
15 are in environmental justice communities. So you will see
16 that we will continue to implore upon you that whatever
17 the plans are, the climate plans to reduce these emissions
18 in these sectors because they are In EJ communities that
19 we are going to continue to fight to make them better.

20 And I think -- so these next 3 slides, and the 3
21 of the recommendations have to do with the Cap-and-Trade
22 Program and a market mechanism that you have that staff is
23 proposing to you that you are voting on today.

24 --o0o--

25 EJAC MEMBER ROSE TARUC: And I think this is the

1 biggest divergence in world view between the EJAC and your
2 staff, and those who have made decisions about the scoping
3 plan. We see that the scoping -- the scoping plan right
4 now commits to about 38 percent of the climate plan is
5 based on cap and trade. And we think that that is such a
6 huge number with so many concerns and questions about how
7 cap and trade will really work and how it affects the
8 environmental justice communities, that it is -- it is
9 imperative that you do more and closer and better
10 evaluations about how cap and trade is going to perform
11 and how they -- they are going to affect environmental
12 justice communities.

13 We've seen from studies that had to be done by
14 the environmental justice community and academics that the
15 current preliminary data that we have is that it's
16 exacerbating environmental racism, that cap and trade is
17 attributed to that, and that emissions are increasing in
18 those subsectors within the cap-and-trade industries, and
19 that California is exporting its climate benefits because
20 of problem -- likely offsets.

21 And so what are the responses and guarantees to
22 environmental justice communities that that is not the
23 trajectory that you're moving towards in 2030?

24 Next.

25 --o0o--

1 EJAC MEMBER ROSE TARUC: And so these 3
2 recommendations -- actually, could you go to the next one.

3 --o0o--

4 EJAC MEMBER ROSE TARUC: Next.

5 --o0o--

6 EJAC MEMBER ROSE TARUC: So we want to see you
7 report on localized emissions trends. You had passed an
8 adaptive management program from the Board. And it's as
9 old as 2011. You have not approved an adaptive management
10 plan to study the emissions trends happening in
11 communities. And while you convened a work group in the
12 last year or two, you have -- there's not an approved plan
13 of how you're going to go about adaptive management to --
14 if you see these localized emission trends in
15 environmental justice communities that you would do
16 something about it. We have not seen studies. And I
17 doubt that you have been presented those trend reports.

18 And so it was stunning that at our last month's
19 meeting when we asked staff, you know, where are the --
20 emissions reports that are local to communities, and
21 they're like what do you mean?

22 And so I think it was like -- like, did we not
23 have this discussion for 2 years about us wanting to see
24 emissions data that's localized, because all the emissions
25 data that you see in the scoping plan, as it's presented

1 Cap-and-Trade Program. Do that, so this chart is from the
2 Legislative Analyst's Office that just came out yesterday
3 or the day before. So -- but folks in the legislature
4 have also been talking about this. And we want to raise
5 that as an environmental justice concern that we want to
6 see how exactly you're going to meet the 2030 targets with
7 these issues that are raised.

8 Next. Oh actually go back.

9 Go back, back, back.

10 Okay. And then the last of the 5 -- not last,
11 but not least, we want to see prioritized direct emissions
12 reductions. And AB 197, we are so excited when Assembly
13 Member Garcia authored that bill, and we saw it through
14 the legislature, and passed, and signed, and handed over
15 to ARB.

16 What we didn't see and hear at the discussion
17 with the staff last month is how they were actually
18 prioritizing direct emissions reductions with the
19 prescriptive measures that are now in the scoping plan.

20 It was -- we asked how AB 197 is coordinated with
21 AB 398 and AB 617. And we -- it was unclear how that was
22 going to happen. Just because AB 398 passed doesn't mean
23 that AB 197 disappeared. And even though, there
24 are -- there are studies, multiple studies that are cited
25 in the scoping plan, it doesn't say how the staff in this

1 proposal prioritized direct emissions reductions in coming
2 up with a suite of measures to achieve the 2030 targets.

3 If you can -- next slide.

4 --o0o--

5 EJAC MEMBER ROSE TARUC: So this was a -- this
6 was -- these were the suite of prescriptive measures that
7 could have been used. This was in the -- I think the
8 January draft or the draft before -- one of the previous
9 drafts of the scoping plan. And there were all these
10 options for prescriptive measures that could have been
11 included in the current scoping plan, things like the 2
12 and a half times energy efficiency, or where are
13 the -- where's 25 percent industry or 25 percent reduction
14 from oil and gas. That did not make it into the current
15 proposal that staff has given you.

16 And so we want to know how staff used the
17 information that they generated from 197, including this
18 chart, how you are prioritizing direct emissions
19 reductions when 38 percent of the scoping plan is reliant
20 on cap and trade?

21 And so with that, last slide, please.

22 --o0o--

23 EJAC MEMBER ROSE TARUC: Oh. To close, I've been
24 really proud of all the members of the EJAC that met for 2
25 years, and met with your staff. We did see progress in

1 environmental justice in the discussions that we have had.
2 And one of the things that we do look forward to is that
3 in the environmental justice section of the scoping plan,
4 it talks about your environmental justice officer and the
5 team, working on an environmental justice strategic plan.

6 And I think that continue -- that is hopeful, in
7 that you are cont -- dedicated -- committed to continuing
8 engagement with the environmental justice community.

9 I want to highlight that in the many pages of
10 recommendations from the EJAC, the 5 approaches that we
11 wanted to see you continue to use as you implement the
12 scoping plan is that there is a partnership with
13 environmental justice communities, that in moving towards
14 equity that you are doing equity analysis of the whole
15 plan, the different parts of that, and implementation,
16 that there is coordination with the environmental justice
17 community and among agencies. And we're seeing definitely
18 a good progress on that, as we've seen with the different
19 presentations from the other agencies.

20 We want to see economic opportunity, be part of
21 the discussion of our climate plans and implementation,
22 because one of the things that the extractive economy has
23 caused a problem with is that a lot of our folks are
24 working in the fields as fires are burning. And we really
25 need to figure out how new jobs opportunities and safer

1 job opportunities can come to them.

2 And then lastly, a long-term vision that the
3 climate programs that you commit to now are not -- are
4 going to get us past the 2030, past the 2050 goal and not
5 commit us to certain technologies or measures or programs
6 that would continue to keep us hooked on fossil fuels.
7 And so that's what the long-term vision is that the EJAC
8 has talked about.

9 So thank you.

10 CHAIR NICHOLS: Thank you for that presentation.
11 It was very concise, and I think presented a full picture
12 of the discussion. So that gives us a good basis to move
13 forward into the afternoon session.

14 So we will take a break and we will resume at
15 1:00 o'clock, or as close thereto as we can possibly
16 manage to give everybody a chance to talk. So thank you
17 all and we'll see you in about a half an hour.

18 (Off record: 12:27 p.m.)

19 (Thereupon a lunch break was taken.)

20

21

22

23

24

25

1 A F T E R N O O N S E S S I O N

2 (On record: 1:02 p.m.)

3 CHAIR NICHOLS: All right, ladies and gentlemen.
4 We are ready to resume. I want it to be noted for the
5 record that the Board was actually here at 1:00 o'clock,
6 as we said.

7 BOARD MEMBER RIORDAN: Good for us.

8 CHAIR NICHOLS: I'm not sure where most of our
9 witnesses are, but I assume they'll be joining us soon.

10 VICE CHAIR BERG: They didn't believe us.

11 CHAIR NICHOLS: They didn't believe us. See, we
12 showed them.

13 And if we miss anybody, we'll let them testify
14 anyway, even if they Missed their turn. If we are ready
15 to begin, which it looks like we, is Henry Hilken here?

16 Yes, there you are. Excellent.

17 BOARD MEMBER GIOIA: Some of us are here for you,
18 Henry, waiting patiently.

19 CHAIR NICHOLS: My Vice Chair is starting to give
20 time away.

21 (Laughter.)

22 CHAIR NICHOLS: We are going to try to keep to a
23 2-minute limit, please. Thanks.

24 MR. HILKEN: Fair enough. I can do that.

25 Good afternoon, Chair Nichols, members of the

1 Board. Henry Hilken. I'm the director of planning at the
2 Bay Area Air Quality Management District. And I'm here
3 essentially to express our strong support for the scoping
4 update before you today. California leadership is needed
5 on climate protection more than ever these days. And so
6 today CARB has once again stepped up to the plate and
7 developed a very ambitious, but technically feasible, plan
8 to continue to make deep greenhouse gas reductions and
9 help us on our path to long-range climate stabilization.

10 We, last October -- excuse me, last April, the
11 Bay Area Air District board of directors adopted our 2017
12 clean air plan, Spare the Air, Cool the Climate. And the
13 clean air plan includes a climate protection strategy for
14 the Bay Area. It reflects the same long range 2030 and
15 2050 goals that the scoping plan is framed around. And
16 there are many, many parallels in the respective control
17 strategies. I won't go through them. I think you're
18 probably aware of them.

19 But I will just -- picking up on the conversation
20 you had this morning on your previous item in the
21 transportation sector, I just want to echo many of the
22 comments that were made about reducing vehicle use. We in
23 the Bay Area are certainly very, very strong believes in
24 electric vehicles and alternative fuels. We, every year,
25 commit many millions of incentive dollars to support

1 electric vehicles, EV charging. It's vitally important
2 for our long-range climate strategies.

3 However, reducing vehicle use and vehicle miles
4 traveled is every bit as important. EV technology is
5 necessary, but not sufficient. So I just want to echo the
6 comments that were made this morning about how important
7 it is to increase transit funding and policy to support
8 transit and active transportation.

9 Our clean air plan is a multi-pollutant plan,
10 because we thought -- and our board was very strong on
11 this, they thought it was important to integrate our
12 climate strategies with our air pollution and health
13 strategies.

14 An indeed, I think that's really one of the
15 noteworthy -- I'll wrap up in just a moment Madam Chair.
16 It's one of the noteworthy elements of the scoping plan.
17 You're to be commended on it. It's something we've worked
18 with you -- with you for many years. We'll continue to do
19 that.

20 So in closing, Madam Chair, we support the plan,
21 commend your leadership, and look forward to working with
22 you in the years ahead.

23 CHAIR NICHOLS: Thank you very much. Thanks for
24 being here.

25 Is Randal Friedman here?

1 Not yet.

2 Shelly Sullivan.

3 MS. SULLIVAN: Good afternoon, Madam, Board, and
4 staff and Board. Madam Chair and Board, I apologize for
5 my hoarse voice, so I'm going to be very, very quick
6 today.

7 I'm here representing the Climate Change Policy
8 Coalition, and we represent housing and businesses and
9 taxpayer organizations from throughout the State. We want
10 to support the ARB staff recommendations to the 2017
11 Climate Change Scoping Plan update. And we look forward
12 to providing additional comments, and working with the ARB
13 staff into 2018.

14 So thank you very much.

15 CHAIR NICHOLS: Thank you. That's a brave effort
16 there.

17 (Laughter.)

18 CHAIR NICHOLS: Sam Bayless. Hi.

19 MR. BAYLESS: Good afternoon. I want to thank
20 CARB Board members and staff for the opportunity to speak
21 on this matter. My name is Sam Bayless. I'm on behalf of
22 CIOMA, the California Independent Oil Marketers. We
23 represent about 300 members, including 90 percent of the
24 independent petroleum marketers in the State.

25 The fuel supply chain is rather complicated, and

1 often confused or unknown. I'd like to emphasize that
2 CIOMA members should not be confused with refiners that
3 manufacture petroleum products for the west.

4 CIOMA members are in the service business to meet
5 market demand through providing services to procure,
6 transport, and retail sell fuel of all kinds, including
7 biofuels and alternative fuels.

8 Although CARB's vision for the future relies
9 heavily on electric vehicles, it has not yet been proven
10 to be feasible, particularly for heavy-duty vehicles that
11 rely on diesel, including renewable and biofuels.

12 Many CIOMA businesses lead the charge for
13 responsible bio and renewable fuels and do their part to
14 reduce the carbon footprint of Californians. In fact, a
15 CIOMA member was the first to bring biofuels into State.

16 We hope to see a greater focus on creating an
17 environment that encourages the growth and development, as
18 well as the ease of storage and access -- excuse me -- of
19 these sustainable fuels. It is not enough to look at 2030
20 and beyond when CARB seeks heavy emission reductions in
21 the immediate future.

22 Thank you very much. Have a good day.

23 CHAIR NICHOLS: Thank you.

24 Mark Sedlacek, there you are.

25 MR. SEDLACEK: Good afternoon. My name is Mark

1 Sedlacek with Los Angeles Department of Water and Power.
2 And LADWP supports the Air Resources Board 2017 scoping
3 plan update. The rest of the state we've been undergoing
4 a trend -- a transformation of our electricity supply. As
5 of 2016, we're at 29 percent renewables, and cap and trade
6 has been a critical part of that program.

7 We've been able to manage our investments more
8 into compliance, and actually result in real reductions
9 for our system. In 2016, we achieved a milestone when our
10 emissions of from our electrogenerating sources were 42
11 percent below our 1990 emissions.

12 And a bigger part, since cap and trade has gone
13 in place, we've reduced our emissions on an annual basis
14 from 2013 to 2016 by 4 million metrics tons. And really a
15 lot a part of this is because of cap and trade. Without
16 it, I don't think we would have gotten the numbers that
17 we've seen so far.

18 And really, the two big things we've done since
19 then is because of cap-and-trade, we will divest of Navajo
20 generating station earlier than expected. And we added a
21 carbon adder into our dispatch of units. And that's
22 actually resulted in the reduction of coal utilization.

23 So, in closing, we just want to indicate we fully
24 support this program and look forward to working with the
25 Air Resources Board in the future.

1 CHAIR NICHOLS: Thank you. Thanks for the
2 tremendous progress that DWP has made as well.

3 MR. SEDLACEK: Thank you.

4 CHAIR NICHOLS: CALSTART Brian Schuchard.

5 MR. SCHUCHARD: Good after -- excuse me, good
6 afternoon, Chair Nichols and members of the Board. My
7 name is Ryan Schuchard with CALSTART. We've been involved
8 throughout this process, so I'll try to be brief and just
9 make three comments. First, overall take on the scoping
10 plan, we support it. We think that staff has done the
11 right thing in being relentless in focusing on clean
12 transportation, and putting it among the center of the
13 scoping plan.

14 In general, staff has had their -- always had
15 their door open to ours and other comments. And they've
16 had to marry a lot of competing objectives and we think
17 that they've done a really good job.

18 Second, just a word about jobs. Some say that
19 California is a hard place to do business. We have around
20 20,000 jobs that are directly in clean transportation
21 today. A lot of that is because of the work of the
22 scoping plan to date and related policies and programs.
23 We feel that if the scoping plan is adopted, there's a
24 good chance that we'll double those jobs by the 2025 to
25 '27 range. And we'll show that the -- oh, and the bulk of

1 those will be in manufacturing, so -- and we'll show that
2 California is, in fact, the place to do manufacturing
3 clean transportation.

4 And the final thing is just a note on the low
5 carbon fuel standard. Excuse me, CALSTART continues to be
6 a vocal supporter of the LCFS. It's a great program,
7 because it's inclusive, open to all technologies. And
8 although it is source agnostic, it is enabling California
9 fleets to do the investments that are bringing
10 manufacturers to this state. And we'll continue to work
11 with GO-Biz and others to make that be a reality.

12 So thanks again. Congratulations on being just
13 near the finish line.

14 CHAIR NICHOLS: Thank you.

15 Carolina Martinez. Carolina, I should say.

16 Okay.

17 MS. CAROLINA MARTINEZ: Hi. My name is Carolina
18 Martinez with the Environmental Health Coalition. And I'm
19 here bringing a video from community members that couldn't
20 attend. I wanted to make sure their voice was being
21 heard.

22 Thank you.

23 (Thereupon a video was played.)

24 CHAIR NICHOLS: Thank you.

25 THE INTERPRETER: For the spanish speakers

1 basically what they said is that there are a lot of buses.
2 Some of them are old. And also a lot of cars. And the
3 zero emission cars they're very expensive. And they're
4 not easy to afford. Someone said that perhaps it might be
5 a good idea to sell used or make them available. Used
6 zero emission cars for low income communities.

7 CHAIR NICHOLS: Thank you. Gary Hughes. If you
8 all could keep your eye on the and be ready when it's your
9 turn, that would be helpful.

10 Thanks

11 MR. HUGHES: I have 2 -- I have a couple slides
12 that could be shown.

13 How do I get started?

14 Okay. Great. All right. Chair Nichols, members
15 of the Board My name is Gary Hughes, and I'm the senior
16 california advocacy campaigner --

17 CHAIR NICHOLS: She was -- I thought she was part
18 of the video.

19 MR. HUGHES: -- for friends of the earth.

20 CHAIR NICHOLS: Oh, I'm sorry. Excuse me. Is
21 Ana Reynoso here and wanting to testify again? I thought
22 because she was in the video that we had heard from her.

23 MR. HUGHES: Yeah, that's why I was late is I
24 thought there was still someone.

25 MS. REYNOSO: He can before me, if he wants.

1 CHAIR NICHOLS: Well, if you want to finish up,
2 because you're with that group, why don't you just go
3 ahead and say what you were going to say, and then we'll
4 call on Gary next. Yeah, go ahead. Come on up.

5 CHAIR NICHOLS: I apologize. I didn't realize
6 that you wanted to speak again.

7 MR. REYNOSO: Okay. So my name is Ana Reynoso.
8 And I'm here on behalf of Environmental Health Coalition,
9 and the California Environmental Justice Alliance. We
10 urge the California Air Resources Board to create firm 25
11 percent transportation reduction targets and to reduce VMT
12 by 7.5 percent, so we can reach the 2030 goals.

13 The scoping plan does not show clear and specific
14 targets for both freight and non-freight vehicle
15 emissions. CARB has reported that the regional SB 375
16 targets will not fulfill the scoping plan needs.
17 Transportation is the largest source of greenhouse gas
18 emissions in California, equaling nearly 40 percent of all
19 greenhouse gas, and low income communities of color are at
20 the forefront of these impacts.

21 This extreme disparity in impacts is due in
22 significant measure to their proximity to freeways and
23 other inadequate transportation planning strategies, which
24 lead to more asthma attacks and higher rates of chronic
25 diseases. Ironically, these residents are also the most

1 frequent users of public transit.

2 The solution for these users is an efficient,
3 accessible and affordable transit system that makes it
4 possible to feed their families and to stay healthy. As
5 mentioned by Supervisor Gioia, we need aggressive targets,
6 especially within the transportation sector. Stronger
7 targets result in effective public transportation systems
8 that lead to healthy families and robust economies. We
9 need your strong leadership to address the environmental
10 injustices in our communities.

11 These can be done with a commitment to 25 percent
12 greenhouse gas reduction targets in transportation, and a
13 reduction of vehicle miles traveled by 7 and a half
14 percent at the state and regional level. We recommend ARB
15 holds environmental justice communities at the center of
16 the target-setting process for the scoping plan. When
17 environmental justice communities benefit, everyone
18 benefits.

19 Thank you.

20 CHAIR NICHOLS: Thank you. Okay. Now, Mr.
21 Hughes.

22 MR. HUGHES: All right. Thank you, Chair.
23 Members of the Board, my name is Gary Hughes and I'm the
24 senior California advocacy campaigner with Friends of the
25 Earth U.S.

1 I submitted 2 reports for the clerk to distribute
2 to Board members. These reports challenge assumptions
3 about the effectiveness, the equity, the mortality, and
4 the ethics of reliance on carbon pricing and pollution
5 trading for climate policy. One report is from Brazil
6 written by Friends of the Earth International. It
7 explores the California-Chiapas-Acre MOU and is titled
8 *Legalizing the Mechanisms of dispossession*.

9 The other offers a critical look at carbon
10 pricing and discusses how communities can continue to
11 build solidarity against the threat of linking global
12 carbon markets.

13 One of the biggest take-homes from these reports
14 and from looking closely at the case study of California
15 is that carbon markets are a cover for continuing with
16 business as usual.

17 One of the best ways to understand point is to
18 identify the places that are at risk due to the
19 business-as-usual cover of California's carbon market.
20 The Alaskan Arctic is at risk. The tax reform bill on the
21 way to being passed by the U.S. Congress includes opening
22 of the irreplaceable Arctic National Wildlife Refuge to
23 oil drilling. About one half of the crude oil that comes
24 out of the pipeline in Valdez comes to California
25 refineries, where it is then regulated under the

1 Cap-and-Trade Program.

2 Let us be clear, there is nothing that would ever
3 qualify as climate action from refining even one drop of
4 oil from ANWR in California's refineries underneath cap
5 and trade.

6 Though increased production of Alaskan North
7 Slope crude could change the trend. Let's also notice
8 that 2016 was the first year that more crude from Ecuador,
9 namely the Amazon of Ecuador, was refined in California
10 than was crude from Alaska. One in 10 barrels of oil
11 refined in California in 2016 came from the Amazon
12 rainforest.

13 Note that oil extraction is one of the major
14 drivers Of tropical deforestation, a reality totally
15 ignored by the scoping plan update.

16 There will never be anything climate friendly
17 about the deforestation resulting from oil extraction in
18 the Amazon, even when the oil is refined under the
19 Cap-and-Trade Program.

20 CHAIR NICHOLS: Thank you. And we do have your
21 reports also.

22 MS. ALI: Good afternoon, Chair Nichols and
23 members of the Board. Fariya Ali on behalf of PG&E.

24 A long time ago in a workshop that took place not
25 that far away, the scoping plan update process began. And

1 the plan before you today reflects robust stakeholder
2 feedback and numerous revisions throughout that lengthy
3 possess. We believe that it charts a plausible path to
4 our very ambitious climate goals, and we strongly support
5 it.

6 Cap and trade is a critical part of that plan,
7 and there is a separate proceeding through the AB 398
8 amendment process to continue to discuss some of the
9 topics that others have raised regarding that program.
10 And as well for some of the other issues that folks have
11 raised, there are other venues to continue to look at
12 those.

13 This scoping plan is not a regulation. It is a
14 plan, and we should move forward with its implementation.

15 As California's climate policies continue to
16 advance and change, so the plan will be updated again.
17 For now, this version of the plan is ready, it provides an
18 accurate and insightful snapshot of California's climate
19 policies and their costs, and so it should be adopted
20 today.

21 Thank you, and may the force be with you.

22 (Laughter.)

23 CHAIR NICHOLS: Great.

24 MR. COSTANTINO: Hello. Jon Costantino. I don't
25 know how I follow that. But here on behalf of SCPPA,

1 its --

2 CHAIR NICHOLS: You could quote from Wonder Woman
3 maybe.

4 (Laughter.)

5 MR. COSTANTINO: -- its member utilities, and its
6 million of ratepayers. We wanted to just officially be on
7 the record to say that we thank staff for their hard work,
8 the two plus years that it took to get here, the numerous
9 changes, and that we support the cap-and-trade provisions
10 in the scoping plan, and that the market-based mechanisms
11 are an efficient way to go.

12 So thank you.

13 CHAIR NICHOLS: Thank you.

14 MS. GIBSON: Good afternoon, Chair Nichols and
15 Board members. My name is Jamesine Rogers Gibson. And
16 I'm the senior analyst with the Union of Concerned
17 Scientists. On behalf of our 86,000 supporters in
18 California, I thank you for your continued climate
19 leadership over the past decade. The 2017 Climate Change
20 Scoping Plan builds upon this success. And we thank you
21 and your staff for your work to develop this plan.

22 I'd also like to take an opportunity to thank the
23 EJAC for their presentation, and their efforts to
24 highlight communities' needs and concerns throughout
25 development of the plan. We generally support their final

1 top recommendations.

2 Overall, we support the plan. We do think there
3 are a few places where it could be strengthened to ensure
4 that we are able to achieve the SB 32 greenhouse gas
5 limit. The first is natural gas use in buildings which
6 represents more than 5 percent of the state's carbon
7 emissions. Switching to renewable electricity to heat and
8 cool air and water in residential and commercial buildings
9 is a critical and feasible strategy to reduce these
10 emissions.

11 The plan should identify and emphasize the
12 strategy as necessary for meeting the 2030 goal, and we
13 support the Board resolution language as a step in that
14 direction.

15 Another area is the design of cap and trade,
16 which represents a significant part of the scoping plan.
17 A recent study found that banked allowances through 2020
18 could potentially equal upwards of 30 to 40 percent of
19 emission reductions for cap and trade between 2021 to
20 2030, threatening our ability to meet the State's 2030
21 goal.

22 We recommend CARB revisit the number of future
23 allowances in the market to address this risk. My
24 colleagues Jimmy O'Dea will provide comments on the
25 transportation portion of the plan, and we've also

1 submitted additional comments to the record.

2 Once again, we thank you again for your
3 leadership on climate change and we look forward to
4 working with you and your staff to address these issues as
5 the -- I'll just finish up -- to address these issues as
6 the plan is implemented, and the regulatory processes
7 advance in order to ensure that we have an effective
8 pathway to meet 2030 goal, and California's goals of a low
9 carbon economy, health and vibrant communities, and a
10 clean environment.

11 Thanks.

12 CHAIR NICHOLS: Thank you.

13 BOARD MEMBER BALMES: So I just have to say.
14 Nice testimony Jamesine, a former student.

15 (Laughter.)

16 MR. KARRAS: Greg Karras, Communities for a
17 Better Environment. We presented written testimony. You
18 should have copies. We have a slide to present.

19 And for those of you who don't have copies,
20 cbecal.org. It's on our home page. You can see our
21 comments there.

22 Our best climate science tells us it's not too
23 late to limit cumulative emissions through 2050 to
24 societally sustainable limits, but it could be very soon.
25 This frames a crucial question about the major change from

1 the draft plan, the last draft that de-prioritizes oil
2 sector emission cuts through 2030.

3 What are the cumulative effects of that through
4 mid-century?

5 These charts show an answer. They assume all
6 non-petroleum emissions make steady progress to the
7 State's targets. They use the State's data. Note the
8 relationship between cumulative emissions in Chart A and
9 annual emission cuts needed for climate protection in
10 Chart B during the critical period through 2030.

11 As cumulative emissions approach the climate
12 limit, and the time left to meet the limit shortens, the
13 annual cuts needed to meet the limit rise nearly
14 exponentially. Starting now, we meet the limit by cutting
15 oil emissions less than 5 percent annually.

16 Starting in 2031, it gets 10 times harder,
17 requiring cuts of more than 50 percent annually and nearly
18 80 percent over only 2 years.

19 The rising curve in chart B reveals the
20 increasing difficulty environmental and social injustice,
21 stranded assets, and jobs and tax base disruptions in
22 oil-belt communities that further delay would cause. And
23 that's if we can still meet the climate limit.

24 If further delay makes that too hard, the
25 emissions above the red line in Chart A illustrate the

1 resultant climate protection failure. The environmental
2 analysis, again released less than 2 weeks ago, should
3 disclose this reasonable potential for significant
4 impacts. Identifying the problem is the first step
5 towards solving it. Solving it before further delay
6 forecloses least impact less difficult solutions should be
7 the priority.

8 Thank you.

9 CHAIR NICHOLS: Thank you.

10 MR. JEREMY SMITH: Good afternoon, Madam Chair,
11 members of the Board, and staff. My name is Jeremy Smith.
12 I'm here on behalf of the State Building and Construction
13 Trades Council, a great council of construction unions
14 that collectively represent 400,000 construction workers
15 in California.

16 Many thousands of those work in the refineries.
17 They come in to the refineries to do heavy construction
18 work during shut downs, turnarounds, represents over a
19 5-year period millions of man hours -- that's the term --
20 millions of worker hours of work for construction workers
21 in California.

22 We'd like to thank you for removing the refinery
23 measure from the scoping plan. It's going to go a long
24 way towards ensuring that that work will continue. Those
25 workers are highly skilled workers, and do a lot of work

1 in the refinery to make them more efficient, which we
2 believe helps overall. And it's just important to
3 remember the economic realities that go into what you
4 discuss here in terms of jobs. Removing that measure
5 does -- is going to help ensure that construction workers
6 do continue to have work in the refineries.

7 We appreciate that. Thank you.

8 CHAIR NICHOLS: Thank you.

9 MR. MAGAVERN: Bill Magavern with the Coalition
10 for Clean Air. There are 4 reasons why you should
11 prioritize direct emission reductions over trading and
12 offsets.

13 First, those direct measures are ones that have
14 proven to be effective in reducing emissions. Second,
15 they also very often will reduce air pollution, in
16 addition to greenhouse gas emissions. Third, they avoid
17 the hot spots and environmental justice problems that are
18 sometimes caused by trading and by offsets. And fourth,
19 the law says that you need to prioritize direct emission
20 reductions, a law authored by Assembly Member Garcia.

21 In the transportation sector, which as we noted
22 this morning, is the largest source of greenhouse gas
23 emissions and a growing source of greenhouse gas
24 emissions, there are a number of steps we need to take,
25 which are addressed in your scoping plan.

1 In the freight sector, we need to move rapidly to
2 zero emission technologies, and low carbon renewable
3 fuels. For personal transportation, as we discussed, we
4 need to make land-use changes to make transit and
5 pedestrian and biking access more available for people.
6 In fuels, we need to ramp up the Low Carbon Fuel Standard.
7 And we think we can go higher than 18 percent by 2030.

8 And, of course, we need in cars to ramp up the
9 zero-emission vehicle standard as you're planning to do,
10 and we look forward to working with you and your staff on
11 all those measures.

12 CHAIR NICHOLS: Thank you.

13 MR. GAMBOA: Good afternoon. My name is John
14 Gamboa. And I was the former founder of the Latino Issues
15 Forum and co-founder of the Greenlining Institute and I
16 was recently recruited out of retirement by some of our --
17 the State's greatest civil rights heroes, if you will, and
18 champions Cruz Reynoso, Herman Gallegos, George Dean from
19 the Urban League, and others on it.

20 The recruited me to -- for us to work on a new
21 organization with one mission, and one mission was to try
22 to close the growing wealth gap in our community that
23 families of color are suffering from on it.

24 And we chose the same avenue that created the
25 great white middle class and created so much wealth in our

1 country and that was access to home ownership on it.

2 I was -- I have to first laud the -- this is my
3 first time in a hearing like -- in this hearing in this
4 room. And I was really impressed with the quality of the
5 presentations and the work that your staff has done.
6 However, there is one area that I think you have created a
7 new redlining on that, and that was access to affordable
8 housing, the avenues that would let our community be able
9 to buy homes and create the wealth that they would start
10 joining the middle class.

11 That has a huge impact -- negative impact on it.
12 When you get a -- you own a home, and you get into middle
13 class, your children stay in school a little longer. They
14 stay in school a little longer, they get a better job,
15 they earn more, and their children then go to college, and
16 that wealth starts accumulating in the community.

17 From 1930 to 1970, our community was red lined by
18 all the government housing projects. 1970, we started
19 closing the gap because the civil right laws and
20 anti-discrimination on it. We are doing really in closing
21 the gap in wealth and in home ownership until 2008. The
22 Great Recession disproportionately affected our community.
23 And we lost in 3 years what took 30 years of wealth to
24 accumulate.

25 We're now starting to close that gap again. And

1 the -- that part of the scoping plan that you have is
2 going to put us back again. It's a new form of redlining.

3 We ask you to take -- think back -- go back and
4 look at what is the impact of some of these things that
5 are going to do on poor people, and in particular access
6 to home ownership.

7 Thank you.

8 CHAIR NICHOLS: Thank you, Mr. Gamboa. And we do
9 have your written testimony also.

10 MS. HERNANDEZ: Thank you, Madam Chair. I'm
11 Jennifer Hernandez. I have the privilege of working with
12 Mr. Gamboa and with the other civil rights leaders in the
13 group -- the 200. We did submit a comment letter
14 yesterday, and noted that staff had responded to it in
15 this morning's package.

16 The pieces of the scoping plan that we wanted to
17 particularly ask that you delete, because they worsen the
18 housing crisis and worsen poverty, and disproportionately
19 impact working families of color are the CEQA expansions.

20 You have recommended a net zero threshold for
21 projects. The only thing that applies to is new projects,
22 new housing. I quote in the letter the findings of
23 actually the San Francisco Chronicle, although they're
24 repeated in lots of different studies, to build housing at
25 the Oakland Coliseum Station right now, which everyone

1 thinks is a pretty great location, housing costs would
2 result in -- for a 1000-foot apartment rents of \$4,500 a
3 month.

4 When you match that to the income needed to
5 qualify to pay that kind of rent, you need a household of
6 \$170,000. Average income in Alameda County is less than
7 \$80,000. Why is this such a big issue?

8 Because CEQA, the top target of CEQA statewide in
9 two studies is infill housing. In the most recent study
10 we did, this was of all CEQA lawsuits filed statewide, 100
11 percent of housing projects in the Bay Area were in infill
12 locations. Ninety-eight percent of targeted housing
13 projects in the South Coast region were in infill
14 locations.

15 In the SCAG region, we mapped 70 percent of the
16 challenged housing units, 14,000 housing units challenged
17 in 3 years under CEQA, 70 percent of those were within one
18 half mile of transit.

19 CHAIR NICHOLS: Finish you sentence.

20 MS. HERNANDEZ: Environmental justice
21 community -- I just want to make one last point. The
22 environmental justice community, EJ maps, guess what?
23 Seventy-eight percent of the housing units challenged in
24 the South Coast region were in whiter, wealthier,
25 healthier parts of that region.

1 CEQA is used as a tool to keep poor people out of
2 the affordable housing in wealthy neighborhoods. You
3 should not recommend zero threshold, expand numeric
4 criteria for climate action plans, which is a pathway
5 through CEQA. You should not do vibrant communities and
6 invite 8 State agencies to help local governments approve
7 housing projects, my God. And you should not set VMT
8 targets.

9 I do have a question. I'm completely confused,
10 and I share the confusion of Ms. Nichols, and that is does
11 the scoping plan include a VMT target or not?

12 I heard it did. I heard it didn't. The staff
13 response is completely ambiguous. I don't know. We think
14 it does. We've challenged it as though it does. Guess
15 who's driving the farthest? People who can't afford to
16 live near their jobs.

17 Think about the social equity of a VMT fee.
18 Think about putting all of this through CEQA.

19 Thank you.

20 CHAIR NICHOLS: Thank you. I think we'll address
21 that and other questions as we do the wrap-up at the end,
22 and deal with the resolution, but appreciate you're
23 flagging it.

24 I am confused once again, because I've been
25 handed a piece of paper that doesn't seem to be

1 contiguous, but let's see where we are here.

2 EDF, Katelyn Sutter.

3 MS. ROEDNER SUTTER: Good afternoon. I'm Katelyn
4 Roedner Sutter with the Environmental Defense Fund.

5 CHAIR NICHOLS: Great.

6 MS. ROEDNER SUTTER: Thank you very much for the
7 opportunity to provide some quick comments. And I would
8 also like to thank the staff for their years of work on
9 this scoping plan.

10 EDF supports adoption of the scoping plan today.
11 We look forward to continue to work with staff and the
12 Board as they implement the extension of the Cap-and-Trade
13 Program beyond 2020, so it can continue acting as the
14 State's insurance policy to keep us on track to meet our
15 ambitious climate targets.

16 There are many important issues to consider,
17 including setting a price ceiling that is sufficiently
18 high to ensure the environmental integrity of the program,
19 and whether there is a chance to increase ambition by
20 lowering the annual allowance budgets between 2021 and
21 2030.

22 I'd also like to thank the Environmental Justice
23 Advisory Committee leadership for their presentation and
24 their written priority recommendations. We agree that a
25 more robust health analysis would be helpful to ensure we

1 are addressing disproportionate environmental burdens in
2 low income neighborhoods and communities of color.

3 And we also support the recommendation that the
4 adaptive management plan be finalized and implemented, and
5 agree that the transportation sector should be a key focus
6 of reduction efforts in order to benefit both resident's
7 health and the climate.

8 We've also heard some discussion today and
9 elsewhere about the implications of having California's
10 emissions significantly below the cap. EDF does not see
11 this as a threat, but as a sure sign of success. It's
12 also an opportunity that gives Californian the option to
13 cut emissions even more by trimming the overall number of
14 allowances it makes available in the coming years as the
15 State charts a path to an ambitious 2030 climate target.

16 So again, I'd like to thank all of the staff who
17 have put countless hours into the scoping plan and voice
18 EDF's support for the final product.

19 Thank you very much.

20 CHAIR NICHOLS: Thanks.

21 Deanna Martinez.

22 MS. DEANNA MARTINEZ: Good afternoon. My name is
23 Deanna Martinez. I actually work for Shell Oil.

24 CHAIR NICHOLS: Oh. Okay.

25 MS. DEANNA MARTINEZ: I work for Shell Oil in

1 Martinez as a Refinery Safety Leader. I'm here speaking
2 on behalf of myself and all my co-workers that were not
3 able to make it. I'd like to thank you for all your
4 efforts in the scoping plan, and thank you for removing
5 the refinery measures. I'd like to tell you a little bit
6 about myself. I'm a third generation -- or a third
7 generation refinery worker. I actually have 4
8 generations. My children actually work in the refinery.

9 This is how I provided for my children, my father
10 provided for me, my grandfather has provided for my
11 father. It's not just a job for me, it's a living. And I
12 enjoy what I do.

13 Sorry.

14 I'm one of nearly thousands of people who work in
15 the refinery, whose priorities are people and planet.
16 It's important to me, and my opinion matters in my job.

17 Thank you.

18 CHAIR NICHOLS: Thank you.

19 Brenda --

20 MS. KUEHNLE: I won't make you try to pronounce
21 that. I'm Brenda Kuehnle, and I work for Chevron. And I
22 just wanted to share a little bit. Refiner -- I'm a
23 strategic planner at Chevron. So, you know, I, like you,
24 look out to 2030 and say where are we going to be, what
25 are we going to do?

1 Refineries are critical facilities that fuel
2 plains, trains, and provide necessary services for -- or
3 equipment -- the plastics that make our electric cars.
4 They also fuel our economy. Oil and gas industry and
5 businesses compete -- contribute more than \$8 billion to
6 the local, State, and federal taxes, which help provide
7 goods and services for a lot of people, not just the
8 wealthy, but the poor as well.

9 The greenhouse gas regulation is a global
10 issue -- is a global issue. It's a global pollutant, not
11 a local pollutant. So it's critical that the work that we
12 do here in California affect the globe, not just
13 California, because to the extent that we push the
14 emissions somewhere else, the global emissions haven't
15 changed, and we could hurt the global environment, and
16 hurt global warming.

17 So we support -- I support the cap and trade
18 under the current scoping plan, because this will be good
19 for business, help to promote the living wage jobs that
20 are provided by refineries and the oil and gas industry,
21 and also help meet achievable greenhouse gas goals that
22 will reduce leakage into other states and other countries.

23 Thank you.

24 CHAIR NICHOLS: Thank you.

25 Mr. Yang.

1 MR. YANG: Good afternoon, Board members. My
2 name is Steven Yang. I'm an environmental team lead at
3 the Chevron Richmond Refinery and have been responsible
4 for various areas of environmental compliance for more
5 than 10 years.

6 While your role is to adopt sound policies and
7 regulations, my role is to bring them into effect at our
8 facility. In my years of experience, I have seen
9 regulations that are smart, based on science, and at the
10 same time realistic and effective. I feel good about
11 implementing those, because the impact is appropriate for
12 the time and resources I would be asking of my colleagues.

13 I have also seen regulations that are draconian,
14 unrealistic, or have an insignificant impact on the
15 program. These are the worst to implement, because the
16 problem largely remains, and I would have required my
17 colleagues to spend time and resources that could have
18 otherwise been better spent maintaining equipment,
19 operating efficiently and safely, or streamlining
20 compliance with other regulations.

21 In light of this, I wanted to extend my support
22 for the proposed scoping plan. The latest changes
23 acknowledge several key facts about climate change.
24 Climate change is the result of total worldwide greenhouse
25 gases.

1 Climate change is blind to the source of the
2 greenhouse gases. Climate change is only meaningfully
3 mitigated by net reductions in worldwide greenhouse gases.

4 As a result, the scoping plan before you now lays
5 a framework to attain State greenhouse gas goals in a more
6 cost effective way.

7 Thank you for the opportunity to comment.

8 CHAIR NICHOLS: Ms. Carter.

9 MS. CARTER: Hello. Good afternoon, Board
10 members, Madam Chair. I am Akeele Carter and I am the
11 local hire coordinator for the modernization project at
12 the Chevron Richmond Refinery. The project is also
13 referred to as the Renewal Project.

14 I am 2 of 4 generations that grew up in the City
15 of Richmond. And I must say we're all healthy, we're all
16 happy, and we're all thriving in Richmond, the City of
17 Pride and Purpose.

18 The Renewal Project is not only ensuring a newer,
19 safer, and cleaner refinery that is better for my
20 community, this project has also created over 2,000 jobs
21 within a 2-year time frame, which has caused a significant
22 improvement to the quality of life for myself, my family,
23 my community, and the northern region as a whole.
24 Clearly, a huge investment in environmental standards, and
25 most of all human energy.

1 Thank you to your staff for your work on this
2 effort, revised draft -- a revised draft scoping plan.
3 And we support the removal of the refinery measure from
4 the current draft.

5 Thank you.

6 Ms. Immel.

7 Oh, I'm sorry, Mr. Wunder. Excuse me.

8 MR. WUNDER: Chair Nichols, members of the Board.
9 Thank you for your time today. My name is Andy Wunder.
10 I'm a manager of policy and partnerships in Ceres'
11 California Office.

12 Ceres is a non-profit advocating for
13 sustainability leadership and we mobilize a network of 44
14 leading companies, including a number based in California.
15 This network is called BICEP. I'm here on behalf of BICEP
16 to commend ARB staff on developing a scoping plan that
17 outlines a coherent policy path forward to achieving
18 California's greenhouse gas goals.

19 In particular, BICEP supports inclusion of a
20 post-2020 Cap-and-Trade Program. However, while we
21 support adoption of the scoping plan in a timely manner,
22 we believe it should be strengthened with more ambitious
23 commitments.

24 We understand that upcoming regulatory
25 proceedings will be the primary venue for addressing these

1 issues. However, the scoping plan is the State's primary
2 climate program planning tool, and ARB must fully leverage
3 this document to chart and adequate course to achieving
4 our goals. Placing a strong stake in the ground is
5 critical.

6 I will begin by making a few comments on areas
7 we'd like to see improvements. Cap and trade allowance
8 prices have remained low, and this may result in an
9 oversupply of allowances in a post-2020 program. We
10 believe that the scoping plan should commit the State to
11 investigating and addressing this potential oversupply.

12 In transportation, the scoping plan should commit
13 to pursuing a post-2025 Advanced Clean Cars program that
14 calls for increasingly stringent greenhouse gas emission
15 standards, and commits to emphasizing an emphasis --
16 increasing emphasis on the ZEV Program.

17 The scoping plan must also commit to
18 strengthening the ZEV program compliance structure
19 post-2025. BICEP is very supportive of an extension of
20 Low Carbon Fuel Standard. However, we believe the 18
21 percent CI goal relies on overly pessimistic fuel supply
22 assumptions. And the scoping plan should reflect the
23 potential for a stronger CI goal in a future rulemaking
24 proceeding.

25 BICEP also believes the scoping plan should

1 commit staff to identify strategies to minimize emissions
2 from autonomous vehicles. And finally, the scoping plan
3 should commit the State to additional analysis to
4 determine a more ambitious target date for 100 percent ZEV
5 sales.

6 In conclusion, we support the scoping plan --
7 adoption of the scoping plan in a timely manner and ask
8 ARB to include these strengthened amendments. At a
9 minimum, the Board should direct staff to further analyze
10 these proposed commitments and report back to the Board
11 with a proposed path forward by a date certain.

12 Thank you for your time.

13 CHAIR NICHOLS: Great.

14 Ms. Immel.

15 MS. IMMEL: Good afternoon, Madam Chair, members.
16 Excuse me. Melissa Immel with Shaw/Yoder/Antwih here on
17 behalf of the Solid Waste Association. Thank you for the
18 opportunity to comment today. In looking at the waste
19 management portion of the scoping plan update, we'd like
20 to thank you for the emphasis on source reduction. We
21 would also like to see an increase in ongoing focus on
22 extended producer responsibility policies, particularly
23 for materials that are difficult, costly, and sometimes
24 dangerous to manage in the waste stream.

25 As the State moves towards its ambitious goals,

1 such as the 75 percent diversion goal and the organics
2 recycling goals identified in AB 1826 and SB 1383, we'd
3 urge a strong focus on market development and a
4 sustainable funding source for infrastructure expansion.

5 We're pleased to see the inclusion of the State's
6 recycled content product procurement program as one method
7 of supporting market development. And we'd like to see
8 those standards go further. In light of the recent
9 announcement from China that they will no longer accept
10 many of our recyclables, we need to have conversations
11 about the significant forthcoming impacts and what the
12 will mean for waste management facilities throughout the
13 State if there's nowhere to send their recyclable
14 materials.

15 I recognize that much of this falls under
16 CalRecycle's jurisdiction, but in light of your
17 collaboration with CalRecycle on these policies, I'm
18 raising them here today. So thank you so much, and we
19 look forward to continuing these discussions in the coming
20 months.

21 MR. DOUGLAS: Thank you. Chair Nichols, Vice
22 Chair Berg, Members of the Board. I'm Steve Douglas with
23 the Alliance of Automobile Manufacturers representing 12
24 of the world's leading cars companies. And we appreciate
25 the staff's work on this and their willingness to engage

1 with all the stakeholders and specifically the mobile
2 source strategy document that was -- it was published last
3 year.

4 I'd just like to point out that the scoping plan,
5 the strategy document is important, but it's not a
6 roadmap. It's not a starting point. It's a -- it's a
7 top-down analysis, where you start with the answer and
8 then you work your way backwards. The standards, the
9 regulations that ARB sets are based on a bottom-up
10 analysis, where you start with where we are today or at
11 some point in the future, and you build up requirements
12 based on what's cost effective, technically feasible,
13 taking into consideration the likely technology
14 advancements, cost reductions, consumer acceptance.

15 And that's the way that the regulations are
16 built. That's the way that ARB will adopt the standards
17 for '26 through '34 for -- for vehicles. And that's what
18 ARB's reputation is built on, a solid bottom-up analysis.

19 So just to be clear, when they -- there's talk in
20 the scoping plan about 4.2 million ZEVs in 2030. That's
21 not the staff's conclusions of what's technically
22 feasible, what's cost effective. Instead, it just means
23 that if the cars -- companies deliver the vehicles, if the
24 State delivers on the complementary measures on
25 incentives, infrastructure, low price, fuel, and the

1 customers respond based on that and buy 4 and a half
2 million vehicles, then the State would meet its 2030
3 goals. So that's -- just to put a little perspective in
4 it.

5 Thank you for your time.

6 MR. PIMENTEL: Madam Chair and Board members,
7 Michael Pimentel with the California Transit Association.
8 As you know we represent 80 transit operators in the
9 State, about 200 members in all representing things like
10 bus and rail car manufacturers.

11 So I'm here today to express that we are
12 generally in support of this scoping plan. We've weighed
13 in with comments over the various comment periods. But I
14 would like to draw your attention to a few of our concerns
15 that I think warrant further discussion. It may not be
16 properly for this scoping plan, but certainly as staff
17 preps for the next one, and measures are developed to
18 fulfill the goals of the scoping plan.

19 So first, at our urging, previous versions of the
20 plan had included language suggesting that ARB would take
21 an active role in pursuing measures to stabilize
22 transportation funding. That language has been removed
23 from this final plan. And it's my guess that the removal
24 was due to the passage of SB 1.

25 While we're grateful for the passage of that

1 bill, I think it needs to be said that California public
2 transit agencies face a backlog of about \$50 billion just
3 to bring us into a state of good repair.

4 By contrast SB 1 will provide just \$7 billion.
5 So while it's a good investment, it's just an initial step
6 toward where we need to be. And as we -- as we speak, SB
7 1 is threatened to be repealed. And so that I think needs
8 to be put on everyone's radar is something that could
9 ultimately undermine the goals that you're looking to
10 achieve.

11 In sum, we think that the removal of this
12 language was a mistake, and suggests that public transit
13 agencies are well capitalized to undertake the State's
14 ambitious goals, when, in fact, they're not quite yet.

15 Next, I will just remark that the plan is very
16 much focused on making improvements to transportation
17 technology. There's not much discussion around actually
18 inciting mode shift. And I think that there needs to be
19 greater emphasis in increasing the frequency and
20 reliability of public transit. That takes dollars, so we
21 shouldn't be focused solely on cleaner tech.

22 Thank you.

23 CHAIR NICHOLS: Thank you.

24 MS. GOLDEN: Hi. I'm Rachel Golden with the
25 Sierra Club, speaking on behalf of more than 180,000

1 members in California.

2 We appreciate the careful work that CARB staff
3 has put into the scoping plan, and we also appreciate
4 staff and Board members willingness to meet with us to
5 address our concerns over the last several months.

6 We also thank the EJAC for their tireless work
7 and we support their recommendations.

8 Generally, the plan continues to move California
9 in a direction that will reduce greenhouse gas emissions.
10 We don't always agree with CARB or the Governor about the
11 best tools to use, but we appreciate that the scoping plan
12 lays out a range of strategies to reduce climate
13 pollution.

14 One area that we believe is unemphasized in the
15 scoping plan is the ability and the need to reduce climate
16 pollution by shifting energy sources used in buildings
17 particularly for gas appliances like water heaters and
18 furnaces.

19 Decarbonizing California's over 13 million homes
20 and buildings by cutting dependence on methane gas can
21 profoundly reduce climate pollution. We know that
22 Southern California Gas Company at regulatory filings at
23 the PUC and the CEC have used this underemphasis in the
24 draft scoping plan to argue that there is no need for
25 those agencies to pursue or support building

1 electrification.

2 State agencies must establish a comprehensive
3 plan to transition homes and buildings away from fossil
4 fuel dependence and toward electrification. While this
5 call for a plan isn't directly stated in the scoping plan,
6 we thank the staff and the Board for the resolution
7 language that encourages key agencies to evaluate and
8 pursue strategies that will ultimately increase
9 electrification across all sectors.

10 We also believe the plan overstates the role of
11 biomethane, particularly in building decarbonization. It
12 is important that going forward regulators note that once
13 biomethane is generated and injected into the pipeline,
14 that its environmental and air quality impacts parallel
15 those of traditional and conventional methane gas.

16 Leaks in this gas system can erode any climate
17 benefits associated with biomethane as a fuel. Lastly,
18 this is not the place to debate CEQA, but I just want to
19 note that CEQA is not the reason for high housing prices.
20 And in many cases, it is the reason for innovative -- that
21 innovative and -- infill provides additional housing
22 without additional pollution.

23 Thank you for your leadership.

24 CHAIR NICHOLS: Thank you.

25 MR. ADAM SMITH: Good afternoon, Chair Nichols

1 and members of the Board. My name is Adam Smith. I'm the
2 manager of climate policy with Southern California Edison.
3 The benefit of going 29th is that most people have said
4 everything, so I'll try to keep it tight.

5 Southern California Edison supports the final
6 plan and a well designed Cap-and-Trade Program to help the
7 State achieve its post-2020 climate goals. I'd echo the
8 comments of Mark from LADWP who I think was one of the
9 first speakers we had today. In our sector, in the
10 electric sector, the Cap-and-Trade Program, the instance
11 of a carbon price has dramatically changed the way we
12 dispatch electricity in this State and in the region.

13 And I would just suggest for those looking for
14 examples of how cap-and-trade has really been a game
15 changer, that's a very clear sterling one, even while
16 allowance prices are, you know, potentially rather low.

17 So with that said, I would like to hop along and
18 just point out that, you know, in the scoping plan,
19 California's electric sector, you know, it has been
20 leading the way, and it looks as though it will continue
21 leading the way in GHG emission reductions from just a
22 percentage basis.

23 If you look at the final scoping plan in many
24 instances from that percentage basis, the electric sector
25 will be further decarbonized than any of the other

1 sectors, in some instances doubling the decarbonization
2 that will be occurring in those other sectors according to
3 1990 levels.

4 And what the does -- well, it's -- you know that
5 historic effort, and like we say, we support this final
6 scoping plan. But what I think it does is it positions
7 the electric sector. And that historic helps put us in a
8 place to decarbonize other sectors. And we align
9 ourselves with the comments of Rachel.

10 Previously, I think staff included, you know, as
11 a potential additional action, a public this process to
12 establish building electrification targets. And I think
13 that that should be changed from a possible potential
14 action into something we just do in 2018.

15 You know, other areas where electrification can
16 help - of course, we've heard it from a number of folks -
17 transportation. I think that you see more and more models
18 coming online, and you see the utilities really stepping
19 up putting forward bold proposals on trying to -- you
20 know, how we can help encourage more and more folks to
21 adopt electric vehicles.

22 So with that, I'd like to say, great, great work.
23 Thank you, staff. Support the scoping plan. Thank you
24 very much.

25 MR. KENNY: Hi. Good afternoon, Chair Nichols,

1 members of the board. I am Ryan Kenny with Clean Energy.
2 We're the nation's largest provide of renewable natural
3 gas transportation fuel. And we are here to also support
4 the scoping plan as well. We have been part of the
5 process since the beginning. But I do want to make a
6 quick -- some quick comments as far as the future going
7 forward with some of the measures that are included.

8 To get -- to truly meet California's climate and
9 public health goals, we do think that there needs to be an
10 increased focused on immediate reductions and in criteria
11 air pollutants, and greenhouse gas emissions, NOx. And to
12 do so is, of course, through heavy-duty vehicles and
13 getting more low NOx trucks on the road.

14 A UC Riverside study came out last year that
15 found that not only are low-NOx engines that meet a 0.02
16 NOx standard 90 percent cleaner, but they're also actually
17 99 percent cleaner. They're basically at a zero percent
18 clean level relative to heavy-duty diesel vehicles.

19 And noticeably with the Mobile Source Strategy,
20 we're very supportive of that document. But there is a
21 pretty ambitious goal in there for 900,000 low-NOx trucks
22 powered by renewable natural gas by the year 2031.

23 And there's a gap between that goal and what's
24 actually allocated and incentivized through ARB. And, of
25 course, that's a discussion for the next agenda item. But

1 as we look at these various measures, that's one of our
2 concerns that's increasing the effectiveness of those
3 programs through low-NOx trucks.

4 I'll also note, too, that through the SB 1383
5 measure, there is very little funding for incent --
6 incentivizing in-State production of biofuels. It's been
7 in the governor's budget the last few years. We'd love to
8 see ARB actually advocate and get that -- a certain level
9 for production and infrastructure into the Governor's
10 budget for next year. And for that, thank you for your
11 time.

12 MR. MAGNANI: Good afternoon, Madam Chair and
13 members. Bruce Magnani on behalf of Gerdau Steel, U.S.
14 Borax, Rio Tinto Minerals, and California's Cement
15 Manufacturers.

16 The first thing I want to do is let you know all
17 of our clients support the draft scoping plan as being
18 presented by staff today. And we want to thank you for
19 the openness, the transparency that went into moving
20 forward with this scoping plan building on a successful
21 model.

22 With that, we look forward to working with both
23 the staff who have done, I think, a great job in
24 developing this plan and working with the Board members
25 when necessary. So thank you very much.

1 MS. VANDERWARKER: Good afternoon. Amy
2 Vanderwarker, California Environmental Justice Alliance.
3 We thank the staff and Board for their work on both the
4 scoping plan and the Board resolution. We support the
5 priority recommendations from EJAC and appreciate their
6 hard work over the past year.

7 Overall, we find that the scoping plan would
8 benefit from a more clear articulation of how it will
9 achieve the agency's mandate to ensure there are no
10 disproportionate impacts on environmental justice
11 communities when implementing climate change regulations
12 and a more clear plan for how we are achieving our 2030
13 targets in terms of actual emission reductions.

14 Implementation of Mr. Garcia's AB 197 is critical
15 to EJ communities, because it can lead directly to both
16 GHG and co-pollutant improvements, achieving the win-win
17 benefits we want and need, and our communities desperately
18 need.

19 And because -- in addition, without a clear set
20 of direct emission reduction measures as specified under
21 AB 197, it is unclear if we can actually meet our 2030
22 targets as outlined in the scoping plan. We believe that
23 AB 197 analysis in the scoping needs a more in-depth
24 approach to implementation and a clear -- more clear set
25 of next steps.

1 The list of broad programs outlined in the
2 scoping plan and outlined in the staff presentation are
3 not actually prioritized in terms of their direct emission
4 reductions, as required by AB 197. There are broad
5 programs. There's many measures within those programs
6 that should be more deeply analyzed. And there's also
7 some concerns about the underlying data.

8 For example, recent data from the California
9 Public Utilities Commission shows that as we comply with
10 SB 350 and our renewable portfolio standard co-pollutants
11 will actually increase. And that's not reflected in the
12 scoping plan analysis.

13 It's also incredibly important that CARB clarify
14 that cap and trade is not a direct emission reduction. It
15 is a trading -- it is a market-based solution. It is a
16 trading program. It is moving forward, but it is not and
17 should be not considered in compliance with AB 197.

18 And similarly AB 617, while we are excited for
19 and will be working with CARB to ensure that it does lead
20 to criteria and toxic improvements in our communities. It
21 will actually -- it is also not a direct emission
22 reduction for greenhouse gas emissions.

23 One last thing of particular importance to both
24 California EJ communities is California's overall
25 ability -- and Californians overall ability to meet our

1 greenhouse gas reduction goals is to start working towards
2 a decline in oil and gas production and extraction in our
3 State.

4 That's critical for our front-line communities as
5 Mari Rose outlined this morning, and also our ability to
6 meet and uphold our climate leadership. We hope to see
7 action from the Board on these issues today and thank you
8 for all your hard work.

9 MR. WEISKOPF: Hi. I'm David Weiskopf. I'm
10 climate policy director with Next Gen California. Thank
11 you, Chair Nichols and Board. We're speaking in support
12 of the scoping plan and offer a few friendly suggestions.

13 With regard to the Cap-and-Trade Program, as has
14 been state by others, we are, of course, asking quite a
15 lot of this program. We hope that the Board will evaluate
16 how the program will achieve these reductions and take
17 into account not just what ceiling price and the number of
18 allowances available at auction, but also how banking
19 rules and other aspects of the program will need to align
20 with the level of ambition that we are setting for the
21 Cap-and-Trade Program component of the scoping plan.

22 We'd also like to thank you for in the scoping
23 plan identifying an increase to the ambition of the Low
24 Carbon Fuel Standard. We share the views of BICEP and
25 others who have commented today. The higher levels of

1 ambition within the Low Carbon Fuel Standard are feasible
2 and available, and should be fully evaluated.

3 We'd also like to point out that the supply side
4 of the fossil fuel industry should be further evaluated.
5 Entities around the world, including major pension funds
6 and the World Bank have found that further investments in
7 fossil fuel production are no longer consistent with the
8 climate pathway consistent with the Under 2 memorandum or
9 the Paris climate agreement, the 2 degree limit on global
10 warming that we're all working to stay within.

11 We'd ask that the Board evaluate how best the
12 State of California can work to align its fossil fuel
13 supply site policies and actions with our ambitious plans
14 to reduce demand for fossil fuels in our economy.

15 Lastly, we'd like to request that you identify
16 and seat members of the emission -- excuse me of the
17 Emissions Market Advisory Committee as early as possible
18 to help to advise on the drafting of future regulations to
19 implement the scoping plan.

20 Thank you.

21 MR. SHAH: Greetings. Perin Shah with APEN,
22 Asian Pacific Environmental Network, long-term observer,
23 first-time commentator.

24 APEN has a membership base of 800 individuals,
25 refugee and immigrant from API communities living in the

1 Bay Area. And we are also a member of CEJA, the
2 California Environmental Justice Alliance and would align
3 our comments with theirs, as well as with EJAC's.

4 I'll focus my comments primarily on cap and
5 trade. The scoping -- quite sort of quickly and bluntly.
6 The scoping plan analysis of cap and trade as a program is
7 insufficient. We're very concerned that the current cap
8 and trade structure could allow -- as others have said,
9 could allow California to meet its goals on paper, while
10 actually emissions could be exceeded in terms of the 2030
11 target.

12 The Cap-and-Trade Program, while being quite
13 telegenic as an idea is not the way that the State has
14 historically reduced our emissions. We've done that
15 through direct reductions as well as programs, like the
16 LCFS. And I would echo what Amy from CEJA said, cap and
17 trade is not a direct emission measure and should not be
18 named as a way to meet 197 requirements.

19 The two specific points that I'd like to make are
20 just, one, the scoping plan does not specifically
21 demonstrate how the program achieves the outlined emission
22 reductions in post-2020 era cap and trade. And there's no
23 real explanation of how that is to happen.

24 And Mr. Garcia's AB 197 requires that we identify
25 direct emission reduction measures, and we'd encourage the

1 staff to please do that.

2 The second point is just that we agree with other
3 folks' statements on overallocation and are deeply
4 concerned about the impact of climate change on EJ
5 communities.

6 Thank you.

7 CHAIR NICHOLS: Michelle.

8 MS. PASSERO: Good afternoon. It's Michelle
9 Passero, the Nature Conservancy. Thank you for the time
10 to speak. And I'm also speaking on behalf of the Pacific
11 Forest Trust and California Relief. We'd like to first
12 voice strong support for the proposed scoping plan and the
13 suite of measures that are included in that plan to meet
14 2030 goals, including the Cap-and-Trade Program.

15 We also support concurrent efforts to improve air
16 quality. This may go without saying, but a subnational
17 action is critical at this point in time. And it's very
18 inspiring to see California continue leading that charge.

19 I'd be remiss if I didn't mention the natural and
20 working lands section. And I want to thank ARB and staff
21 for including a section and recognizing the value of
22 natural and working lands to help the State meet its 2030
23 and longer term climate commitments. And also, in the
24 proposed resolution, we appreciate the commitment to
25 revisiting the goal looking at new science and data that's

1 coming in by September. We think that's really important.

2 And we do agree with staff, as I mentioned
3 earlier, that we can't ignore the sector. Nature
4 Conservancy just conducted analysis. It was published in
5 the proceedings of the National Academy of Sciences
6 finding that the lands sector and different management and
7 restoration activities can contribute significantly to
8 California's greenhouse gas reduction goals for 2030 and
9 beyond.

10 It presents an opportunity to accelerate progress
11 on climate change, while also achieving many other
12 critical benefits both for urban and rural communities.

13 So thank you. We offer our assistance and look
14 forward to working with you on the implementation of this
15 plan, as well as the natural and working lands sector.

16 MS. CORY: Good afternoon, Chairwoman and
17 members. Cynthia Cory, California Farm Bureau. It wasn't
18 even planned that I was going to follow Michelle. That
19 just happened.

20 (Laughter.)

21 MS. CORY: I'm also going to just speak very
22 briefly about the Natural and Working Lands Section of the
23 scoping plan. One of the things I want us to remember is
24 that when we're talking about natural and working lands,
25 it's not a term that really is used outside of this room

1 very much, but it's desert, and it's oceans, and it's
2 farms, and it's wetlands. It's a lot of stuff, and
3 they're all living ecosystems.

4 And so we -- I -- while we've got a 15 to 20
5 million metric ton target, I want to -- I think we should
6 start there. We don't have our inventory yet. We don't
7 even have the methodology and quantification in many cases
8 to go with the activities that we hoped to do. I've spent
9 a lot of time the last several years working with NRCS,
10 and ARB staff, and Edie and her group, and CDFA to try to
11 help quantify the healthy soils, which I -- which we
12 support and we think that's the way to go.

13 I wasted -- not -- I don't -- you know, offsets
14 are hard for agriculture. So I don't want to say I wasted
15 my time, but I learned a lot, and I really think that
16 that's the way to go, but I want to do it cautiously and I
17 want to do it right. And I know that they have to be
18 reductions. But when we get them, I want them to be
19 attributed to agriculture as part of the natural and
20 working lands. And I think there's a lot of potential
21 there, but let's start and do it right.

22 Having said that, I want to say that I'm very
23 committed, the Farm Bureau is very committed to working
24 with Shelby. We look forward to her that she's made full
25 circle. She started many years ago in ag and she's come

1 back --

2 (Laughter.)

3 MS. CORY: -- to the good place, and the fun
4 people.

5 And lastly, I want to than Veronica Eady who flew
6 all the way down last week and joined 700 to 800 of my
7 members at our annual meeting. And earlier in the year, I
8 was talking to them about environmental justice. And
9 they'd go -- and you're not going to believe this. It was
10 not like what is it, but it was like what is it?

11 And I just -- it's really important in our lives.
12 And Veronica came down to help explain it. We had a
13 packed room. We had a good discussion. I was afraid it
14 was going to get real tense, but I think it worked out.
15 And --

16 (Laughter.)

17 MS. CORY: -- we are committed to working with
18 San Bernardino and Riverside on some community gardens as
19 our first step. So we're trying to build bridges and look
20 forward to working with you.

21 CHAIR NICHOLS: Thank you.

22 MR. NOWICKI: Good afternoon. Brian Nowicki,
23 Center for Biological Diversity.

24 It's a nationwide non-profit environmental
25 organization. The Center for Biological Diversity

1 supports the recommendations of the EJAC and the call to
2 focus on direct reductions.

3 It's not in the current scoping plan, but I see
4 in the resolution that there's going to be an increased
5 focus on supply-side and energy production. I'm hoping
6 for clarity in that what that might turn out to be later
7 in this -- later in this hearing today. And, of course,
8 the Center for Biological Diversity very interested in
9 seeing that move forward and helping in any way to broaden
10 the number of measures and the things we're looking at
11 through the oil and gas sector in particular.

12 I agree we can and should be getting more
13 greenhouse gas reductions from forest conservation
14 agricultural practices. As you saw from our comments
15 regarding the nat -- to the -- two of the Natural and
16 Working Lands Implementation Group, there are serious
17 problems with the CALAND model that are going to need to
18 be addressed. Before it can provide specific measures,
19 and due to the things that when I read the scoping plan
20 that it says it's going to do.

21 And lastly, as noted by previous speakers, Center
22 for Biological Diversity believes there is a critical need
23 here for clarity in the structure of cap and trade, and
24 the source and size of expected reductions from there,
25 specifically clarity that a surplus of excess credits

1 before 2020 do not undermine actual reductions after 2020,
2 and that reductions from hypothetical baselines today in
3 the surplus credits that those are generating do not
4 distract from the emissions inventory as the ultimate
5 standard and goal in the second half of our program, or in
6 the post-2020 part of our program.

7 Thank you very much.

8 CHAIR NICHOLS: Thank you.

9 MS. O'BRIEN: Good afternoon, Chairman Nichols,
10 members of the Board. Rachael O'Brien with Agricultural
11 Council of California.

12 I wanted to start off thanking your staff. You
13 have the best staff in the world. It was a pleasure to
14 work with them for the last 2 years on this process. It's
15 a tremendous evolution and effort that you guys have
16 undertaken, and congratulations in getting it to this
17 point.

18 You know, I don't want to go in and reiterate all
19 the things that Cynthia pointed to. Just highlighting
20 again going forward, inventory into natural and working
21 lands will be vital. Better quantification around
22 practices and measures that can implement. Some of the
23 goals we want to achieve, you know, we're happy to see the
24 requirements from AB 398 incorporated into this plan. We
25 do want to make sure that you guys watch the costs that

1 are associated with the prescriptive measures as they
2 focus in on the agricultural sector.

3 Those costs are laid out in the scoping plan as
4 being higher than most other sectors. So it will be
5 important for us to watch those net cost increases.

6 Also want to point out that we'll need to
7 continue to work together to achieve these goals and the
8 Agricultural Council is there to do that work with you.

9 And a couple last points. Just wanted to touch
10 upon, I think it needs to be said, the tremendous
11 investment that was made into agriculture this year
12 through the Cap-and-Trade Program, and the greenhouse gas
13 auctions. That's, you know, a first step. We'd love to
14 see continued investment into our sector to help us get to
15 these goals. And offsets will also play -- play a role
16 going forward.

17 So thank you. Bye.

18 CHAIR NICHOLS: Thank you.

19 MS. MMAGU: Good afternoon, Chairwoman and
20 members of the Board. Amy Mmagu on behalf of the
21 California Chamber of Commerce.

22 As with being number 40, most things have been
23 said. We just want to say thank you to the Board, staff,
24 for all of your hard work these past few years on the
25 scoping plan. We're generally very supportive of the

1 measures that you've included. We appreciate the
2 inclusion of the AB 398 measures, and we look forward to
3 working with you in the future on the regulations that
4 come out of this.

5 Thank you.

6 CHAIR NICHOLS: Thank you.

7 MR. LIN: Members of the Board, Roger Lin. I'm
8 an attorney with the Center on Race, Poverty and the
9 environment, which is also a member organization of the
10 California Environmental Justice Alliance.

11 I want to talk about one serious shortcoming of
12 the scoping plan. As you've heard, the scoping plan fails
13 to comply with the mandate in AB 197 to prioritize direct
14 emission reductions. Consequently, this results in
15 significant impacts to environmental justice communities
16 that the scoping plan also fails to address.

17 Two things about Assembly Bill 197. First, it
18 specifically requires the ARB to detail how you will
19 provide prioritize emission reductions and to do so in the
20 scoping plan. The scoping plan does include emission
21 reduction methods, such as increasing renewables or
22 efficiency measures, or even cap and trade. But I want
23 stress again, these are not direct emission reduction
24 measures.

25 Especially with cap and trade, which I will get

1 to and talk about in a second. But the other proposed
2 controls are indirect at best. If you're going to
3 regulate oil production, don't try and indirectly do so
4 through SB 350 compliance.

5 And recall AB 197 is a clear mandate, a clear
6 mandate that has not been repealed by any more recent
7 legislation.

8 Second, by adopting 197 as part of the State's
9 Climate Policy, the legislature was clear, because of the
10 problems with cap and trade, offsets offsites, or trading
11 creating hot spots, we need something to eliminate that
12 local program that is not controlled by the market system.
13 This climate gap is well documented and it shows clear
14 significant public health risks near large industrial
15 facilities, like cement plants, oil and gas production
16 facilities, and also refineries. But there is no
17 quantification, discussion, disclosure, let alone
18 prioritization of how to solve the significant impacts on
19 low income people of color.

20 The Board must take steps to comply with AB 197's
21 mandate and properly consider environmental justice. So
22 we respectfully request the Board, consistent with the
23 recommendations from the EJAC, to create a list with
24 public input of potential direct emission reduction
25 measures, and prioritize them with a schedule for

1 implementation in order to comply with Assembly Bill 197.

2 CHAIR NICHOLS: Thank you.

3 MR. LIN: Thanks for your time.

4 CHAIR NICHOLS: All right. We are on to page 3.

5 MS. TSAI: Hi.

6 CHAIR NICHOLS: Hi, Stephanie.

7 MS. TSAI: Hi. Good afternoon. Stephanie Tsai

8 with the California Environmental Justice Alliance.

9 You've heard from my colleagues and our members, we agree
10 with the EJAC recommendations. And as you've heard many
11 times before, you know that our communities and low income
12 communities and communities of color across the state are
13 already being impacted first and worst by climate change,
14 as they will continue to be.

15 I'll focus my comments on AB 617, particularly
16 the scoping plan relies a little bit too heavily on 617.
17 You know, we're very hopeful and see a lot of potential
18 with that and looking forward to working closely on that
19 implementation.

20 But there are a few keys things that are beyond
21 the scope of 617, and that really, you know, belong in the
22 scoping plan. First is that 617 will not analyze or
23 assess whether greenhouse gas regulations, such as cap and
24 trade and the other measures, are disproportionately
25 impacting low income communities. It will not look at the

1 relationship between these climate regulations and how
2 they're impacting air quality.

3 And in preparing to do this, CARB is not
4 complying with the clear directive in AB 398 to ensure
5 that activities undertaken and comply with the regulations
6 do not disproportionately affect low income communities.

7 So we appreciate the part of the resolution to,
8 you know, have CARB collaborate with OEHHA on updating the
9 reporting on impacts in disadvantaged communities. We
10 really need to see some specific dates and deadlines to
11 have a timeline on that.

12 And I would -- I'll just conclude by saying that
13 overall we do want to see that analysis, as I've said. We
14 have -- you know, because we don't see that analysis in
15 the scoping plan, it leads to some uncertainty about how
16 and whether it will actually lead us to meeting our 2030
17 targets

18 And one other thing that I want to highlight is
19 that as we move forward, you know, approving the scoping
20 plan -- as we move forward with our State's response to
21 climate change, we must prioritize impacted workers, and
22 communities with a plan to justly transition to a clean,
23 renewable, and sustainable future, and an economy that
24 will not cause harm or shift burdens from one group to
25 another.

1 Thank you.

2 CHAIR NICHOLS: Okay.

3 Ms. Roberts.

4 MS. ROBERTS: Good afternoon, Madam Chair and
5 Members of the Board. I'm Tiffany Roberts from Western
6 States Petroleum Association. You and ARB staff have
7 worked diligently to revive where we're at today. Staff's
8 analysis demonstrates that the plan does include one of
9 the most cost effective approaches to the State's climate
10 policy.

11 As we've stated before, California is less than
12 one percent of the world's greenhouse gas emissions, so if
13 the State hopes to continue to be a leader, it's
14 imperative to have a plan in place that balances
15 environmental integrity and economic vitality.

16 We would note that the LCFS is still problematic,
17 but directionally this scoping plan represents a step in
18 the right direction, and we look forward to working with
19 you and your staff on the implementation of the 398.

20 Thank you.

21 CHAIR NICHOLS: Thank you.

22 MR. LARREA: Good afternoon. John Larrea with
23 the California League of Food Producers.

24 First of all, I'd like to echo all of the
25 compliments that have been paid to both the Board and the

1 staff for the work that they've done this year. You guys
2 have really slogged through it, and we are really
3 appreciative of all the efforts. And we hope to continue
4 to work with you on this.

5 That said, I'd also like to wish everybody a
6 Happy Holiday, because it has been a long year, and I am
7 looking forward to the end of the year. So I hope you all
8 enjoy it too.

9 That said, I just want to say there's only two
10 things I want to talk about, one is uncertainty; and two
11 is increased focus on R&D for cap and trade subject
12 facilities.

13 As you know, we are the fallback for all of the
14 complementary measures that don't meet their goals in
15 terms of emissions reductions. And so being that, I would
16 suggest that you try to make us as strong as possible and
17 get us prepared as possible for when we reset 2020, and we
18 start to move in that direction.

19 We need to be strengthened. We need to have the
20 ability to be able to count on the State to back us in
21 terms of both new technologies, investments, and other
22 areas in which we can then meet those goals, and take up
23 that extra slack in case there is any.

24 Secondly on the uncertainty, I would just urge
25 staff and board to try to resolve all the uncertainty

1 associated with the third compliance period, as well as
2 the incorporation of 398 issues into this current
3 regulation.

4 We want to get that done as quickly as possible.
5 A lot of our members, 21 of which of the League's members
6 are subject to the cap and trade are already planning for
7 the future. And we need that uncertainty gone, so that we
8 can make decent decisions on how best to meet the
9 obligations as they go forward. They are not going to get
10 any cheaper, and they are not going to get any easier. So
11 the faster we can get this done and locked in, the better
12 it's going to be for all of us.

13 So thank you very much.

14 CHAIR NICHOLS: Thank you.

15 MR. SHAW: Thank you, Madam Chair and members of
16 the Board. Michael Shaw with the California Manufacturers
17 and Technology Association. I think Mr. Larrea said much
18 of what I intended to say. And being number 45 on the
19 list, much else has already been said as well.

20 But I do commend the staff for the hours, and
21 days, and months of work, years of work that they put into
22 this issue as well. I would like to thank, and
23 particularly the inclusion of the -- in the resolution of
24 discussion on the cap-and-trade amendments relevant to AB
25 398 to be completed by the end of 2018.

1 We believe that that's very important, obviously,
2 for planning purposes and for on the industry side, either
3 that manufacturers making investments want to know what
4 they're going to have to comply with, what they're going
5 to have available to them.

6 And we believe that consistent with AB 398 that
7 doing so will help provide some greater certainty, price,
8 stability, revenue stability for the State as well, but
9 equally important is the economic impacts, knowing what
10 the companies are going to face are going to help them
11 plan for that future to ensure that they can continue to
12 be viable in the State of California; to maintain the jobs
13 that they have; and, hopefully grow additional jobs too.

14 Thank you.

15 CHAIR NICHOLS: Great.

16 MR. O'DEA: Good afternoon. Jimmy O'Dea, Union
17 of Concerned Scientists. First, I just want to thank you
18 for leading us through this process.

19 And my first comment, I want to recognize the
20 EJAC Committee. By far, the best presentation, most
21 important presentation of the day. Regarding
22 transportation, I want to voice our support for the
23 scoping plan's commitment to long-term widespread
24 electrification of the transportation sector.

25 A couple areas of the scoping plan we think could

1 be improved and we hope ARB addresses in future measures.
2 First, Low Carbon Fuel Standard, we strongly support this
3 measure, including its role in transportation
4 electrification. But we think the standard can be
5 stronger, 20 percent or higher. We have analysis that
6 will come out in the near future giving details about
7 that. And we'll certainly share that with you.

8 Second, we hope the Board can develop a
9 commitment to zero-emission drayage trucks. The
10 technology in Class 8 trucks has improved at such a rapid
11 pace. Just in the last 4 months, 4 companies have
12 unveiled Class 8 drayage trucks with ranges of 100, 200,
13 300, and Tesla 500-miles of range. This is quite
14 impressive.

15 Just yesterday, a start-up of just 18 people
16 unveiled a 300-mile Class 8 electric truck. And if a
17 start-up that small can do it, it really shows where the
18 technology is at. So we hope the Board will consider a
19 zero emission drayage truck measured in the future to
20 address the pollution of that these trucks are emitting at
21 the ports and beyond.

22 Thank you.

23 MS. BERLIN: Good afternoon, Chair Nichols,
24 members of the Board. My name is Susie Berlin. I'm
25 representing the Northern California Power Agency and MSR

1 Public Power. MSR and NCPA are joint powers agencies that
2 have a publicly owned electric distribution utilities.
3 I'm going to echo the support and the positive comments
4 that you've heard today regarding staff's work on this
5 scoping plan, and NCPA and MSR.

6 We support the current draft of scoping plan and
7 support, especially the inclusion of the Cap-and-Trade
8 Program, and ask that the Board approve the update today.

9 NCPA and MSR echo the comments of LADWP and SCE,
10 and note that the Cap-and-Trade Program plays a crucial
11 part in ensuring real and cost-effective emissions
12 reductions, while enabling utilities to invest in
13 either -- even greater measures to reduce emissions and
14 protect utility ratepayers from unnecessary rate impacts.
15 The revised scoping plan update is a product of a robust
16 stakeholder process, and reflects significant investment
17 of resources by both staff and stakeholders.

18 And it presents a plan that clearly sets forth a
19 comprehensive framework for achieving the State's climate
20 objectives, including proposals for achieving specified
21 emissions reductions.

22 NCPA and MSR urge the Board to approve the update
23 today and put into action the elements described therein.
24 Stakeholders have noted that this scoping plan could
25 include other provisions or provide different assessments

1 or alternative pathways. However, delaying the current
2 plan pending review of an infinite range of options does
3 nothing to provide the certainly that California's
4 residents and businesses need to move forward with the
5 State's aggressive climate objectives, a sentiment that
6 you just heard echoed by Mr. Larrea and the last speaker.

7 We appreciate and support the direction of the
8 staff in the draft resolution regarding further assessment
9 of electrification of the building sector. And as part of
10 that effort, we ask that the impacts of expanded
11 electrification across all segments of the economy be
12 taken into account while also looking at the impacts on
13 the electricity sector, and on electricity customers.

14 Again, we thank you for all the work that staff
15 has put into this and urge adoption of the scoping plan
16 today.

17 MR. CARMICHAEL: Good afternoon, members of the
18 Board. Tim Carmichael with Sempra Energy Utilities,
19 better know by most as San Diego Gas and Electric and
20 Southern California Gas Company. We are here to support
21 the scoping plan and appreciate all the efforts of the
22 staff and Board over the last year plus.

23 A couple of specific comments. We continue to
24 see the Short-Lived Climate Pollutant Plan as one of the
25 key strategies of the scoping plan, and believe that

1 increased use and product -- increased production and use
2 of renewable gases are going to be critical to the success
3 of that Short-Lived Climate Pollutant Plan.

4 We were disappointed that together we didn't make
5 more progress on renewable gas in 2017, not just ARB but
6 all the State agencies and businesses that we work with.
7 That said, we remain enthusiastic about the potential for
8 renewable gas, and committed to working with State
9 agencies and businesses to develop a sustainable industry
10 around this wonder -- this fuel.

11 Looking forward, we believe a renewable gas
12 procurement requirement is a key strategy that we don't
13 yet have in our arsenal, and we should. And we look
14 forward to working with the State to make that happen.

15 Two requested clarifications for your adopting
16 resolution. There's a bullet about building
17 electrification, which we think would be clear if it -- we
18 added a phrase or you added a phrase that noted the need
19 to consider costs in looking at that strategy. That's
20 consistent with several other bullets in your adopting
21 resolution and we encourage you to make that change.

22 Similarly, with one of the last bullets in the
23 adopting resolution where you talk about posting metrics
24 for your transportation program, we support that and just
25 would ask for a clarification that that includes your

1 clean transportation incentive programs.

2 With that, thank you very much, and Happy
3 Holidays to all of you.

4 CHAIR NICHOLS: Thanks, same to you.

5 MS. DARLINGTON: Good afternoon. As speaker
6 number 50, I have some exciting news for you. I'm going
7 to talk about something that no one else has.

8 (Laughter.)

9 MS. DARLINGTON: So I'd like to -- I'm here with
10 the Placer County Air Pollution Control District, and we
11 would like to bring your attention to the issue of
12 wildfire and how it affects air emissions. In your
13 land -- you land section, you have an ambitious goal of 15
14 to 20 million metric tons reduction which we applaud the
15 addition of that -- that goal. But you did remove the
16 Interagency Working Group on Biomass from your last
17 edition of the scoping plan to this edition.

18 We understand from conversations with staff that
19 there's a heavy reliance by this Board on the Forest
20 Carbon Action Plan, and that that will really drive policy
21 in this area. While that plan will likely have some great
22 ideas, there are a lot of issues relating to biomass from
23 the ag sector and the urban wood sector.

24 We need a comprehensive biomass policy plan for
25 the entire State. That way we can address the issues

1 relating to methane emissions from the decomposition of
2 wood. We have a 129 million dead trees in California.
3 That number was just updated last week by the U.S. Forest
4 Service. This is an air issue. This is an air issue
5 because waste wood burns and in open piles and it
6 decomposes. And it needs to find alternative paths that
7 we can use to help reduce air impacts.

8 Other issues, just to point out quickly in your
9 land section, land conversion isn't just happening from
10 subdivisions. It's happening from wildfire, and it's
11 happening today. And it's turning land into moonscapes.
12 This is an issue that we should reflect in the land
13 conversion section.

14 Also, the technical assistance that was offered
15 to local governments and nonprofits to figure out how to
16 do carbon sequestration in the land section was removed.
17 We hope that that finds its way back into some other
18 sections of work product.

19 Finally, we do agree with Center for Biological
20 Diversity that we do need to see a higher resolution of
21 CALAND modeling. It needs more data and a higher
22 resolution.

23 And then finally, we're really enthusiastic about
24 staff's ideas to look at wood products like bioplastics
25 and biopharmaceuticals, but we need the interim gap of

1 electricity in biofuels to get us to that next step. We
2 need to keep that in mind, okay?

3 Thank you so much for your time today. Happy
4 Holidays.

5 CHAIR NICHOLS: Thank you.

6 MR. DONOVAN: Dear, Board members --

7 (Laughter.)

8 MR. DONOVAN: -- nearly 10 years ago in this very
9 room with some of the same people, the Board approved the
10 first scoping plan, which set the State on a path to
11 reduce emissions and grow the economy at the same time.

12 But I don't think the goal of this scoping plan
13 or these policies was to actually solve climate change,
14 because California can't do that alone. We represent only
15 1 percent of global emissions. Rather it was to show that
16 it can be done. That we can reduce emissions and grow the
17 economy at the same time. It's not an either/or zero sum
18 situation.

19 And we've had success. Cap-and-Trade Program has
20 been linked to other jurisdictions, and folks from around
21 the world come to this building to learn how to replicate
22 the climate policies.

23 As we move forward, it's important to continue
24 and expand this international climate collaboration.
25 Especially while the Trump Administration is building

1 walls, we should build bridges.

2 I want to give a special shout out to JZ, Jacob
3 Zielkiewicz, and all the other CARB staff --

4 (Laughter.)

5 MR. DONOVAN: -- who have been working for years
6 on the scoping plan. I'm Sean Donovan representing the
7 International Emissions Trading Association, and this is
8 my testimony.

9 (Laughter.)

10 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF
11 SAHOTA: So just as Dr. Balmes did, I am going to
12 responsibility for that testimony, because Sean is one of
13 my former staff.

14 (Laughter.)

15 CHAIR NICHOLS: I believe he also worked for me
16 at one point.

17 (Laughter.)

18 CHAIR NICHOLS: No doubt that's where he learned
19 the dramatic presentation.

20 It was very good.

21 Thank you.

22 Phoebe Seaton, back again.

23 MS. SEATON: Phoebe Seaton, Leadership Counsel
24 for Justice and Accountability, also a member of CEJA and
25 align our comments with CEJA and other members of CEJA.

1 Want to speak specifically around kind of the --
2 one of the flavors of today disproportionate impacts on
3 disadvantaged communities and communities of color.
4 Especially with respect to transition to alternative
5 fuels, we are concerned with the reliance on biofuels and
6 combustion for electricity, as we've raised at other
7 times. The extent to which we're addressing climate by
8 combustion and creating increased air impacts in already
9 disproportionately impacted air basins is a problem.

10 Today, my colleague is at a permitting hearing
11 for a dairy digester with a showing of finding in the
12 Negative Dec of no significant air impacts, because of the
13 air impacts, despite the NOx, PM2.5, and ammonia emissions
14 from that facility. Cumulatively, there's no analysis of
15 what the -- these facilities will have on a cumulative
16 basis Throughout the San Joaquin valley and possibly other
17 impacted air basins.

18 And so I urge, ask, as CARB is looking more to
19 these facilities, that we ensure that there are no
20 negative impacts on already disproportionately impacted
21 communities and we assess their cumulative impacts and do
22 not address our climate impacts by increasing our
23 pollution in our already impacted communities.

24 Thanks so much.

25 MS. HOLMES-GEN: Chair Nichols and members,

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

3 I'm here to offer our support for the adoption
4 today of the 2030 scoping plan, and our recommendations
5 for strengthening climate protection efforts, and building
6 in stronger targets, more ambitious goals as we move
7 forward. We're very proud of California's leadership,
8 which is vital to expanding climate protection across the
9 globe and bringing tremendous health benefits. And we are
10 pleased this plan includes a strong multi-pollutant focus.
11 And this focus will get stronger as we implement AB 617.

12 And I wanted to share 3 main comments on the plan
13 today. Number 1, we urge you to move forward rapidly to
14 complete a comprehensive health evaluation, including a
15 broader analysis than could be included in the plan that's
16 before -- excuse me -- before you today, and to give
17 clearer direction about a process to make this broader
18 evaluation happen.

19 We appreciate the language in the resolution.
20 Appreciate the leadership of Dr. Balmes and several Board
21 members who have highlighted the importance of this health
22 evaluation. And the commitments that are in the
23 resolution today are important to begin this deeper
24 discussion that I understand will begin in January in
25 concert with other State health agencies.

1 And we also recommend coordination with local
2 health departments. And it's important to just keep
3 discussing how we can conduct this broader analysis,
4 broader look of the whole package of scoping plan
5 measures, in addition to incorporating health review into
6 the individual programs as we move forward.

7 Secondly, we urge you to strengthen the clean
8 transportation and SB 375 components of the plan. We
9 discussed 375 this morning. But just say that we need --
10 we would like to push for deeper reductions, both with
11 more -- with more focus on electrification in both heavy-
12 and light-duty sectors, increased VMT reduction and higher
13 carbon intensity reduction targets for the Low Carbon Fuel
14 Standard to go beyond the 20 percent reduction in carbon
15 intensity.

16 We do support the Environmental Justice Committee
17 recommendations.

18 And just one small request. In the spirit of
19 consistent messaging, we love the graphic, but it would be
20 really great if you could have put some healthy lungs or
21 include some health language, health goals in our 2030
22 vision message here, which is -- it's a wonderful
23 communication tool, but let's add some health into it.

24 CHAIR NICHOLS: Thank you.

25 MR. WAGNER: Hi. Emanuel Wagner with the

1 California Hydrogen Business Council. Thank you so much
2 to the staff for all the work that they've put into the
3 scoping plan.

4 The CHBC supports the scoping plan, and we very
5 much appreciate the inclusion of renewable gas and
6 renewable hydrogen in the plan. The Legislature in SB
7 1383 directed the Air Board to develop policies and
8 programs that will reduce short-lived climate pollutants,
9 and, among other things, increase the potential for new
10 innovation in technology, energy, and resource management
11 policies and practices.

12 Now, more specifically, under the new Short-Lived
13 Climate Pollutant Policy, the legislature gave ARB the
14 authority to establish energy infrastructure development
15 and procurement policies.

16 The CHBC strongly supported SB 1383, because of
17 this renewable gas section. We believe that this would be
18 a signal from the Legislature to -- and the Executive
19 Branch, and it would lead to meaningful policy to develop
20 renewable gas infrastructure, and production in-state from
21 electrolytic hydrogen, biomethane, and food waste
22 conversion to gas projects.

23 The Air Board has the authority to develop
24 policies to support new energy infrastructure, and also
25 pursue procurement policies. So we respectfully request

1 that you include in the scoping plan, an emphasis and a
2 direction to staff to begin developing supportive
3 programs.

4 For example, the ARB can begin proceeding to
5 allow gas utilities to set goals to purchase renewable
6 gas. Also, consider the expanding -- expansion of the
7 LCFS to gas systems and create a carbon intensity for the
8 fuel and gas that is in those systems in the State, and
9 consider hydrogen-only pipelines.

10 We've provided written comments. There's more
11 detail in there. I thank you for your consideration, and
12 we hope to work with you in 2018.

13 Thank you.

14 MR. SKVARLA: Good afternoon, Chair and members.
15 Mik Skvarla here on behalf of the California Council for
16 Environmental and Economic Balance. We're here to support
17 the scoping plan today. It's reflective of a delicate
18 balance of legislation and regulation that have been
19 developed over the past decade. All of these regulatory
20 and legislative pathways have had compromises within them,
21 strenuous debate, and a back and forth that I think we've
22 reached a balance on in this proposal.

23 You've seen a lot of industry and electric sector
24 folks come up and express their support. Don't take that
25 support as something to be considered light or overly

1 enthusiastic. This is a commitment of billions of dollars
2 of compliance costs over the next decade more.

3 We have all debated and negotiated this over
4 time. And we think that this path is good for California
5 and it's good for the climate. And ultimately at the end
6 of the day, we are taking on something that our neighbor
7 states are not doing. We're taking on stuff that a lot of
8 foreign jurisdictions do not have. And we want these
9 industries, and these jobs, and this economic production
10 to thrive in this state under this plan.

11 And to that end, we think that staff has done a
12 tremendous job at balancing all of the parties in the room
13 and coming up with a plan that will shape and form the
14 regulatory paths as we continue down towards the 2030 goal
15 set by SB 32. And we continue to look forward to work
16 with staff and the Air Board on developing these policies
17 and the sister agencies as we move forward toward that
18 path.

19 Thank you.

20 MR. LOVE: Hello. I applaud staff and the Board
21 for your service and commitment to the community. The air
22 in Southern California has improved remarkably since the
23 1980s when I first moved there. I also commit your work
24 to work with The EJ communities in your scoping plan, and
25 your goals to transform California to a clean energy

1 economy.

2 This is already happening. California is leading
3 the country in the manufacture of clean transportation
4 technologies. Massive improvements in batter electric bus
5 technologies, hydrogen fuel cells, and battery electric --
6 hydrogen fuel cell battery electric buses, and also
7 advancements in renewable natural gas combined with the
8 Cummins near-zero engine as well.

9 California can lead the world in the green
10 transportation revolution that takes a holistic approach
11 to the lifecycle emissions of the fuels. I agree with
12 Sean Donovan's comments that what has been done by the AB
13 32 and the -- by the leadership of the Air Resources
14 Board, is transforming not only California, but it has the
15 potential to transform the rest of the country.

16 And it's because of your leadership and your
17 commitment to clean technologies, and we applaud that.
18 Renewable natural gas, we understand is a very potent
19 greenhouse gas. And removing one ton of methane is
20 equivalent to removing 20 tons, 70 ton -- or 70 tons,
21 depending on what period of time you look at.

22 And so under SB 1383, California has an
23 opportunity to transform the dairy industry, which is a
24 \$20 billion industry. It's the number 1 ag industry in
25 the State. And by capturing the emissions from that, it

1 can clean up the environment and the community.

2 So anyway, I -- my time is up. I applaud you,
3 and thank you very much for your work.

4 Thank you.

5 CHAIR NICHOLS: Thank you for your comments.

6 Mr. Friedman. The first shall be last --
7 actually, the second shall be last. We're sorry we missed
8 you the first time around.

9 MS. FRIEDMAN: I didn't realize I was going to be
10 so -- I was here late. Anyway, thank you, Madam Chair and
11 Board members. Randall Friedman on behalf of Department
12 of Defense installations in California.

13 The military and California have enjoyed a
14 tremendous partnership on a wide range of subjects covered
15 in the scoping plan, including renewable energy, biofuels,
16 energy management, and our most recent large EV
17 deployment.

18 Today, 205 Ford Focus EVs are in use at 10 Navy
19 and Marine Corps installations complete with charging
20 infrastructure. Aside from replacement to fossil fuel
21 vehicles, these EVs are seen across California cities like
22 Lemoore, Barstow, Monterey Oceanside, Seal Beach, and of
23 course the San Diego metro area.

24 While it is too early for full metrics, the EVs
25 have met with good acceptance. In fact, Monterey wishes

1 they had asked for more.

2 Moreover, given the large amount of solar PV the
3 Navy and Marine Corps have installed coupled with
4 California's increasingly cleaner grid, these EVs are
5 probably among California's cleanest. These are moving
6 examples of how EVs can be California's future. The Air
7 Force continues active support, including 34 vehicles in a
8 vehicle-to-grid project at L.A. Air Force Base, a project
9 including partnership with the Energy Commission and many
10 others in a recently completed 20-megawatt solar plant at
11 Plant 42.

12 With the many unique aspects of the military
13 mission, we appreciate your continued willingness to work
14 with us to ensure both of our missions are compatible. We
15 look forward to our continued partnership in the years
16 ahead.

17 Thank you.

18 CHAIR NICHOLS: Thank you.

19 I believe that concludes the list of witnesses,
20 if I'm right, and it looks like I am.

21 We can close the record at this point and --

22 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

23 SAHOTA: Chairman Nichols?

24 CHAIR NICHOLS: Yes.

25 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

1 SAHOTA: Right here at the staff table. We need to make a
2 statement about the CEQA process before you close the
3 record.

4 CHAIR NICHOLS: Yes.

5 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

6 SAHOTA: So we heard several comments today and received
7 written submissions as well. CARB staff has addressed the
8 issues raised in these comments as appropriate under CEQA,
9 either in the final environmental analysis or in the
10 response to comments and the supplemental response to
11 comment. These documents have been provided to the Board
12 and made available to the public.

13 Thank you.

14 CHAIR NICHOLS: Thank you.

15 I think we should probably focus our attention on
16 the resolution. I'm going to go out on a limb here and
17 suggest that we're likely to adopt the scoping plan. And
18 so the issue is going to be what, if any, additional
19 language or changes we need to include in the resolution.

20 And I would like to offer the staff an
21 opportunity to reflect first. People may have specific
22 questions about things that they heard, but there's
23 certainly a number of kind of common themes that were
24 repeated several times. I'm going to mention one of them,
25 and that is variations on the criticism that the current

1 Cap-and-Trade Program isn't strong enough, isn't tight
2 enough, isn't effective enough, that there are too many
3 allowances, et cetera. All of which, I hope we will not
4 try to address in this proceeding, because I believe that
5 we should be waiting for the staff to bring us quite soon
6 a set of proposed amendments to the Cap-and-Trade Program.
7 And there's going to be quite a few of them. And a lot
8 of -- a lot of work has gone into it.

9 We may or may not find it completely satisfactory
10 at that point, but we should have an opportunity to focus
11 in detail on the -- on the Cap-and-Trade Program, and not
12 try to make specific or partial corrections or changes to
13 it here, if that's agreeable to my fellow Board members.
14 It looks like it probably is.

15 So let's -- let's sort of skip that one, but
16 let's talk about other comments about the scoping plan,
17 things that may be aren't strong enough or may have not
18 been given enough emphasis in the discussions. For
19 example, I have a note here from my Vice Chairman, AB 197,
20 and whether we are in compliance with that. And maybe I
21 can turn that one over to you first, because that seems
22 like the most important from an overall can we act on this
23 plan perspective.

24 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF
25 SAHOTA: Thank you, Chairman Nichols, and members of the

1 Board for sitting through the presentation and testimony
2 today. You know, this plan was developed over 2 years.
3 We had to adjust along the way to new legislation, new
4 direction, and we had to adjust to new data that was
5 coming in from modeling going on at sister agencies, and
6 for new data that was coming in from stakeholders.

7 What we realized is and AB 197 was one of the
8 pieces of legislation that came in almost in the middle of
9 the process to update the scoping plan, we had to do
10 additional analyses. And so we've added those analyses
11 into the plan, which are the cost per ton of every measure
12 we considered, the air quality co-benefits, and the
13 societal costs of carbon for each of those measures. So
14 that is actually in the plan.

15 Under AB 197, we are required to have a mapping
16 tool to provide information about air quality in the
17 state. We've made tremendous progress on that. There is
18 a mapping tool. We're continuing to take public comment
19 on the types of reports by census tract that are of
20 interest for sectors and for types of pollutants, and so
21 that is ongoing work.

22 The piece that we heard about today was really
23 about prioritizing direct emission reductions. The
24 statute itself does say prioritize direct emission
25 reductions, but it also references back to AB 32 about

1 cost effectiveness, and about technologically feasible and
2 minimizing leakage. So in all of this, we had to balance
3 all of those objectives at the same time.

4 What we have in front of you for your
5 consideration is a plan that has multiple measures that
6 are all aimed to be cost effective, feasible. And others
7 may debate that they're cost effective or feasible, but we
8 believe that those are the right measures to be included.
9 They will get emission reductions at power plants, at
10 stationary smokestacks, and at tailpipe emission sources
11 in the state of California.

12 And so we do believe that the plan as presented
13 balances all of the measures that we are required to
14 balance in this Act, under AB 32, AB 197, AB 398, and that
15 it is an achievable and lowest cost effective way to get
16 to the 2030 target.

17 We do not feel that in any of this we missed an
18 opportunity or we didn't take the opportunity to identify
19 something else that we could have added into the list of
20 measures. Now, having said that, the scoping plan is a
21 snapshot of the available information and technology that
22 we have today.

23 In the resolution and in the plan, we talk about
24 2030 being a milestone to the 2050 goal, and that we need
25 to continue to pursue, examine, and evaluate additional

1 measures and bring those on as those become
2 technologically feasible and cost effective.

3 And for the very first time in any of the scoping
4 plans, in chapter 4 by sector, we have lists of potential
5 actions that should be reviewed, evaluated, researched,
6 potentially they may become cost effective or they become
7 statutorily supportable actions that we can take and
8 putting those on line in time. And we don't have to wait
9 for the next scoping plan to do any of those actions.

10 So again, we do feel the scoping plan before you
11 all does meet the mandates in AB 197, and we recognize
12 that we need to keep looking for more.

13 CHAIR NICHOLS: Well, and on that issue of keep
14 looking for more, this -- there's -- when you talk about
15 the delicate balance, we've always had to balance the need
16 to set a direction and a course that's clear enough, so
17 that people will be convinced that we're serious and will
18 make investments in California, including investments in
19 allowances and so forth, but also, at the same time, to be
20 able to make adjustments fast when we learn new things,
21 and when new technologies become available. That's really
22 the essential ingredient, if you will, of the whole
23 climate program.

24 So I think it is important to recognize that
25 while the plan needs to get done at some point in

1 sufficient -- a sufficient finality so that you can
2 publish it. At the same time, it's constantly under
3 review as well.

4 So, okay, I'm going to let other people speak.
5 I'll start on this side.

6 I'm sorry, please.

7 ASSEMBLY MEMBER GARCIA: I can oftentimes get
8 away with not saying anything when folks refer to Assembly
9 Member Garcia, right. They're speaking of the other
10 person.

11 (Laughter.)

12 ASSEMBLY MEMBER GARCIA: But in this particular
13 case, I think the comments are directed towards the
14 policies that we've put forward. I'll begin my comments
15 by thanking everyone. It sounds like staff and the
16 stakeholders have found a consensus to some extent on the
17 first work that the scoping plan here is putting forward.

18 As you all know, I've been appointed by the
19 Speaker to represent the State Assembly membership of the
20 House. And via questions and concerns that were raised by
21 my colleagues, I'm going to present some of those. And
22 hopefully, they are by no surprise to anyone here.

23 I'll start my questions by directing your
24 attention to page 34 of the scoping plan, specifically to
25 the part of the table that talks about the direct GHG

1 reductions.

2 And the first question, and I have four questions
3 is, is it the Air Resources Board position that cap and
4 trade is a direct emission measure? And I think it was
5 raised today quite bit of times. And the reason why
6 that's coming forward, it's because when we passed AB 97
7 in to law, we had a lot of discussion about the impacts
8 that the law would have on cap and trade, because the
9 legislature and stakeholders involved at the time held
10 those discussions and agreed that cap and trade to not to
11 be a direct emission reduction program or measure.

12 And so that's the first question, is it that
13 ARB's position that cap and trade is a direct emission
14 measure, because it seems like that's where we're going if
15 you look at page 34?

16 My second question is the potential oversupply of
17 allowances factored into this uncertainty analysis for cap
18 and trade. Has that been done? According to last week's
19 Legislative Analyst's report, there's some concerns about
20 that. And so we want to make sure that some of this is
21 reflective of those issues that were raised.

22 Third question is what analysis has ARB done on
23 additional direct emission measures, including new or
24 potential amendments to existing rules and regulations
25 that might be added to this portfolio to reduce our

1 dependence on cap and trade to meet the 2030 goals?

2 And the fourth and final question is the adaptive
3 management plan that is not included in this plan, but was
4 part of the prior draft of the scoping plan. And so I do
5 have some requests that have come from my colleagues and
6 I'll put those out there.

7 Perhaps Mr. Corey can address those questions and
8 then the Board can deliberate, you know, the additional
9 amendments that could potentially be put forward as they
10 reflect the AB 197 mandates. And that would be the first
11 would be to develop a list of additional or new rules or
12 regulations that would result in direct emission
13 reductions at stationary, indirect, and mobile sources in
14 disadvantaged communities by December of 2018, adding some
15 kind of cutoff point.

16 The second would be amending the 6th resolution
17 regarding AB 398 implementation, top of page 9, to include
18 an evaluation of allowance over allocation.

19 The third point is commit to convening the
20 Independent Emission's Market Advisory Committee in
21 January of 2017 to be able to advise on the development of
22 the new cap-and-trade regulation.

23 And the fourth and final recommendation is commit
24 to releasing any emission data as soon as it's available,
25 even if it must be noted as preliminary data that hasn't

1 been third-party verified, and even if corresponding data
2 for other pollutants is not available yet. Timely data
3 and analysis, particularly regarding greenhouse gas
4 emission trends is critical to ensuring we are on track
5 for our ambitious goals.

6 So I'll go back to question 1, is it ARB's
7 position that cap and trade is a direct emission measure?

8 Question number 2 was the potential oversupply of
9 allowances factored into the uncertainty analysis for cap
10 and trade? If so, what impact would the potential
11 oversupply have on our projections for this plan?

12 What analysis has ARB been done on additional
13 direct emission measures, including newer potential ones?

14 And then, of course, the final one, the --
15 regarding the adaptive plan -- management plan in the
16 scoping plan that we have today.

17 CHAIR NICHOLS: Assemblyman, I'm going to as
18 Rajinder to begin the responses and we'll add as
19 appropriate.

20 ASSEMBLY MEMBER GARCIA: Thank you.

21 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF
22 SAHOTA: Hello, Assembly Member Garcia. So on the direct
23 measure. On page 34, we talk about regulations for direct
24 GHG reductions. We do believe that the Cap-and-Trade
25 Program will get reductions in stationary sources and

1 mobile sources. Post-2020, the rate of reductions more
2 than doubles, the amount of allowances continues to
3 decline, and there is a very steep decline in the amount
4 of allowances that are actually provided freely to
5 industry. And the price for the allowances actually does
6 increase every year 5 percent plus inflation.

7 And so, everyone will be facing an increasingly
8 higher carbon price and a need to reduce emissions, or
9 they'll be looking for those allowances at a higher price
10 in the market. And we do believe all of that together
11 will force reductions at these sources.

12 AB 398 also adds in further limits on the
13 offsets. There's already an offset usage limit. We will
14 see a reduced offset usage limit post-2020, and that will
15 also impact the amount of instruments that are available
16 for supply, meaning that there will be direct reductions
17 at smokestacks and mobile sources in the State.

18 The scoping plan identifies that there's
19 potential co-benefits associated with cap-and-trade
20 reductions, if entities are seeking out energy efficiency
21 Measures. They will also see co-benefits and reductions
22 in NOx and diesel PM at the same sources.

23 The other regulations that are part of the
24 scoping plan that are direct measures include the oil and
25 gas measure that is part of the Short-Lived Climate

1 Pollutant Strategy. There is also the measure for the
2 dairies. It's going to be phased in much later, but that
3 is also a direct measure on a sector in the economy. So
4 there are a variety of measures that are detailed
5 underneath all the high level policies that are in the
6 scoping plan that are going to get direct emission
7 reductions in very specific sources in the State.

8 On the oversupply issue, we believe that the
9 uncertainty analysis, because of the way it looks at what
10 future emissions may look like and the way it looks at
11 fuel prices, it does capture the uncertainty about, well,
12 how allowances may or may not be available in the future.

13 Now, it may -- it may not be sufficient to inform
14 what a regulatory amendment should look like for cap and
15 trade as part of the regular rulemaking, and we will have
16 a process that kicks off -- or actually has kicked off to
17 look in more detail at this issue. But at the level that
18 the scoping plan is designed, it does have a way to factor
19 in concerns about extra allowances in the system because
20 of the overperformance of the existing climate programs
21 today.

22 For direct measures and new amendments to reduce
23 demand, some of the new measures are again the pieces that
24 are under like the short-lived climate pollutant
25 strategies, the oil and gas regulations. When we look at

1 the efforts at CEC under SB 350 to look at a doubling of
2 energy savings -- energy savings, there are additional
3 measures that will be put in place to get direct emission
4 reductions. And so there may be many, many measures
5 across many State agencies that are going to work together
6 to make sure that there are these direct reductions at
7 sources at the smoke stack and the tailpipe.

8 In the resolution we do have a commitment that
9 we'll continue to look at these other potential
10 opportunities besides the ones that we're already going to
11 be implementing under these policies in the scoping plan,
12 and summarize those for Board members every year.

13 For adaptive management, I would ask Floyd
14 Vergara who's been leading that effort to respond to that.

15 INDUSTRIAL STRATEGIES DIVISION CHIEF VERGARA:

16 Sure. Thank you. I think it would be helpful to
17 step back a little bit and kind of do a recap on where we
18 went with the adaptive management process. We did discuss
19 that with the Board at the November hearing last year.
20 And it was also discussed at the 2 EJAC meetings that were
21 mentioned by Mari Rose.

22 But just so you understand and just to refresh
23 your recollection, we did set up an adaptive management
24 work group in November 2015. And the purpose of the work
25 group -- and this work group included 2 EJAC, members

1 of -- representatives of industry, the air districts,
2 American Lung Association and academia, Dr. Rachel
3 Morello-Frosch, who you're all familiar with, from the
4 OEHHA and Cushing Report. And the purpose of the work
5 group was to help us work through the technical issues in
6 adaptive management. It's a highly resource intensive
7 process in terms of identifying -- looking at the data,
8 best available data we had at that time, trying to figure
9 out how to determine whether changes in the emissions data
10 constitute a real and meaningful trend, figuring out how
11 you -- how do you tease out the causes of changes in
12 emissions to determine whether cap and trade is the reason
13 something is happening or whether there are other reasons
14 for that? How to decide whether a change is significant?

15 And then finally what types of adjustments might
16 be appropriate. So we spent an entire year going through
17 that, plus including a extensive public process, where we
18 went -- we had 4 different workshops around the State.

19 And, you know, as we went through that process,
20 and we presented the data that we had at the time, it
21 became really clear that there were numerous challenges
22 with the data quality that we were looking at, and trying
23 to figure out and trying to tease out what was causing
24 these. In a number of cases, it was really unclear
25 whether there was an emissions trend going on at all. And

1 there were artifacts of changes in the reporting and
2 calculation methodologies that the districts were
3 employing. There were gaps in the data that was reported.

4 And, you know, all of these different factors
5 basically made it impossible for us to determine whether
6 there were real trends going on and what was the cause of
7 that. And then finally, whether cap and trade or some
8 other source might be contributing to those changes.

9 So having said that, we are now, you know, post
10 AB-197, and working under 617. We're now working with the
11 districts to improve the data. I think a number of these
12 issues were also encountered by the researchers who did
13 the OEHHA report, and also the Cushing report. They
14 identified a number of the similar issues, in terms of
15 inconsistencies and methodologies, and identifying which
16 facilities were, you know, in the reports.

17 So we're now working with the districts to
18 improve that data under our AB 197 program. In the
19 meantime, the data that we have for the mandatory
20 reporting sources, that has been put into the
21 visualization mapping tool. I think that was demonstrated
22 for you all a number of months back. And that would allow
23 the public to run their own analysis on, you know, any
24 sources or any regions that they want to do, and run
25 reports by geographic area, sector, or facility to see how

1 the trends are changing.

2 We're also working with the districts to review
3 that data, improve it to the extent possible, and
4 understand what underlying factors affect the trends, and
5 also identify opportunities for reducing those emissions.

6 You'll note that in the resolution language you
7 have -- excuse me -- you have before you, there is
8 language that speaks to continuing -- continuing to work
9 with stakeholders to develop and make available additional
10 air emissions data reports - speaking to your question
11 directly - in the emissions inventory mapping tool to
12 allow for the evaluation of air emissions trends by
13 sector, by census tracts, and to make the first reports
14 available by September 2018, and annually thereafter. So
15 hopefully, that speaks to your question on that.

16 OEHHA was --

17 CHAIR NICHOLS: May I interrupt you? I'm sorry.
18 I think you gave a full and accurate answer, and I hope
19 this isn't seen as contradictory, but without being
20 defensive about it, because I don't -- I think we
21 absolutely do not want to be defensive.

22 INDUSTRIAL STRATEGIES DIVISION CHIEF VERGARA:
23 Sure.

24 CHAIR NICHOLS: I think we want to be open to
25 learning the truth about what's really going on. But I

1 think what you're saying is that we don't agree that there
2 is sufficient proof as of yet as to what's actually
3 happening in these individual facilities in the
4 communities. Is that what you're saying?

5 INDUSTRIAL STRATEGIES DIVISION CHIEF VERGARA:

6 Yeah, that's essentially it.

7 (Laughter.)

8 CHAIR NICHOLS: I think it's helpful to --

9 INDUSTRIAL STRATEGIES DIVISION CHIEF VERGARA:

10 I'm sorry, the lawyer in me kicks in and I have
11 to have these long explanations.

12 (Laughter.)

13 CHAIR NICHOLS: You know -- but we're prepared to
14 and are, in fact, putting serious resources and time and
15 effort into studying it, so that we can -- so we can know.

16 INDUSTRIAL STRATEGIES DIVISION CHIEF VERGARA:

17 That's exactly right.

18 CHAIR NICHOLS: And if we find it, then we're
19 going to pursue it.

20 INDUSTRIAL STRATEGIES DIVISION CHIEF VERGARA:

21 Yes.

22 CHAIR NICHOLS: Okay. Thank you.

23 BOARD MEMBER TAKVORIAN: So in the spirit of
24 clear communication, can I just go back --

25 CHAIR NICHOLS: Yes.

1 BOARD MEMBER TAKVORIAN: -- for a second to the
2 question - thank you Assembly Member Garcia for raising
3 about cap and trade. I -- frankly, I was a little stunned
4 when you asked the question, because in my mind it was of
5 course not. Cap and trade has never been regarded as a
6 direct reduction measure. And I think that was the beauty
7 of AB 197. And that was that it was responsive to
8 communities that needed those direct emission reductions,
9 and those measures in their communities. And it was
10 always considered that cap and trade was an indirect
11 measure, that it was allowing flexibility for industry.

12 So it was specifically responsive, and it's
13 the -- all the other measures that are listed -- not all
14 the other measures, but the other ones that are on page
15 34, plus many others, that I think ARB is pursuing. And
16 I -- if I got it correctly, I would say that your
17 recommendation of developing the list of additional
18 measures would be a good addition to the resolution, so
19 that we can start that process of having those direct
20 emission reductions. And let's not confuse that with cap
21 and trade, so that -- and those that would be particularly
22 helpful and impactful in disadvantaged communities.

23 So I would hope we -- just on that one point. I
24 know you made several, but just on that one point,
25 hopefully we could move that one forward. I also think it

1 will quite helpful in the AB 617 process to begin to
2 develop that list. So I know you responded. Maybe we
3 just don't disagree -- may be we just disagree. But I think
4 cap and trade is one thing, and direct emission reductions
5 are another area. And they've been talked about that way
6 for a very long time. So I think it's important for the
7 Board and for the community to understand that those are
8 different. And while we hope cap and trade will reduce
9 emissions, but it's not direct. In the way that we've
10 talked about with stationary sources and all the others.

11 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

12 SAHOTA: So I would just say that there -- we should make
13 sure that there's some clarity on the terminology. We are
14 seeking direct emission reductions, and those are
15 reductions at the source as defined in AB 32, and
16 believe -- we believe cap and trade will get reductions at
17 the sources that it covers.

18 The other terminology that we're using here is a
19 direct measure. And a direct measure is different than a
20 market based measure. So AB 197 asks us to look for --
21 prioritize direct emission reductions, and the table we
22 talk about direct emission reductions.

23 Sitting here, I realized that there's
24 terminology, and it's been used back and forth, and we
25 might be part of the program here. But in the table we do

1 mean direct emission reductions from the sources. And AB
2 197 does speak to direct emission reductions. It does --
3 AB 197 doesn't specify a specific tool by which to get
4 those reductions, it specifies that we get direct emission
5 reductions which is at the source.

6 BOARD MEMBER TAKVORIAN: So maybe to further that
7 clarification, it would be helpful to include that
8 recommendation, Assembly Member, in the resolution, so
9 that we could have a list that was perfectly clear. So I
10 would -- I don't want know we want to do this Chair, but I
11 would move that part. I know we don't have a whole
12 motion, but could we just move that part of the --
13 Assembly Member Garcia, can we move that one part along?
14 I'll make the motion, if that would be helpful.

15 CHAIR NICHOLS: Well, I think, from a
16 parliamentary perspective it's not a motion. It was a
17 request for information. So it was a request for us to
18 respond to that -- to that question.

19 ASSEMBLY MEMBER GARCIA: Madam Chair, there were
20 4 specific recommendations for the Board to consider
21 incorporating into --

22 CHAIR NICHOLS: To incorporate into the
23 resolution.

24 ASSEMBLY MEMBER GARCIA: -- incorporated into the
25 resolution.

1 CHAIR NICHOLS: I see. Okay.

2 ASSEMBLY MEMBER GARCIA: And recognizing I don't
3 have a vote here, but I do have a seat here --

4 (Laughter.)

5 CHAIR NICHOLS: Of course.

6 ASSEMBLY MEMBER GARCIA: -- I want to make sure
7 that I express --

8 CHAIR NICHOLS: You have, as you can see, a
9 fairly central seat.

10 ASSEMBLY MEMBER GARCIA: Yes. Thank you.

11 CHAIR NICHOLS: And we're very interested in
12 trying to respond to what you're --

13 ASSEMBLY MEMBER GARCIA: Thank you.

14 CHAIR NICHOLS: -- saying.

15 I think let's just -- let's put that down as one
16 item then for a proposed amendment to the overall Board
17 resolution. I think it absolutely --

18 BOARD MEMBER GIOIA: Is there a way to get
19 written versions so we have the written -- maybe written
20 versions of --

21 CHAIR NICHOLS: That would help.

22 BOARD MEMBER GIOIA: -- what's been -- that would
23 be very helpful in making copies of the written versions,
24 the language that the Assemblyman is reading. That would
25 be helpful for us, I think, in moving -- in moving

1 recommendations.

2 CHAIR NICHOLS: Great. Thank you.

3 BOARD MEMBER BALMES: Chair Nichols?

4 CHAIR NICHOLS: Hang on a just a second. I'm
5 just going to recognize Mr. Serna.

6 BOARD MEMBER SERNA: Thank you.

7 BOARD MEMBER GIOIA: So are we going to get
8 written -- just to be clear, we'll get -- will we get a
9 written version?

10 CHAIR NICHOLS: Everybody is going to get a
11 chance to talk, but we do need a written version --

12 BOARD MEMBER GIOIA: Yes.

13 CHAIR NICHOLS: -- of what you have if you're
14 prepared to --

15 BOARD MEMBER GIOIA: That would be great. That
16 would be helpful.

17 CHAIR NICHOLS: -- give it to -- the Clerk can
18 come and get it, and we'll make sure that staff has a
19 copy.

20 BOARD MEMBER RIORDAN: Well, the -- yes, I think
21 the staff would need a copy, because you're going to have
22 to analyze it and respond. We may have some questions.

23 EXECUTIVE OFFICER COREY: That's correct. Need
24 to see a copy. I've got the gist of it. I could answer
25 one of the Assembly Member's comments about a

1 identification of the rules and regulations that are
2 called out in the scoping plan. In other words, what I
3 took from that is a periodic accounting for how we're
4 proceeding, in terms of implementation and status of the
5 range in measures.

6 We have an annual report back to the Board. And
7 in addition to that, our Chair Mary has an annual report
8 to the Joint Legislative Climate Policy Committee that
9 Assembly Member Garcia oversees. Within those reports,
10 we'd include a status of the implementation of the scoping
11 plan, how are we proceeding, for instance, with the range
12 of measures, including the Low Carbon Fuel Standard.

13 So the short of it is, I see a provision in the
14 existing resolution that includes an annual report back to
15 the Board on the status implementation that would include
16 how are we coming along in the measures that were called
17 out in the scoping plan for achieving the 2030 target?

18 CHAIR NICHOLS: Yes.

19 BOARD MEMBER EISENHUT: On -- with regard to the
20 report -- with regard to the report, is that going to come
21 back by sector as sector analyses are concluded, or is it
22 going to be a single report?

23 EXECUTIVE OFFICER COREY: I'd like it to be a
24 single report, because I think it provides a big picture
25 of how we're proceeding. But in addition to that, over

1 the course of any given year, this Board will have, for
2 instance, this -- in 2018, just as one example, the Low
3 Carbon Fuel Standard will be coming back. That is one
4 measure in here. In fact it will be coming back twice in
5 2018. So one overall report what's the status of the
6 overall implementation of the scoping plan.

7 But in addition to that, individual measures as
8 they're developed in working through the public process
9 would also be coming back to the Board. So it's really
10 both.

11 BOARD MEMBER EISENHUT: Thank you.

12 BOARD MEMBER BALMES: Could I also ask a
13 follow-up with regard to that?

14 CHAIR NICHOLS: Go right ahead, yes, please.

15 BOARD MEMBER BALMES: So I'm actually looking at
16 the language of AB 197. And I think there's an issue
17 that's been missing with regard to the annual report. It
18 said that the emissions of greenhouse gases, criteria
19 pollutants, and toxic air contaminants throughout the
20 State, broken down to a local and subcounty level for
21 stationary sources, and to at least a county level for
22 mobile sources should be done.

23 And I don't think we've been talking about that
24 level of granularity here. And I think it would go a long
25 way to help the environmental justice community address

1 the concerns with regard to direct emissions.

2 Are we going that granular?

3 CHAIR NICHOLS: I think we have to.

4 (Laughter.)

5 BOARD MEMBER BALMES: Yeah, it's in the law.

6 CHAIR NICHOLS: I don't think we have a choice.

7 BOARD MEMBER BALMES: Unless Mr. Garcia wants to
8 amend it.

9 CHAIR NICHOLS: Right.

10 DEPUTY EXECUTIVE OFFICER KARPEROS: Dr. Balmes,
11 if I was tracking your question, the language he refers to
12 is in terms of ARB providing publicly that data of -- not
13 necessarily in this -- specifically in this report, but
14 provided generally to the public.

15 BOARD MEMBER BALMES: It says actually internet
16 available.

17 DEPUTY EXECUTIVE OFFICER KARPEROS: And that's
18 the unit -- that's the mapping tool that was spoken about
19 earlier. So within that tool, you can type in an address
20 and find out the emissions of greenhouse gases and
21 criteria in your region. And by the end of the year,
22 you'll be able to pull up the toxics inventory that we
23 have online. You can overlay the CalEnviroScreen. So
24 there is a rich ability to understand at a disaggregated
25 level what the emissions are.

1 BOARD MEMBER BALMES: I just would share the
2 disappointment that it's taken so long to get the adaptive
3 management tool up and running.

4 I mean, frankly, we haven't put enough resources
5 into it. I'm not blaming any one person. But this is
6 something that, you know, I've been asking for since the
7 first scoping plan. And I feel like we're dragging our
8 feet. And I'm glad that AB 197 actually calls out that we
9 have to do this, because I'm -- you know, it's lit some
10 fire, but I'm not sure it's enough.

11 CHAIR NICHOLS: I think we had a report. I know
12 we had a report to the Board on --

13 BOARD MEMBER BALMES: Yeah, in November of 2015.

14 CHAIR NICHOLS: -- how they were attempting to do
15 this. And the concern at the time was actually about
16 comparability of the data sets and how you make them all
17 look like they're under some same base system, so that
18 they can be compared with each other.

19 And I think that they've been struggling with
20 that technical aspect of making 3 different legal systems
21 and 3 different sets of data talk to each other in
22 addition to the proprietary item -- the element that
23 always comes to the fore when you start to act like you're
24 actually going to do something with data, which is people
25 suddenly become very protective of it, and don't

1 necessarily want to share it.

2 So it's -- it is not just an internal ARB issue
3 that we're dealing with here. Having said which, I'm not
4 going to say that I think it's going as fast as it should,
5 be, but your -- your comments seemed to be a little bit
6 implicate --

7 BOARD MEMBER BALMES: I apologize if I was too
8 hard, but I think the environmental justice community
9 expects this information --

10 CHAIR NICHOLS: Yes.

11 BOARD MEMBER BALMES: -- that's legally required
12 for us to deliver.

13 CHAIR NICHOLS: Right.

14 BOARD MEMBER BALMES: And, you know, with AB 617,
15 we're going to have to even be, you know, posting more
16 data and --

17 CHAIR NICHOLS: Right. No, we've taken on a lot
18 of responsibility here that has -- is way beyond anything
19 that ARB had ever attempted to do before with the toxics
20 program, and some of the information about what stationary
21 sources are doing. And it's an expensive proposition, and
22 I believe that we now have been given some resources to
23 work on this with, which we didn't have before too.

24 EXECUTIVE OFFICER COREY: We have, that's
25 correct. And just to respond to Dr. Balmes, I think this

1 is important, and to underscore the responsive -- the
2 response to 197. Just a year ago, you couldn't go to our
3 website and look at an individual facility and efficiently
4 look at GHG emissions and criteria pollutant emissions,
5 and look at I want to see a particular facility -- in my
6 neighborhood a larger facility, and know what the
7 emissions were -- reported emissions, and look over a time
8 horizon, what were they the last few years.

9 You can go to the website now, you can look at
10 your community. This is larger sources now. I can look
11 at GHF. I can look at criteria. I can look at individual
12 facilities. I can look at the facilities within a
13 particular region that I might want to do A search in.
14 That wasn't available.

15 That was in response to the very thing you're
16 talking about, Dr. Balmes, and the -- and we're running
17 into data quality issues. You know, we've talked about
18 the challenges with data quality. The next step, and this
19 was also called for in 197, is that we're working on now,
20 is integrating the toxics data into what I just described.
21 So I go to one facility, a refinery for instance, and the
22 ability in that refinery to look at GHG emissions,
23 criteria pollutant, toxic emissions, and to the degree
24 that that data has been -- the current data that's report
25 a trend -- or historical that is a significant step.

1 Now, does it still need to be further improved?
2 No doubt about it. I think it's toxics. And Kurt knows
3 the specific time frame. I think it's the end of this --
4 we're within a month or two of getting the toxics data
5 populated, which isn't just for the ability for us to do
6 the analysis, it's anyone that wants to go to our website
7 and look at any individual facility or facilities in their
8 neighborhood. This is a big step. Not perfect, but a
9 significant improvement.

10 BOARD MEMBER BALMES: I agree that it's a big
11 step, but I guess my frustration was right after that
12 November presentation, November 2015, I believe, we were
13 talking about having toxics to go online a few months
14 later, like February 2016. And, you know, it looks like
15 it's going to be 2018, so...

16 VICE CHAIR BERG: In looking at this list that
17 has been requested, is there other data within 197 and 617
18 that we need to identify that is also going to create a
19 list? Is there a way for us to coordinate so that we're
20 giving the maximum effort, and the maximum information?

21 EXECUTIVE OFFICER COREY: The only thing I would
22 add to that, Board Member Berg, is the fact that what this
23 ask is is really the -- list the scoping plan measures.
24 But when I think about the range of measures that this
25 agency, even as recently as the SIP, the State

1 Implementation Plan, that the Board advanced had a whole
2 range of mobile source measures in it. So even a -- I
3 think a report, and I'm thinking about the status of the
4 range of measures, not just in the scoping plan, but also
5 the other mobile source measures that in some cases
6 deliver GHG benefits, as well as criteria.

7 My point being, and I'm kind of thinking on the
8 fly looking at this language, it really is, I think, a
9 comprehensive, what's the status of the range of
10 commitments or measures that the staff are proceeding on.
11 And it goes beyond just what's in the scoping plan.

12 VICE CHAIR BERG: I really think it's fair to say
13 that the EJ concerns are really around criteria
14 pollutants, and the co-benefits -- and toxics, and the
15 co-benefits that can be arrived as a result of greenhouse
16 gas. And so I get concerned about focusing on greenhouse
17 gas alone, and then we miss the mark, and then people are
18 disappointed because we set expectations that we don't
19 meet

20 So these are three very complicated set of
21 measures, and how do we look at them globally to be able
22 to put the best effort together of staff, and not send
23 staff off in a lot of directions. And so that's what I
24 was trying to see if we had something that we could put
25 together that would meet what the Board is asking for in a

1 more efficient manner, and be very transparent out to the
2 EJ community.

3 CHAIR NICHOLS: Well --

4 BOARD MEMBER TAKVORIAN: So we're kind of victims
5 of our own success. I mean, I hope everybody is hearing
6 it that way, both the legislative success and CARB
7 success. And there's just a lot to do. And I think from
8 an environmental justice perspective very simply, some
9 facilities do all of those things that Board Member Berg
10 listed. So they're greenhouse gas emitters, there are
11 criteria pollutants, and there are toxics there. So
12 we're -- that's part of what we're looking at in the
13 emission reports that are required to come through AB 197.
14 And that's why I think it was meant to be more
15 comprehensive. And then there's all these other measures
16 that may affect that.

17 So is there a way to craft this -- this is
18 specific -- this add is specifically about new rules and
19 regulations that would reduce all of those emissions. I
20 think the other thing we're hearing is we want a
21 comprehensive emissions data. And I think, Richard, you
22 said that's what is already coming for 197. The question
23 is, is it in the resolution that it says that will happen
24 in order to comply with 197?

25 And if it's not directly stated, then perhaps

1 that's something that should be included, just so that
2 everybody is clear. Would that help?

3 CHAIR NICHOLS: Okay.

4 EXECUTIVE OFFICER COREY: Yeah, Board Member
5 Takvorian on page 11 of the resolution, third resolution
6 down is the emissions data reports. And at the -- Dr.
7 Balmes was talking about it, the resolution at the census
8 tract level. And really, what we'll draw from the data I
9 was talking about that was being populated in this tool
10 that we've been working on to include both criteria and
11 GHG and now toxics.

12 BOARD MEMBER TAKVORIAN: Got it.

13 BOARD MEMBER BALMES: One more comment about the
14 tool. I just went online, you know, to see how clunky it
15 is or isn't, you know, if we want EJAC -- or EJ community
16 members to use it, it's still a little bit, you know,
17 clunky to get to off of our website. Just saying. That's
18 just a general communications issue. I think we need to
19 be a little slicker about Internet access.

20 CHAIR NICHOLS: We've got an awful lot of
21 different pieces floating around here, and I'd like to try
22 to bring some order into this discussion. There's several
23 different ways that one could do it, but I'm going to
24 propose one, which is that we use Mr. Garcia's template
25 here and respond to that, and then we can talk about other

1 things that people might like to talk about in the
2 resolution.

3 So I'm starting with number 1, develop a list of
4 additional or new rules and regulations that would result
5 in direct emissions reductions at these different sources
6 to be presented to and considered by the Board.

7 Okay. I have a couple of comments about that.
8 The first is I think it should be clear that that refers
9 to criteria pollutants and toxics, not just to CO2, even
10 though this resolution is -- I mean, this whole scoping
11 plan is primarily focused on -- it is focused on meeting
12 our CO2 standards. We have these additional
13 responsibilities. And I think that's a fair request.

14 However, I want to say that -- and I'm just going
15 to -- this is my observation. I think there's a fair
16 chance that what we will find is when we actually look at
17 these rules and regulations and emissions, that we do not
18 necessarily have a big list of new rules and regulations.
19 What we may have is a need for improved enforcement, for
20 example, permits that are actually enforceable, as opposed
21 to a new rule, or that there may be ways in which we're
22 going to be able to get more -- and more timely data about
23 what's happening, as opposed to just new rules and
24 regulations.

25 So I would want to modify the language on that

1 slightly in order to make sure that if we only have a list
2 that's one or two rules, but more on the enforcement side,
3 that that's not deemed to be, you know, a failure by ARB.

4 BOARD MEMBER GIOIA: I just have a questions on
5 this just as a --

6 CHAIR NICHOLS: Yes.

7 BOARD MEMBER GIOIA: -- local air district --

8 CHAIR NICHOLS: Yes.

9 BOARD MEMBER GIOIA: -- Board member.

10 So it's to understand sort of authority issues
11 here. I agree with the intent here, so I just -- but I
12 want to understand sort of authority -- different
13 authority issues. ARB has authority to directly regulate
14 greenhouse gases. To what extent is its authority -- I
15 mean, clearly, local air districts have the authority to
16 directly regulate criteria pollutants and toxics, at
17 stationary sources.

18 To what extent does ARB have that authority --
19 because we want to be most helpful in thinking about which
20 measures would be adopted at the local level, and then
21 which measures would be adopted at the State level.

22 And let me just say I understand from EJ
23 communities, coming from Richmond myself, is that there
24 are different levels of regulation of the -- of criteria
25 and toxics at stationary sources across air districts in

1 California.

2 And I think in the Bay Area, we've been very
3 aggressive, and maybe that hasn't been the case at some
4 other air districts around the State.

5 And so there's often ask of the Air Board to come
6 up with standards that bring up maybe what some of the
7 local air districts haven't done yet.

8 And so I want to just under -- so -- and my sense
9 is that's where many are going is, you know, there are
10 varying levels of regulation across air districts in
11 California. So what -- what is the route for the Air
12 Board to most help in that area? Do you see the question?

13 CHAIR NICHOLS: That's a good question, and I
14 think Richard can probably answer that.

15 EXECUTIVE OFFICER COREY: Yeah, I'm going to take
16 a stab at it. And I think, in part, as you noted,
17 Supervisor Gioia, the air districts have primary authority
18 over stationary sources. They compartment them, they
19 enforce them. We have an oversight role.

20 They also have a key role on toxics, which also
21 they have toxics rules and permitting authority. The
22 State has an overall toxics program, but basically it's
23 implemented and enforced generally at the local level.
24 They usually adopt rules.

25 But I think if you get to the heart of the

1 question you're asking, and I think that was embedded in
2 the questions that the -- some that the Assembly Member
3 was asking, Assembly Member Garcia, it's about additional
4 reductions at the community level.

5 BOARD MEMBER GIOIA: Right.

6 EXECUTIVE OFFICER COREY: It really is a 617-type
7 issue. Where are there further reductions of criteria and
8 toxic pollutants at the local level. And I really am
9 pointing to the significance of 617 saying -- directing
10 the State within 2018 time frame, develop an overall State
11 strategy that will translate into districts required to
12 develop local community reduction plans. And the
13 expectation of those community reduction plans is partic
14 -- focused on these most burdened communities, where are
15 the opportunities for further reductions?

16 I think we're going to see opportunities for
17 further mobile in a given community, also stationary. And
18 I think the next question is going to be is that a local
19 rule? If it's stationary, it's going to be a district
20 rule most likely, tightening that district rule, or is it
21 an enforcement issue?

22 So it's going to be the -- what are the arrows in
23 the quiver to respond to those elevated community
24 exposures. And I think the response is going to be
25 multiple addition -- tighter rules at the local level,

1 additional mobile measures and incentives that basically
2 speak to what is impacting that community. I think the
3 significance of the 617 plans and the direction of 617 is
4 all about this local exposure issue and intentionally
5 having specific actions to respond to it.

6 CHAIR NICHOLS: But, again, we are given new
7 power to define the technology that's best available
8 retrofit control technology under 617 that we have not had
9 before. So it's not a new regulation. It's a new
10 direction to us to review what's happening at the district
11 level, and to insist on improvement, if we think it's not
12 up to snuff.

13 EXECUTIVE OFFICER COREY: And to establish the
14 benchmark by which local community reduction plans will be
15 judged, and the authority to approve or not approve them.

16 CHAIR NICHOLS: Right. So this is taking us in a
17 new direction of actually proposing rules and regulations,
18 which may be beyond our authority as Supervisor Gioia is
19 gently suggesting here.

20 (Laughter.)

21 BOARD MEMBER GIOIA: I'm not saying we shouldn't
22 be looking. I'm just trying to understand authority,
23 right? If we can identify measures, we want to be clear
24 on saying what do we have authority to actually implement
25 at our level, and what -- and which -- and what is the

1 authority of local air districts, right?

2 EXECUTIVE OFFICER COREY: Yeah. And if I just --
3 just to point a point on that to respond directly to it,
4 and I'm keying off again 617, because I think that's a
5 very specific example. You have a community with elevated
6 exposures, let's say toxic and criteria pollutants.

7 BOARD MEMBER GIOIA: Right. Right.

8 EXECUTIVE OFFICER COREY: You have a breakdown of
9 what sources are contributing to those elevated exposures.
10 Three, what are the strategies to respond? And it gets
11 right to your question, if it's local -- let's say it's a
12 refinery, that would be a local rule tightening that local
13 permitting rule. If it's old heavy-duty equipment that's
14 operating within that community, that may be incentives to
15 get those off the road.

16 It's outlining the -- what is contributing to the
17 problem, and having specific actions and dates --

18 BOARD MEMBER GIOIA: Right.

19 EXECUTIVE OFFICER COREY: -- and that map also to
20 authority with clear responsible parties called out.

21 CHAIR NICHOLS: Ms. Miller --

22 BOARD MEMBER GIOIA: Chair Nichols, what I think
23 is --

24 CHAIR NICHOLS: I'm sorry, go ahead and finish.

25 BOARD MEMBER GIOIA: Okay. What I think is

1 relevant here is that -- and maybe this is sort of the
2 informal authority that ARB has that I think there's
3 concern in some -- in a number of communities across the
4 State that there's not enough meaningful or strong
5 regulation at the local level, in some parts of the State.
6 I think that's a fair characterization. We hear that.

7 If we identify potential measures, we sort of are
8 a bully pulpit as well, and that ARB -- even if it doesn't
9 have authority to pass some of these regulations, it's
10 sort of like a best practice list. Because we also hear,
11 and I hear this from those in industry, they'll say, well,
12 this district has a less ambitious goal. You have a more
13 ambitious goal. Wouldn't it be great if there were
14 similar goals across the straight at the local air
15 district level that provided the same level of health
16 protection to communities who live near sources of
17 emissions and not have varying level -- standards?

18 In a way, we can -- we can list, pursuant to the
19 suggestion by the Assembly Member, the types of
20 regulations that may be effective at achieving additional
21 reductions which would then help encourage local air
22 districts that don't have them to adopt them.

23 BOARD MEMBER MITCHELL: Let me say that at least
24 in the South Coast District, the rules that are on our
25 calendar, I mean, they're listed in the last Board

1 package. Every rule that we're going to consider next
2 year is in that Board package. If it's not in that Board
3 package, we're not going to consider it. And any Board
4 member can request -- well, I have requested I want this
5 rule. I want to look at this. And it will go on that
6 list.

7 So it does exist, and it's a pretty long list.
8 So it does give your staff knowledge of what they're going
9 to deal with in the next year.

10 CHAIR NICHOLS: Um-hmm.

11 BORD MEMBER MITCHELL: Sometimes we can't get to
12 all those rules by the end of the year, which one of them
13 that I put on there we couldn't finish it. That was
14 ending a reclaim program. So that has been extended
15 another few months into next year, but it was on the list
16 last year. It had to go on the list to be considered.
17 And you can find it in our -- it's in our last December
18 Board package.

19 And so you'll see what's on that list. I mean,
20 it does exist. And it may -- that may not be the practice
21 in all air districts, but it is the practice in South
22 Coast.

23 CHAIR NICHOLS: You know, what I'm -- I'm just
24 going to say right now, we keep on discussing how to
25 respond here. But I don't think that just using the

1 language that's in this draft resolution is going to get
2 us where people want to go, where your colleagues want to
3 see us go.

4 And I'm wondering whether -- that's not true of
5 the others by the way. I'm prepared to say we could do
6 number 2. We could do number 3. Although we may not be
7 able to convene it by January, especially January 2017,
8 since that was this past January. But even by January
9 2018, we may not be able do it, just because we haven't
10 asked all the people who need to serve to serve, I
11 believe.

12 DEPUTY EXECUTIVE OFFICER CHANG: So what the
13 statute says is that the Senate, the Assembly, and the
14 Governor make appointees, and then CalEPA convenes the
15 Committee. So this is actually not within the purview of
16 the Air Resources Board. As of right now, I think there's
17 only one member that has been named, and it's the Senate
18 has named a member.

19 CHAIR NICHOLS: Okay, so -- but we should
20 certainly be moving on that. And to the extent that the
21 Governor would like our advice about who he should
22 appoint --

23 EXECUTIVE OFFICER COREY: Yes.

24 CHAIR NICHOLS: -- we could certainly be
25 suggesting names to him. Yeah. But that's a -- there

1 should be an intention to get that underway, sooner rather
2 than later. I think that -- as we are moving forward on
3 amendments to the Cap-and-Trade Program, that kind of goes
4 without saying that we should have the Committee.

5 And on the fourth item, I know, not being a
6 scientist, how anxious people get about this issue about
7 when data gets released. But as a general rule, I'm in
8 favor of releasing data whenever you've got it. I don't
9 think we should be holding it and massaging it. So if we
10 have it, we ought to be able to make it available.

11 BOARD MEMBER RIORDAN: But, Madam Chairman, if it
12 is not though verified, I'm assuming this is greenhouse
13 gas emissions, and we've --

14 CHAIR NICHOLS: Then it has --

15 BOARD MEMBER RIORDAN: -- if you really believe
16 in the program of verification --

17 CHAIR NICHOLS: Right.

18 BOARD MEMBER RIORDAN: -- I don't think it should
19 be released until it's verified.

20 CHAIR NICHOLS: It isn't even submitted to us
21 until it's verified generally. I mean, if -- when people
22 have to submit their data, they get it verified, right?

23 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

24 SAHOTA: Board members, may I add some additional
25 information on number 4?

1 CHAIR NICHOLS: Sure.

2 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

3 SAHOTA: So when the data is reported, there's two
4 separate reporting dates for the large stationary sources
5 and then for the more complicated electricity transaction
6 reporters, the utilities. There's 3 months underwhich
7 that data has to be verified, and then that data is held
8 until after the cap-and-trade compliance deadline. We
9 don't want to leak that data out, because it could be used
10 to manipulate the market, and it's always released after
11 it's been QAQC'd after the compliance event.

12 It's released on the same schedule that we
13 release with our partners for the market program. The
14 other concern is that, if --

15 CHAIR NICHOLS: Excuse me, just before you go on.
16 Are you talking about the mandatory reporting data?

17 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

18 SAHOTA: Yes, yes.

19 CHAIR NICHOLS: The data that is in the
20 mandatory -- the one on which people base their fees?

21 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

22 SAHOTA: Yes, and they --

23 CHAIR NICHOLS: They give us this preliminary
24 data and we sit on it, and we don't collect fees, based on
25 it?

1 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF
2 SAHOTA: So there's -- there's fee data, which is in
3 arrears and that's 2 years behind. So that process
4 doesn't rely on some verified data, but it's historical
5 verified data that's already available on the internet.

6 CHAIR NICHOLS: Um-hmm.

7 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF
8 SAHOTA: For each year, for example, for 2016, the data
9 was reported earlier in 2017, and then it undergoes
10 verification. And then we have the cap-and-trade
11 compliance deadline, and that data is released 2 days
12 after the cap-and-trade compliance deadline.

13 CHAIR NICHOLS: Right.

14 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF
15 SAHOTA: The inventory data, which is what we use to track
16 the greenhouse gas emissions progress towards the
17 statewide target, that needs additional data that has
18 federal sources that are not available earlier. And so
19 that takes a bit longer than the mandatory reporting data
20 to put out, because it's incomplete.

21 The challenge with the MRR data, which is the
22 mandatory reporting data, is that if -- we don't release
23 it until it's certified. So people have to finish the
24 reporting and certify it by a deadline. Everyone will not
25 want to have their data piecemealed out, because it will

1 give a sense of what they need in the market for
2 allowances.

3 CHAIR NICHOLS: Right.

4 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

5 SAHOTA: And so folks will wait till the very last
6 deadline to actually put their data in and certify it. We
7 have a very limited time to actually have it verified.
8 And it will be an implementation crunch to try and get 450
9 data reports verified by about 50 entities over a
10 compressed time period.

11 We want to encourage people to report and certify
12 earlier, so we can spread out that verification timeline
13 and do our QC/QA.

14 CHAIR NICHOLS: Sure. Very sensible, but very
15 incompatible --

16 (Laughter.)

17 CHAIR NICHOLS: -- with the desire to have
18 information be made public.

19 And again, we're back to this question of is what
20 people really want the CO2 data or is what they want the
21 toxics and air pollution data, which we don't have a --
22 which we don't care about releasing early?

23 DEPUTY EXECUTIVE OFFICER KAPEROS: Chair
24 Nichols, if I could respond to that. You're absolutely
25 correct. The complications that Ms. Sahota was taking

1 about, the mandatory reporting rule, do not apply to the
2 criteria and toxics inventory.

3 One of our first goals under 617 is actually to
4 increase the reporting frequency of that data to us, so
5 that we can turn around and get it in our mapping tools,
6 so that it's available to the public as quickly as
7 possible.

8 So certainly, the spirit of this --

9 CHAIR NICHOLS: Um-hmm.

10 DEPUTY EXECUTIVE OFFICER KAPEROS: -- of this
11 suggestion, when we were thinking about toxics and
12 criteria is something we would very much want to support.

13 CHAIR NICHOLS: Aren't you glad you raised all
14 these questions?

15 (Laughter.)

16 CHAIR NICHOLS: Could -- I guess this is just
17 a -- this is really to you on behalf of the other members
18 who are interested in these issues. And I know they
19 worked on the -- on this to make sure that you had this
20 here. Could we defer a response? Could we table this
21 request until after we have the oversight hearing that you
22 are going to be chairing, and we will present some more
23 responses to that?

24 ASSEMBLY MEMBER GARCIA: I would be amenable to
25 that. And I think my colleagues both on the Committee and

1 those who had some input on this would as well, with the
2 commitment that we bring this back for some conversation
3 after the joint legislative hearing as well.

4 CHAIR NICHOLS: Right. And then I will be
5 prepared at that time, since hopefully by then my staff
6 will have educated me about all the things that I don't
7 know that I think I know, that we can respond to this --
8 to these issues.

9 Okay. Thank you very much. That's really
10 helpful.

11 All right. We had other members who had comments
12 that they wanted to make however -- or suggestions that
13 they wanted to make about the resolution, I believe.

14 Dr. Balmes.

15 BOARD MEMBER BALMES: Well, these are more
16 general comments. I think I've already mentioned 197 and
17 adaptive management. I don't I have to say anything more
18 about that. But there were two other issues.

19 One that the EJAC -- that Mari Rose brought up
20 was biomass burning. And this is something I have a lot
21 of expertise about both in this country and elsewhere.
22 And I think now many Californians have experience with
23 direct effects of wildfire smoke. And I just have to say
24 in principle, burning biomass uncleanly is not good for
25 either health or for climate change for that matter.

1 So -- and there's a tension here, because I also
2 know enough about forest management to realize that if we
3 want to avoid catastrophic wildfires, we need to get rid
4 of a lot of the underbrush and dead trees et cetera. And,
5 you know, burning them is the easiest way now. But I
6 really feel -- and it's in the -- I believe it's in the
7 scoping plan to try to divert this biowaste to other less
8 polluting uses, but I really -- you know, I think it's
9 problematic.

10 Biomass burning, unless it's done really cleanly,
11 it has environmental justice impacts, because where these
12 facilities are located is often in disadvantaged
13 communities. And it -- yeah, I'm all for having more
14 trees to store carbon dioxide, and I'm all for forest
15 maintenance to prevent catastrophic wildfires. But, you
16 though, burning biomass is, you know, unhealthy and not
17 good for climate change. So I just want to make a plug
18 for that.

19 And then also --

20 CHAIR NICHOLS: Could I just -- could I -- could
21 I build on that though for just a second?

22 BOARD MEMBER BALMES: Sure.

23 CHAIR NICHOLS: Because when I saw that item, I
24 said why wouldn't we just agree to that? Why didn't we
25 agree to it in the first place, if that really was what

1 the EJAC was asking? Because I don't think anybody thinks
2 that burning biomass is the best -- highest and best thing
3 to do with biomass. So the question is, is there
4 something buried in here in that issue that I don't
5 understand.

6 I mean, there's issues about composting too. And
7 they -- they specifically talked about recycling and
8 composting as the two desired methods of dealing with
9 biomass, and, you know, burning as -- but there was a
10 range of other options that are looked and are being used.
11 And biomass isn't all forest waste either. There's a lot
12 of other types of biomass that are being used. So this to
13 me was part of the response to the EJAC recommendations,
14 which is to wonder why we couldn't accept that
15 recommendation, or at least, you know, say we're going to
16 pursue that as a general policy?

17 EXECUTIVE OFFICER COREY: The last part of your
18 statement, Chair, is right on point. We are and should.
19 I know there's a dead and dying tree -- this is, I think,
20 a short-run issue. The number of biomass facilities, as
21 you all know, are far less than they used to be, economic
22 and other related issues. The work with CalRecycle and
23 others is through what are the viable alternatives. That
24 is underway. This is absolutely the principle from a
25 directionality standpoint. So we agree with the principle

1 of not burning biomass.

2 BOARD MEMBER BALMES: And then my last point was
3 regarding funding for our State health agency partners,
4 specifically CDPH, and Office of Environmental Health
5 Hazard Assessment. I know we've already provided some
6 funding for CDPH to help us with quantifying health
7 benefits, but I think we're going to need more. I'm being
8 a blatant advocate for more funding for our public health
9 partners, but I think it's important.

10 I think the amount of money that we have rightly
11 invested towards their help, you know, may have remained
12 static. And I think we need them to be more helpful. So
13 I'm just making a plug for that consideration.

14 CHAIR NICHOLS: Okay. Thank you.

15 (Laughter.)

16 CHAIR NICHOLS: We -- I think you probably know
17 this, but we have some power to contract with other State
18 agencies to do things that we want them to do, and I think
19 we should do that. We can also be advocates when it comes
20 to their budget as well, but that has to be internal, not
21 external.

22 Okay. Thanks. Other comments, or suggestions,
23 or are people ready to move along here.

24 Yes, Mr. Gioia.

25 BOARD MEMBER GIOIA: On a just -- on a different

1 issue. It's a question of staff. I'd be interested to
2 hear the staff's response to one of the EJAC
3 recommendations about ensuring that CARB evaluates how the
4 cap-and-trade model will meet 2030 emissions targets by
5 modeling the program between 2020 and 2030 to avoid issues
6 with overallocation and banking of allowances, price,
7 offsets, and out-of-state sources.

8 I mean, I know we've talked about -- I know there
9 will be clearly amendments to the Cap-and-Trade Program
10 coming here, in which all of these issues are going to get
11 considered. But I think it's important to acknowledge
12 that the staff is attempting to address this issue, and to
13 State sort of the path on this, without knowing the
14 outcome, right, the path of looking at this, and whether
15 that needs to get expressed in the resolution or at least
16 expressed in some way to provide some assurance.

17 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

18 SAHOTA: Supervisor Gioia, on page 9 of the resolution we
19 speak to this. It's the 4th be it further resolved. And
20 it talks about reflect the direction in --

21 BOARD MEMBER GIOIA: I see that, yes.

22 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF

23 SAHOTA: Yes. And so as part of that process, we will
24 have analyses and public workshops informal and formal to
25 walk through each of the provisions in AB 398 as staff

1 develops the proposals. I think there's a misconception
2 that there's some cap-and-trade model out there.

3 There isn't a cap-and-trade model out there.
4 Even when we did the scoping plan, we had the PATHWAYS
5 model. And that's based on assumptions in technology that
6 we put into the model to understand what the sectors
7 respond to in terms of changes in emissions.

8 Because in cap and trade, you don't know all of
9 the actual actions, you can't predict which sector will
10 reduce in which way. There's one path that we actually
11 did reflect, and that was in Alternative 1. And so that
12 was our attempt to look at a mix of policies that could be
13 undertaken to achieve the amount of reductions under a
14 cap-and-trade policy.

15 So there's an infinite number of ways to get
16 those reductions under cap and trade. We can look at how
17 all of the other pieces like SB 350, LCFS interact with
18 the Cap-and-Trade Program, but we may not be able to model
19 the entire program to know on this date this action will
20 be taken in this sector. So we want to make sure that
21 folks understand that we can't be as specific as I think
22 they want us to be.

23 BOARD MEMBER GIOIA: Right.

24 CHAIR NICHOLS: Well, because that's the point of
25 cap and trade is that we think that the people who have

1 these emissions are smarter about where they can get the
2 reductions cheaper, and that's what they'll do, right?

3 BOARD MEMBER GIOIA: So this resolution you refer
4 to directs the Executive Officer, right, to amend the
5 Cap-and-Trade Regulation with a public process and that
6 looks at potential impacts from changes to design
7 features, assessments of quantity of allowances available
8 at auction, price containment points, price ceiling to
9 ensure sufficient carbon price to incentivize GHG
10 reductions.

11 So your belief is that this will -- this process
12 going forward will address sort of the concerns that were
13 expressed in the EJAC recommendation?

14 INDUSTRIAL STRATEGIES ASSISTANT DIVISION CHIEF
15 SAHOTA: That's right. I mean, the label of
16 overallocation is really the reference to the fact that
17 we've been very successful at reducing greenhouse gases.
18 And as a result, we didn't need to use all the allowances
19 to date and may not need to use the allowances through
20 2020.

21 We will need to look at what people are doing in
22 the market. Are they actually buying those? There's a
23 limit to how much they can buy, because there's holding
24 limits. And there's also an increasing cost, and so
25 people are going to respond to a carbon price. They're

1 not going to admit just because they can go buy an
2 allowance.

3 So we have to look at all of these behavioral
4 patterns and understand how that interacts with the
5 allowances and the amount of work that we need cap and
6 trade to do to hit the 2030 target.

7 BOARD MEMBER GIOIA: Thank you.

8 CHAIR NICHOLS: Yes, Ms. Takvorian.

9 BOARD MEMBER TAKVORIAN: Thank you.

10 I just wanted to say as I hear that we're moving
11 towards conclusion here, that I think that the scoping
12 plan, there's been this heroic effort. And I think that
13 it's comprehensive, and overarching, and visionary, and
14 sometimes very vague. There's a lot of metrics in it, but
15 there's a lot of vagaries in it, and there's a lot of
16 projections in it. And I think that's the nature of the
17 beast in a certain way.

18 And so I wanted to appreciate that there were any
19 more specifics provided in the resolution than I think we
20 had previous. And I -- I'm taking heart from that, that
21 those are at least the places where we can expect more
22 action and specific action with specific deadlines. And I
23 know that it isn't everything that I think all of us, and
24 particularly the EJAC had wanted to be clearer, but I
25 think it's a really good starting place, and much better

1 than it was a year ago or even a few months ago. So I
2 feel comfortable supporting it, so that we can go forward
3 and actually implement the measures that are there.

4 And I also want to give a huge shout out to the
5 EJAC. I mean, we've quantified how much effort there was
6 for these volunteers who traveled around the State, who
7 met here in Sacramento, who met everywhere to try to do --
8 to represent environmental justice communities, and it's a
9 tough lift.

10 And I also want to shout out to the staff, who
11 followed them all around, and led them, and provided
12 facilitation, and comfort, and a lot of work. So I think
13 they did a great job with that. And having served on the
14 first EJAC, which is like a global difference. I don't
15 how to say any big -- it's very big, a huge difference
16 from the first one.

17 So I think we have moved on, and I do think that
18 environmental justice and equity are baked in now in many
19 ways, and that's evidenced in the scoping plan, so I think
20 that's a good thing. And that doesn't mean that it's
21 perfect, or that it takes care of everything in our
22 communities. It doesn't at all, and we've talked about
23 that at length.

24 But I do want to say that I think there's some
25 real movement forward in some big ways. So I just wanted

1 thank everyone who's participated in that, including Board
2 members, who are working so hard and will continue to, so
3 thank you.

4 CHAIR NICHOLS: Thank you.

5 VICE CHAIR BERG: And then, Madam Chair, I'll
6 also would like to echo and thank you for all your hard
7 work, Board Member Takvorian.

8 And I'd like to move Resolution 17-46.

9 BOARD MEMBER SERNA: Second.

10 BOARD MEMBER BALMES: Second.

11 CHAIR NICHOLS: There's a second. Actually, two
12 seconds.

13 I think we could proceed to a vote, unless
14 anybody has any discussion that they would like to have on
15 the motion?

16 Seeing none. Why don't we do a roll call vote on
17 this one. Please call the roll.

18 BOARD CLERK McREYNOLDS: Dr. Balmes?

19 BOARD MEMBER BALMES: I vote yes.

20 BOARD CLERK McREYNOLDS: Mr. De La Torre?

21 BOARD MEMBER DE LA TORRE: Aye.

22 BOARD CLERK McREYNOLDS: Mr. Eisenhut?

23 BOARD MEMBER EISENHUT: Aye.

24 BOARD CLERK McREYNOLDS: Senator Florez?

25 Assembly Member -- I'm sorry. Supervisor Gioia?

1 BOARD MEMBER GIOIA: Aye.

2 BOARD CLERK McREYNOLDS: Ms. Mitchell?

3 BOARD MEMBER MITCHELL: Yes.

4 BOARD CLERK McREYNOLDS: Mrs. Riordan?

5 BOARD MEMBER RIORDAN: Aye.

6 BOARD CLERK McREYNOLDS: Supervisor Roberts?

7 BOARD MEMBER ROBERTS: Aye.

8 BOARD CLERK McREYNOLDS: Supervisor Serna?

9 BOARD MEMBER SERNA: Aye.

10 BOARD CLERK McREYNOLDS: Dr. Sherriffs?

11 BOARD MEMBER SHERRIFFS: Yes.

12 BOARD CLERK McREYNOLDS: Professor Sperling?

13 BOARD MEMBER SPERLING: Yes.

14 BOARD CLERK McREYNOLDS: Ms. Takvorian?

15 BOARD MEMBER TAKVORIAN: Yes.

16 BOARD CLERK McREYNOLDS: Vice Chair Berg?

17 VICE CHAIR BERG: Aye.

18 BOARD CLERK McREYNOLDS: Chair Nichols?

19 CHAIR NICHOLS: Aye.

20 BOARD CLERK McREYNOLDS: The yes votes wins.

21 CHAIR NICHOLS: Thank you very much.

22 For the sake of our court reporter, we are going
23 to take a recess. It will help us too. Let's give it 10
24 minutes. Thank you all. This is a major step forward.

25 (Off record: 4:02 p.m.)

1 (Thereupon a recess was taken.)

2 (On record: 4:11 p.m.)

3 CHAIR NICHOLS: Okay. Let's get back to work.

4 Before we begin the last item of the day, I was
5 so excited about getting to this hearing that I forgot to
6 make an announcement that I was required to make about the
7 executive session that we had at lunch, which is that we
8 had an executive session at lunch. The Board received
9 information from our legal staff about some litigation
10 that we had not been informed about before. We didn't
11 make any decisions or give any direction, but we did have
12 a discussion, and that was it. So I just needed to report
13 that for the record.

14 The other thing I want to say is although the
15 climax has already come and gone is that what we just did
16 in adopting this 2017 scoping plan is a huge deal. It's
17 actually extremely important for our program, but also as
18 a sign for everybody literally around the world who's
19 looking at California and how we intend to make massive
20 cuts in greenhouse gas emissions.

21 So while we can concede that it's a
22 work-in-progress, and will probably always be a
23 work-in-progress, we can also see that we've laid out with
24 considerable clarity, how we intend to decarbonize our
25 economy between now and 2040 -- 2030, 2040, and that it

1 looks very good.

2 And considering the gloomy news that we're
3 getting on a daily basis now about how much faster the
4 global warming worst-case scenario is proceeding than
5 anyone had thought early on, I think it behooves us to
6 take a minute and just say this was something really
7 important, and it's good that we did it.

8 So thank you to everybody. Now, we should move
9 on to the fun stuff, which is spending some of the
10 resources that we have been entrusted with in the
11 transportation area.

12 So I probably have some notes here. But the main
13 important point to make here is that we have an
14 opportunity now to spend over \$600 million in incentive
15 program -- in incentive dollars this year. This is a
16 one-time annual funding allocation. It's not ongoing
17 funds that we can count on getting every year. Although
18 the programs that are funded are programs that have a
19 potential to continue, but we're looking at annual funding
20 for low carbon transportation coming from the
21 cap-and-trade auction proceeds, and the Air Quality
22 Improvement Program, or AQIP, plus the two additional one
23 time appropriations.

24 Collectively, it's almost twice as much money as
25 we had available last year. It represents a very

1 significant investment in zero and near zero emissions
2 technologies, and it places a priority on directing funds
3 to disadvantaged communities, low income communities, and
4 low income households to ensure that the cleanest
5 technologies are deployed in the most impacted parts of
6 the State.

7 Between today's action and other sources of
8 funding that will become available, including the
9 Volkswagen Environmental Mitigation Trust, as well as the
10 new Assembly Bill 617 community emissions reduction
11 incentive funding, new agricultural equipment incentives,
12 the Board is going to be looking at over a billion dollars
13 in air quality and climate change incentives over the next
14 6 months.

15 This is a phenomenal opportunity, and it also
16 requires us to consider these investments very carefully
17 to ensure that the programs are well coordinated. We will
18 also need to be making recommendations for future funding
19 amounts as we continue California's drive towards clean
20 transportation.

21 So this is a really exciting opportunity, and
22 it's one that is also one that we have to really be sure
23 that we are pursuing this as carefully and as effectively
24 as we possibly can.

25 Mr. Corey, will you please introduce this item?

1 EXECUTIVE OFFICER COREY: Yes. Thanks, Chair.
2 And indeed, it is a tremendous opportunity here.

3 And as you noted, incentive programs are a
4 critical part of CARB's comprehensive strategy to
5 accelerate the introduction of the cleanest mobile source
6 technologies complementing our regulatory programs. These
7 incentives provides important early steps to transform the
8 transportation sector to zero tailpipe emissions powered
9 by the lowest carbon energy sources supporting the
10 emission reduction strategies identified in the Climate
11 Change Scoping Plan, the State Implementation Plan, the
12 California Sustainable Freight Action Plan, and the ZEV
13 Action Plan.

14 I think I'm just going to go right to Andy Panson
15 from the Mobile Source Control Division to give the staff
16 presentation.

17 So, Andy.

18 (Thereupon an overhead presentation was
19 presented as follows.)

20 AIR POLLUTION SPECIALIST PANSON: Thank you, Mr.
21 Corey. And good afternoon, Chair Nichols and members of
22 the Board.

23 Today, I'll present staff's proposed funding plan
24 for clean transportation incentives.

25 --o0o--

1 AIR POLLUTION SPECIALIST PANSON: I'm going to
2 start with a short overview of all of CARB's incentive
3 programs to provide context for how today's proposal fits
4 into the full portfolio, especially with all the new funds
5 coming this year.

6 I'll then summarize the funding plan itself,
7 going over goals and priorities, updates on past
8 investments, the legislature's direction on how to use
9 these funds, and our proposed project allocations.

10 --o0o--

11 AIR POLLUTION SPECIALIST PANSON: The 9 programs
12 shown here make up CARB's incentive portfolio this year.
13 This fiscal year alone, there's over a billion and a half
14 dollars. That's a tremendous increase compared to past
15 years. However, to put that in context with the overall
16 funding need, the South Coast Air District has estimated
17 an incentive need for its region alone of up to a billion
18 dollars a year. And similarly, the San Joaquin Valley Air
19 District has estimated a \$22 billion need for its region
20 by 2025.

21 Each of our incentive programs has its own
22 statutory requirements, emission reduction goals, and
23 eligible projects, making the portfolio diverse and far
24 reaching.

25 --o0o--

1 AIR POLLUTION SPECIALIST PANSON: These different
2 programs fit together to address a multitude of needs.
3 Our challenge is to design each program so that it
4 complements and does not duplicate others.

5 Guiding policy goals include:

6 Advancing technologies to meet California's long
7 term air quality and climate change goals by transforming
8 the transportation sector to zero and near zero emissions;

9 Improving access to clean transportation for all
10 Californians;

11 Supporting sustainable freight;

12 --o0o--

13 AIR POLLUTION SPECIALIST PANSON: Turning over
14 the legacy fleet for the SIP, toxics reductions, and
15 community level reductions; reducing agricultural sector
16 emissions; and investing in the disadvantaged and
17 low-income communities and low-income households, a goal
18 shared among all of our incentive programs.

19 You can see from these 2 slides that there is an
20 intersection in the goals that each program addresses.
21 However, there's also some clear separation. The funding
22 in today's proposal comes with statutory direction that
23 allows us to uniquely target key objectives that other
24 programs are not as well suited for.

25 --o0o--

1 AIR POLLUTION SPECIALIST PANSON: This funding
2 covers our primary -- this funding plan covers our primary
3 funding for transformative technologies at their very
4 earliest stages with an ability to fund those technologies
5 just coming to market.

6 Today's plan also covers our primary funding for
7 light-duty vehicles, and transportation equity projects.
8 In this space, there's very little overlap with other
9 programs.

10 I'll contrast that with the 3 new programs the
11 Board will consider next spring, the Volkswagen NOx
12 mitigation trust, the AB 617 community emission reduction
13 incentives, and the agricultural incentive program. These
14 primarily focus on heavy-duty fleet turnover to the
15 cleanest commercialized technologies, with the scrap
16 component embedded in most projects, at least in how
17 they'll be implemented this budget cycle.

18 And that generally leads to funding technologies
19 that are a bit furthermore down the commercialization path
20 than today's proposal.

21 While there's an intersection across programs,
22 particularly in the freight sector, the freight projects
23 we're proposing today, with an emphasis on technologies
24 just coming to market, would not fit as well in most other
25 programs. Of course, there will be increasing overlap in

1 future years as new technologies continue down the
2 commercialization path, but we re-evaluate our investments
3 annually to ensure that programs remain complementary.

4 And this coordination extends to how our funds
5 complement other State and local investments. Other
6 agencies have a lead on transportation-related investments
7 in infrastructure, low-carbon fueled production, active
8 transportation, and workforce training among others.
9 Accordingly, these are not a main focus of CARB's
10 incentives.

11 --o0o--

12 AIR POLLUTION SPECIALIST PANSON: With that
13 background, let's move on to the funding plan.

14 --o0o--

15 AIR POLLUTION SPECIALIST PANSON: We're using
16 these incentives to support the long-term transformation
17 of the fleet called for in the Climate Change Scoping
18 Plan, the SIP, the Sustainable Freight Action Plan, and
19 the Short-Lived Climate Pollutant Strategy. We also use
20 them to improve access to clean transportation and invest
21 in disadvantaged and low-income communities.

22 This year's proposal -- this year's proposed
23 projects, in most cases, continue and build on investments
24 from previous budget cycles that were envisioned as
25 multi-year projects. That really is a central theme to

1 this year's plan.

2 We're, of course, incorporating refinements based
3 on lessons learned and the recommendations of our SB 350
4 study on overcoming barriers to clean transportation.

5 --o0o--

6 AIR POLLUTION SPECIALIST PANSON: Since we're
7 building on past successes, let's review how our
8 investments are making a real difference in the California
9 fleet.

10 The over 200,000 zero-emission and plug-in hybrid
11 passenger car rebates we've issued are really helping grow
12 the market. These vehicles now make up over 4 percent of
13 new cars sales in California. And we're bringing more
14 low-income participants into the program with increased
15 rebate amounts and more focused outreach.

16 --o0o--

17 AIR POLLUTION SPECIALIST PANSON: Our equity
18 projects continue to grow as well. We've helped over
19 2,000 low-income Californians scrap their old cars and
20 replace them with advanced technology vehicles, and we'll
21 expand scrap and replace to new regions in 2018.

22 A new car share program is up and running in
23 Sacramento, and the Los Angeles car share will launch
24 early next year. We're also about to award care-share
25 funds to additional communities.

1 A statewide consumer assistance financing program
2 will also launch in 2018. This will help low-income
3 consumers make clean-car purchases for both new and used
4 cars, including those who don't have a car to scrap.

5 --o0o--

6 AIR POLLUTION SPECIALIST PANSON: We've seen
7 tremendous growth in the clean truck and bus market. With
8 4,000 vouchers reserved or issued and over 1,000 different
9 fleets participating. The number of manufacturers and
10 eligible vehicles keeps growing far faster than we would
11 have envisioned just a year career or two ago.

12 There are now over 20 manufacturers offering 60
13 eligible models in HVIP. And this includes two Class 8
14 truck models that were added to the program this year.

15 --o0o--

16 AIR POLLUTION SPECIALIST PANSON: Through our
17 heavy-duty pilots and demonstration projects, we're
18 funding zero emission trucks, transit buses, and school
19 buses serving disadvantaged communities, as well as
20 cleaner school buses for rural communities.

21 The first of these vehicles are now on the road.
22 Drayage truck and freight demonstrations continue at the
23 major ports and at several freight facilities in the
24 Inland Empire.

25 To date, over 30 percent of our low carbon

1 transportation funds have been spent in disadvantaged
2 communities, and over 60 percent have provided benefits to
3 these communities.

4 --o0o--

5 AIR POLLUTION SPECIALIST PANSON: Now, let's move
6 on to this year's funding, and take a closer look at how
7 each of the four related funding sources covered in the
8 plan.

9 --o0o--

10 AIR POLLUTION SPECIALIST PANSON: As you'll
11 recall, we've prepared a joint funding plan for low carbon
12 transportation and AQIP in each of the past four budget
13 cycles. This year, we're also including two related
14 one-time appropriations.

15 --o0o--

16 AIR POLLUTION SPECIALIST PANSON: The focus of
17 the Low Carbon Transportation Program continues to be
18 accelerating the transition to low carbon passenger and
19 freight transportation with a priority on providing health
20 and economic benefits to California's most disadvantaged
21 communities.

22 This year, the legislature appropriated \$560
23 million with a direction to build upon the projects
24 launched in previous years. As part of that
25 appropriation, the legislature provided \$140 million for

1 CVRP, and extended the income limits established last
2 year.

3 There's also \$100 million for transportation
4 equity investments including the direction to invest in
5 the projects listed on this slide.

6 --o0o--

7 AIR POLLUTION SPECIALIST PANSON: For the
8 heavy-duty and freight sector, the legislature
9 appropriated \$180 million for clean truck and bus vouchers
10 through HVIP, with funding available for hybrid,
11 zero-emission, and low-NOx technologies.

12 Finally, there's \$140 million for advanced
13 freight equipment. Freight projects have been unfunded in
14 past years due to budget limitations. And this
15 significant increase will enable us to make some key
16 investments called for in the Sustainable Freight Action
17 Plan.

18 --o0o--

19 AIR POLLUTION SPECIALIST PANSON: The budget also
20 includes \$28 million for AQIP projects that reduce
21 criteria pollutant and toxics emissions from mobile
22 sources. We'll continue focusing AQIP on projects that
23 don't fit well in low carbon Transportation because
24 greenhouse gas reductions is not their primary focus, and
25 we're proposing that most funding go to our Truck Loan

1 Assistance Program.

2 --o0o--

3 AIR POLLUTION SPECIALIST PANSON: The next
4 category is \$25 million in Volkswagen settlement funds
5 from the California-only 3-liter engine partial consent
6 decree. This is separate from the over \$400 million NOx
7 mitigation trust that the Board will consider next spring.

8 These settlement funds are for the ZEV-related
9 aspects of vehicle retirement programs. When the
10 legislature appropriated these funds to us, it provided
11 specific guidance on how to spend them. The legislature
12 specified that a portion should be used to support the
13 expansion of the EFMP Plus-Up Program statewide, including
14 developing a tool to improve program efficiency, and
15 verify participant eligibility, as well as to increase
16 community outreach.

17 Our proposal addresses this direction with both
18 funds directly for EFMP Plus-Up to expand its reach, funds
19 for financing assistance, and a new one-stop shop to help
20 low-income Californians access these programs.

21 --o0o--

22 AIR POLLUTION SPECIALIST PANSON: Finally, the
23 legislature appropriated \$50 million in one-time funding
24 for new zero and near zero emission warehouse program.
25 Per statute, these funds are to be used for a competitive

1 funding program with a requirement for a one-to-one match
2 resulting in \$100 million in projects.

3 The legislature directed us to develop this
4 program using our funding plan process, so these funds can
5 be coordinated with the low carbon transportation funding
6 to expand the reach of both.

7 --o0o--

8 AIR POLLUTION SPECIALIST PANSON: To translate
9 this budget direction into project level allocations, we
10 re-evaluated our existing projects, considered anticipated
11 demand and technology readiness, reviewed the long-term
12 planning elements of previous funding plans, and examined
13 other funding sources, and of course considered public
14 input.

15 Today's proposal was shaped by input received at
16 two public workshops, 15 more focused public workgroup
17 meetings, and many additional one-on-one meetings with
18 interested stakeholders.

19 --o0o--

20 AIR POLLUTION SPECIALIST PANSON: There's a total
21 of \$265 million for light-duty vehicle and transportation
22 equity projects. This continues our focus on investments
23 in CVRP to support broad ZEV deployment coupled with
24 equity focused-investments to increase access to clean
25 transportation for low-income households, disadvantaged

1 communities, and low-income communities.

2 These equity projects provide important
3 co-benefits beyond just the environmental and public
4 health benefits. These help increase access to ZEV's as a
5 mobility option, increase transportation reliability,
6 improve connectivity, reduce transportation costs, and
7 provide economic benefits for California's disadvantaged
8 communities and low-income citizens.

9 This year, there's an emphasis on incorporating
10 the recommendations of our SB 350 study.

11 --o0o--

12 AIR POLLUTION SPECIALIST PANSON: This funding
13 should meet anticipated CVRP demand for the year, with
14 the -- and with the ability to direct equity funding to
15 support low-income rebates, we will ensure continuous
16 funding for low-income applicants, even if we have a late
17 budget next year.

18 We're proposing no major changes to CVRP. The
19 launch of the RebateNow pre-qualification element early
20 next year, and expanded community outreach are the most
21 notable enhancements. As the market continues to grow, we
22 will need to refine and better target this program, and we
23 expect those discussions to be an integral part of next
24 year's plan.

25 We'll continue to grow our car scrap and

1 AIR POLLUTION SPECIALIST PANSON: This next slide
2 shows how we propose allocating the heavy-duty incentives
3 with increased funding for clean trucks and buses through
4 HVIP, advanced freight equipment and truck loan
5 assistance.

6 Collectively, these investments support a broad
7 range of clean and efficient technologies with
8 opportunities for battery electric, fuel cell, hybrid,
9 natural gas, and clean diesel engine technologies, as well
10 as engine and system efficiency improvements, and
11 encouraging the use of low-carbon renewable fuels.

12 It includes support for technologies, along the
13 commercialization spectrum with funning for
14 demonstrations, early commercial pilots, vouchers, and
15 loans for commercially available technologies.

16 --o0o--

17 AIR POLLUTION SPECIALIST PANSON: As I noted
18 earlier, there's been tremendous growth in the clean truck
19 and bus market over the past 2 years, an indication of the
20 success of our investments to support early commercial
21 deployment.

22 With nearly \$190 million allocated to HVIP and
23 low NOx incentives, we anticipating -- anticipate meeting
24 demand for all eligible technologies through and beyond
25 the 2017-18 budget cycle. As part of our demand

1 estimates, we considered potential forthcoming
2 technologies expected to come to the market this year,
3 such as the new 12-liter low-NOx engine.

4 Changes this year include revising some voucher
5 amounts to better reflect incremental costs, and adding
6 the ability for fleets to get infrastructure funds as
7 voucher enhancements to support zero emission truck and
8 bus purchases.

9 --o0o--

10 AIR POLLUTION SPECIALIST PANSON: This biggest
11 change this year is the significant and much needed
12 increase in freight funding. There's \$190 million
13 available between the low carbon transportation and Zero
14 and Near Zero Emission Warehouse Program funding. This
15 compares to \$40 million last year.

16 There are two complementary elements to our
17 freight proposal. First, there's \$40 million for new a
18 statewide freight equipment voucher project, sort of like
19 an offroad HVIP. This will provide purchase incentives
20 for new commercially available zero emission yard trucks,
21 cargo handling equipment, transportation refrigeration
22 units, and other freight equipment.

23 Second, there's \$150 million for large scale
24 transformative freight facility projects with a
25 disadvantaged community focus. This will be for

1 warehouses, ports, distribution centers, railyards, and
2 other freight facilities that want to holistically
3 overhaul their operations with the cleanest equipment in
4 vehicles, supporting infrastructure, and efficiency
5 improvements.

6 This is intended to showcase the potential and
7 viability of upgrading freight facilities and operations
8 to the cleanest equipment.

9 We've received comments that limiting this
10 funding solely to facilities in disadvantaged communities
11 is overly restrictive and we expect you'll hear public
12 comments on that today. We believe there's merit to these
13 comments, and that additional flexibility is in order to
14 ensure greater opportunities for participation.

15 --o0o--

16 AIR POLLUTION SPECIALIST PANSON: I'd also like
17 to briefly note that we incorporated into this year's plan
18 a 3-year roadmap for heavy-duty technology investments.
19 This complements the 3-year strategy for CVRP and
20 light-duty vehicle investments we included last year.

21 These 3-year evaluations communicate how the
22 annual investments in each funding plan fit into our
23 multi-year vision for incentives and how they help advance
24 technologies.

25 --o0o--

1 AIR POLLUTION SPECIALIST PANSON: There's a
2 statutory requirement for the State to invest auction
3 proceeds in disadvantaged communities, low-income
4 communities, and low-income households. These are
5 specified in Assembly Bill 1550.

6 We're designing the investments in this plan to
7 maximize benefits to AB 1550 populations to help ensure
8 that the State meets its overall investment targets. We
9 do this with a mix of projects that are targeted to
10 disadvantaged communities, and low-income households
11 combined with statewide projects that include elements to
12 encourage participants -- or encourage participation by
13 low-income -- by 1550 populations.

14 This includes higher rebate amounts for
15 low-income households, higher voucher amounts for vehicles
16 or equipments used in disadvantaged communities, and
17 targeted outreach. The funding plan highlights actions
18 that were taken to maximize AB 1550 benefits in order to
19 exceed our investment targets. And we're not limiting
20 this just to the low carbon transportation funds. We're
21 designing investments from all funding sources to benefit
22 underserved populations.

23 --o0o--

24 AIR POLLUTION SPECIALIST PANSON: We're proposing
25 two minor modifications to the funding plan document we

1 released last month. Both are administrative in nature.

2 I noted earlier that we'll launch a new \$40
3 million freight equipment voucher project. We had
4 originally planned to start with a small scale pilot and
5 then move to a larger voucher project in future years.
6 With our revised approach to go directly to a large
7 voucher project, we have \$5 million in 2016 funding that
8 was originally allocated to the pilot and is left over.

9 We're proposing to reallocate these funds to the
10 greatly oversubscribed rural school bus pilot where
11 there's immediate demand.

12 In addition, this year's budget directed us to
13 provide advanced payment of grants where necessary to
14 ensure timely project implementation. We outlined our
15 general approach in the funding plan. However, we're
16 still working through the final details. When we wrap-up
17 the exact language, we'll update the final funding plan
18 and incorporate it into all grant agreements, and we
19 request that the Board delegate this authority to the
20 Executive Officer.

21 --o0o--

22 AIR POLLUTION SPECIALIST PANSON: We've covered a
23 lot of information here. So let me now summarize the
24 proposal.

25 --o0o--

1 AIR POLLUTION SPECIALIST PANSON: This year's
2 plan builds on previous investments to reduce greenhouse
3 gas, criteria pollutant, and toxics emissions by advancing
4 the cleanest available technologies with a much needed
5 increase in freight funding. These projects will continue
6 to focus on achieving emission reductions in the
7 disadvantaged communities that need them the most with an
8 increased priority on community outreach to help people
9 access our funds.

10 --o0o--

11 AIR POLLUTION SPECIALIST PANSON: The suite of
12 investments is part of our coordinated strategy to make
13 progress towards multiple climate change and air quality
14 goals. As shown here, we strive to identify and fund
15 projects that achieve multiple co-benefits.

16 --o0o--

17 AIR POLLUTION SPECIALIST PANSON: Before closing,
18 I want to note that we report to the public on our
19 progress in multiple ways. In each funding plan, we
20 provide status updates and report project outcomes. We
21 also report annually to the legislature on the auction
22 proceeds investments that make up the vast majority of
23 this funding, and we share ongoing progress on our CVRP
24 and HVIP websites with lots of statistics on how and where
25 these funds are being spent. All this date -- information

1 is downloadable for those who really want to dig into the
2 data.

3 --o0o--

4 AIR POLLUTION SPECIALIST PANSON: In conclusion,
5 we recommend that the Board approve the proposed funding
6 plan with staff's modification.

7 Thank you.

8 CHAIR NICHOLS: Unless anybody has questions, we
9 should probably go to the witnesses. And I believe
10 there's another page, so there's about 30 people who want
11 to speak on this item. So I am going to suggest that we
12 maintain the 2-minute limit.

13 But I'm also going to ask folks, you know, if
14 you're hear to support the proposal, which is lovely, you
15 know, you can give brief a advertisement for your
16 particular agency or project, and why it's great, but I
17 wouldn't spend -- you know, you don't need -- you don't
18 need a lot of time for that.

19 And if you're here to oppose or have concerns,
20 then try to be as clear as you can, and as quick as you
21 can about what it is that, you know, you think should be
22 changed about the -- about the plan as it currently
23 exists.

24 I think we have a need to have a discussion at
25 some point, but not necessarily as part of the adoption of

1 the plan about how we're getting the information out to
2 those who are potential eligible for the funding. I feel
3 like we still need a new way of illustrating what people
4 could even think about applying for. You know, you are in
5 a community. You are in a -- you're in a transit
6 district. You are a fleet operator. You are a person
7 who's shipping goods, whatever it is. You'd like to clean
8 up your fleet, what can you apply for, when, how, and all
9 of that?

10 It looks like I'm getting a head nod from Mr.
11 Roberts first. I'll let him speak, or you just agree.

12 BOARD MEMBER ROBERTS: You're on roll. And I
13 agree with you, and I didn't want to stop you.

14 CHAIR NICHOLS: Oh, okay.

15 BOARD MEMBER ROBERTS: I had a question of staff
16 before you start it.

17 CHAIR NICHOLS: Okay. Well, they why don't you
18 go ahead and ask the question.

19 BOARD MEMBER ROBERTS: Yeah, I just have a quick
20 question.

21 CHAIR NICHOLS: Yeah.

22 BOARD MEMBER ROBERTS: And that is simply, and
23 all of these things look good, do we have a projected
24 performance criteria that's in terms of dollars per ton,
25 how these compare to anything that we're doing?

1 AIR POLLUTION SPECIALIST PANSON: Yes. We
2 actually -- we have a whole appendix quantifying the
3 projected benefits of these projects, both in terms of the
4 engines and vehicles funded and the corresponding emission
5 reductions. We also talk about co-benefits more
6 qualitatively, so we do have on a project-by-project
7 basis, we quantify and communication the cost in the
8 reductions.

9 I will note that with these advanced technology
10 investments where we're really trying to do, in some
11 cases, pre-commercial demonstrations, the very earliest
12 commercial pilots, cost effectiveness is not the main
13 driving metric. It's really bringing new technologies to
14 the market, increasing economies of scale, so that in
15 future years, they can really be cost effective. So we
16 provide that information where we -- you know, we do
17 communicate that, but considering cost effectiveness is
18 really just one of multiple parameters.

19 BOARD MEMBER ROBERTS: No, I understand that, and
20 I'll find that in the appendix somewhere.

21 AIR POLLUTION SPECIALIST PANSON: Okay. It's --
22 yes, it's the first -- very first table in the appendix --

23 BOARD MEMBER ROBERTS: Okay.

24 AIR POLLUTION SPECIALIST PANSON:

25 -- Appendix A, Table A1.

1 CHAIR NICHOLS: Dr. Sherriffs.

2 BOARD MEMBER SHERRIFFS: Yes. Similar to your
3 concern. Well, it's the -- it's the marketing issue. And
4 one is reaching people, but the other is also branding
5 this, which is part of marketing, but also branding
6 because we want to be sure that the taxpayers know -- know
7 the good ways that this is being spent, and also when
8 people see electric cars, you know, understanding what's
9 possible. And that's an important way of building.

10 So, yeah, maybe not for now, but definitely the
11 issue of marketing and branding are very important. And
12 this is a big opportunity. This is a big billboard, \$660
13 million billboard. My goodness.

14 AIR POLLUTION SPECIALIST PANSON: Yeah, we know
15 we can and need to do a better job with that. There's
16 been a lot of action in the past year to both communicate
17 successes across the State's -- all of the State's
18 cap-and-trade auction proceeds investments. We've stride
19 to beef up our website. We have a new Moving California
20 website. We know we need to do better. We're embedding
21 in every project here more -- increased community outreach
22 both to let people know about the programs, let people
23 know about the technologies, how they can work for them,
24 and make sure that we broadcast and advertise our success.
25 We know we -- we see the need. We agree. We can and will

1 do more and do better.

2 BOARD MEMBER SHERRIFFS: I love seeing the Clean
3 Idol medallion on the trucks as I pass. I wave at the
4 truckers. I'm not sure they know why I'm waiving, but...

5 (Laughter.)

6 CHAIR NICHOLS: Maybe before we start calling
7 witnesses, since I can see that there are several who have
8 this issue as their concern, and it's -- you should
9 address the question of your proposal to deal with the
10 concern about facilities that are partly in and partly not
11 in disadvantaged communities, and how we would propose to
12 fund them. Because we had a letter, which was passed
13 along by Assembly Member Garcia from 21 members raising
14 their concerns about a seemingly arbitrary line drawing
15 that could potentially disadvantage some of the facilities
16 that are most in need of our attention, and where we want
17 to be concentrating the cleanest vehicles. So do you want
18 to speak about that?

19 AIR POLLUTION SPECIALIST PANSON: Okay. Sure.
20 First of all, let me just try and frame the issue. We
21 have a lot of money for the freight facilities projects,
22 \$150 million. We have two parallel goals for funding. We
23 want to make sure we fund -- we select the best overall
24 mix of projects that are going to advance technologies,
25 reduce emissions, cover a broad range of facilities, a

1 broad range of operations, and a broad range of equipment
2 types and regional diversity.

3 At the same time, we want to maximize
4 disadvantaged community benefits. That's been a
5 consistent direction from the Board, and it's -- it's a
6 direction and requirement of the auction proceeds
7 guidelines. Because there's a lot of funding, we realize
8 that requiring 100 percent of the funds to be spent in
9 disadvantaged communities was -- is overly limiting. I
10 think we probably reached a little too far on that.

11 And we think some flexibility is definitely in
12 order and would provide better opportunity for
13 participation, and would really improve the program -- the
14 project overall.

15 We can look to passed funding plans for
16 approaches that have worked -- worked for us. For
17 example, in the 2015 Zero Emission Truck and Bus Pilot, we
18 required that at least 75 percent of the funds be spent
19 benefiting disadvantaged communities and we provide a
20 scoring preference to projects that were -- that were
21 benefiting disadvantaged communities, but we let anyone
22 apply. That worked out really well. And I think that's
23 an approach that would work.

24 There's also some flexibility in how we provide
25 scoring preference. I said we provide scoring preference,

1 you know, to projects that were in disadvantaged
2 communities. We have an opportunity to, I think, for
3 flexibility to be a little pragmatic here. These
4 situations where you have a facility that's partially in
5 or partially out of a disadvantaged community or
6 facilities that are immediately adjacent to a
7 disadvantaged community, we can provide scoring preference
8 to those as well.

9 We can, and we think we should. We think that
10 would make sense. I think one of the issues that was
11 brought to light was the Port of Oakland, where half the
12 port is in, half the port is out. I don't think there's
13 anyone who thinks a project at the Port of Oakland doesn't
14 meet the spirit of AB 1550.

15 So we think a combination of allowing some
16 fraction of the funding to be spent outside of
17 disadvantaged communities and providing -- take a
18 pragmatic approach for how we -- how we give scoring
19 preference would really work. It really would improve the
20 overall project.

21 And then I just want to say -- say on thing to be
22 clear. We can be pragmatic in how we give scoring
23 preference. When we report outcomes, we're, of course,
24 going to follow the funding -- the guidelines for all
25 administering agencies -- or all the agencies that

1 administer auction proceeds. And so if a project doesn't
2 meet that criteria, even if it's a good project that had a
3 lot of benefit, we're not going to -- we're not going to
4 claim it as an AB 1550 benefit, but we think we'll feel
5 good about funding it, and we think it would be the right
6 project to fund. And I think that approach would really
7 improve the proposal that we brought to you.

8 BOARD MEMBER GIOIA: Madam Chair, Can I make a
9 comment?

10 CHAIR NICHOLS: Yes.

11 BOARD MEMBER GIOIA: Because I have an alteration
12 of that, because I don't think -- I think your spirit is
13 there, but it's not clear. There's clear precedent for
14 this issue. You create two categories. Money spent in a
15 disadvantaged community, and then money spent to benefit a
16 disadvantaged community. Because the issue here, if you
17 look at the maps -- I'll talk about the areas I'm familiar
18 with, Port of Oakland, Port of Richmond -- they are
19 located just -- some of the port, just outside the
20 disadvantaged community, but there's no argument that the
21 investments there will benefit the disadvantaged
22 community.

23 And as we recall, there's been legislation on cap
24 and trade that said -- on other cap and trade funding that
25 said spend X percent in a disadvantaged community, and

1 then spend X percent to benefit a disadvantaged community,
2 and then you define what it means to benefit a
3 disadvantaged community.

4 I think -- I don't think getting into scoring
5 this and that. We should just define what it means to
6 benefit a disadvantaged community. And there was -- again
7 there's specific precedent. Remember, a lot of the
8 sustainable communities funding fell into this category,
9 where there was housing and transportation-related funding
10 investments in cap and trade, and they defined what it
11 meant to benefit a disadvantaged community because you
12 don't want to extend it out with all this indirect
13 benefit.

14 So maybe that's the answer here. Because the way
15 it's worded now, it has to be spent in the disadvantaged
16 community. And if the port is located just outside, even
17 though impacts the disadvantaged community, that's
18 adjacent, it's potentially not eligible.

19 So that's my suggestion as a way to think about
20 this. And there's precedent for doing it, and just
21 define, so all of the money can be spent either in or to
22 benefit a disadvantaged community, assuming that was the
23 spirit of the concerns.

24 And what I heard from even some of the ports, who
25 raised this issue, you know, they're adjacent to the

1 disadvantaged community. So that's -- and then you can
2 come up with the definition of benefit, and usually it's
3 by clearly getting an air quality benefit to the
4 community.

5 AIR POLLUTION SPECIALIST PANSON: I think I
6 probably -- I may have answered the question a little too
7 succinctly for the sake of time, because when I was
8 talking about projects that are adjacent to, I was really
9 actually building off a conversation that we had earlier
10 in the week.

11 BOARD MEMBER GIOIA: Yes, right. Right.

12 AIR POLLUTION SPECIALIST PANSON: And I -- the
13 way you defined that is exactly how we were seeing it. I
14 just kind of answered it a little too quickly.

15 BOARD MEMBER GIOIA: Yeah, I just think using the
16 term then "benefit", because that's how you then score it,
17 right? You're going to score it based on the objective
18 criteria of how you define benefit, right?

19 AIR POLLUTION SPECIALIST PANSON: Right.

20 BOARD MEMBER GIOIA: Yeah, we're saying the same
21 thing.

22 AIR POLLUTION SPECIALIST PANSON: So we would
23 say -- when I said partially in --

24 BOARD MEMBER GIOIA: Right. Right.

25 AIR POLLUTION SPECIALIST PANSON: -- or adjacent,

1 we would mean something like the zip codes that --

2 BOARD MEMBER GIOIA: Right.

3 AIR POLLUTION SPECIALIST PANSON: -- contain a
4 disadvantaged community, so --

5 BOARD MEMBER GIOIA: Right. But you would want
6 clear direction from us?

7 AIR POLLUTION SPECIALIST PANSON: It just --
8 and -- but -- let me say one more thing. I think that
9 just limiting it to those areas that are adjacent or
10 benefiting, as you define it, still doesn't quite provide
11 enough flexibility, because some of the people who are
12 going to comment are -- you know, will make -- there are
13 ports and freight facilities that, you know, don't meet
14 that --

15 BOARD MEMBER GIOIA: Um-hmm. Um-hmm.

16 AIR POLLUTION SPECIALIST PANSON: -- that
17 requirement, and they should still have some opportunity
18 to --

19 BOARD MEMBER GIOIA: Right.

20 AIR POLLUTION SPECIALIST PANSON: -- participate.

21 And that's where we think the -- making sure the
22 vast majority of the funds are in the disadvantaged
23 community or meet the broader definition you came up with,
24 but we think there should also be an opportunity for some
25 that even still fall outside of that.

1 BOARD MEMBER GIOIA: Would you suggest that we
2 set then a percent? I'm just picking a number. I'm going
3 to say if we said 90 percent must be in or to benefit a
4 disadvantaged community. That way, what I could hear from
5 the disadvantaged communities, is if you don't specify the
6 percent, because here we're going from 100 percent in a
7 disadvantaged community to something that's flexible. But
8 if we set a maximum cap for in or to benefit, at least you
9 know what's available as potentially as a high priority
10 project outside those areas.

11 AIR POLLUTION SPECIALIST PANSON: Yeah, I think
12 that -- I think that makes sense.

13 BOARD MEMBER GIOIA: Okay. We'll hear from the
14 comments. Okay.

15 Thank you.

16 CHAIR NICHOLS: Okay. Let's go to the list then.
17 The list beginning with. Mike Neuenburg. Yes, there you
18 are. Hi.

19 MR. NEUENBURG: Hi. Good afternoon, Madam Chair
20 Nichols and to the ARB CARB Board and staff. I know it's
21 been a long afternoon, so I'm going to keep this short.
22 My name is Mike Neuenburg, and I'm with the Sacramento
23 Metropolitan Air Quality Management District.

24 I'd like to take a moment to say thank you for
25 the opportunity to speak to all of you today in support of

1 the proposed fiscal year 2017/2018 funding plan for clean
2 transportation incentives. The district believes this is
3 an excellent opportunity and looks forward in working with
4 CARB to put these funds into the community to reduce
5 emissions and keep California at the cutting edge of clean
6 transportation.

7 Sacramento, as already discussed in the slides,
8 has had 2 programs that we've successfully implemented
9 from cap and trade, which is the Electric School Bus
10 Program and the Our Community Car Share Program. And we
11 are in the middle of implementing those projects, and we
12 have many -- electric cars are out and the electric
13 because many of them are out as well.

14 As CARB's greenhouse gas funding of efforts,
15 efforts evolve and grow. We believe a new approach is
16 necessary. We believe it is imperative that these State
17 funds are distributed equitably throughout the State.
18 Mobile sources are the single largest source of greenhouse
19 gas emissions. Vehicle technology projects that reduce
20 greenhouse gases also reduce ozone precursors and toxic
21 emissions. Cap-and-trade funding is an important tool to
22 help us do that.

23 The current solicitation processes are not
24 efficient using valuable lessons learned from successful
25 incentive programs, like Prop 1B and Moyer. We're

1 confident that air districts can work with CARB in a fully
2 public process to establish streamlined guidelines that
3 would help meet the State's goals in distributing these
4 funds efficiently and equitably.

5 The air districts are deeply experienced in
6 managing multi-million dollar incentive programs. We can
7 get the funds out efficiently and quickly. Sac Metro Air
8 District has partners lined up through our work on other
9 incentive programs.

10 I'd like to take time to thank you for the
11 opportunity to speak to you today, and I would request you
12 please consider these points as you move forward with the
13 plan for clean transportation incentives.

14 Thank you.

15 MR. PEEPLES: Chair Nichols, member of the Board,
16 My name is Chris Peeples. I'm a publicly elected at-large
17 director of the Alameda Contra Costa Transit District.
18 And I'm here today with my general manager Mike Hursh, who
19 will speak next, and Julie Waters our legislative person
20 who now has taken over the portfolio of ZEV.

21 I want to talk to you a little bit about what
22 we're doing, but then talk about three reports that I
23 think bear directly on the issue you're talking about
24 today. As you know, we have the largest fleet of fuel
25 cell buses in the world. We've been doing that for about

1 12 years. Thanks to you, we have another 10 on order. We
2 have battery electric buses on order, so we will have the
3 same model bus in diesel, diesel hybrid, fuel cell
4 electric and battery electric, and can do some
5 comparisons.

6 In response to what you have done, we have
7 prepared one and are in the process of preparing two more
8 reports. The -- what we approved at our Board meeting
9 last night, so it's hot off the presses, is a clean
10 corridors plan. What our planning staff did is they
11 overlaid the CalEnviroScreen on our district, then
12 analyzed all the routes that were within the disadvantaged
13 communities, came up with four corridors, including one
14 that goes all the way through Supervisor Gioia's district,
15 and then tried to figure out how much it would cost to
16 electrify them.

17 The good news is it's doable. The bad news is
18 using very conservative numbers, because they assume
19 prices weren't going to go down, it's about a quarter of a
20 billion dollars for four corridors in one transit
21 district.

22 Now, we've got two more reports coming, which
23 we'll bring up to you as soon as we do it. And I know our
24 staff and consultants are talking to your staff. We have
25 a ZEV report coming on zero emission buses that's going to

1 try to take a very deep look at the different
2 technologies, and their capabilities, and look at what's
3 going to happen to their capabilities and costs over the
4 next 5 or 10 years.

5 Then we have a facilities utilization plan where
6 we're going to try to figure out what it would take for
7 our facilities to turn them into, instead of 200 diesel
8 buses, 200 ZEV buses.

9 CHAIR NICHOLS: Than you.

10 MR. PEEPLES: So those will be coming and you'll
11 see what those costs are.

12 CHAIR NICHOLS: Your district has been at the
13 head of the curve on all of these issues. And we look to
14 you to give us more.

15 So thank you.

16 MR. HURSH: So that's an excellent segue for me.
17 I am Mike Hursh, the general manager and CEO of AC
18 Transit. We are committed to expanding our zero-emission
19 fleet. I want to talk a little bit about philosophy today
20 to help you make your decisions.

21 What you're doing today, and I really want to
22 compliment staff, the ability to spread one stick of
23 butter over 100 slices of bread is amazing and they have
24 done that.

25 (Laughter.)

1 MR. HURSH: They've done an excellent job of
2 distributing what -- preparing a budget that will help all
3 of our communities. However, I have to caution you, SB 1
4 is not a done deal. There's a very active measure, two
5 active measures to recall SB 1. SB 1 does not solve all
6 our problems. We're proud of it. We appreciate it. It
7 helps, but it's not guaranteed.

8 The \$663 million that you have on the table
9 today, I really don't want to sound like a Sourdough
10 Sam -- too many bread references -- but I want to put in
11 perspective that if that money went entirely to public
12 transit bus replacement, it would replace perhaps 800 of
13 the 18,000 of the publicly-owned buses in the State of
14 California.

15 What you're doing here today is incentivizing.
16 That will make the change that you want happen. By
17 finding funds and making them available, the change will
18 happen. I would encourage you to focus your regulatory
19 efforts on those for-profit businesses. I appreciate that
20 you have warehouse and freight money in here, but remember
21 that those warehouses and freight haulers carry oil, they
22 carry Amazon packages, they are for-profit companies.
23 Face your regulatory efforts on them, focus your incentive
24 monies on public agencies that bring the community good.

25 Supervisor Gioia said it best, measure the

1 effects on community benefit. Public transit benefits our
2 economy, it benefits our environment, it benefits our
3 citizens. This is 663 million will help, but
4 unfortunately it's a drop in the bucket.

5 Thank you for your hard work. Please find more
6 money and we promise to expand those fleets.

7 CHAIR NICHOLS: Thank you.

8 MR. ZOBEL: Good afternoon, Chairman Nichols,
9 Vice Chairman -- Vice Chairman Berg, members of the Board
10 and staff. My name is Bill Zobel, and I'm the vice
11 president of business development, marketing, and customer
12 care for Trillium. Trillium is a subsidiary of the Love's
13 family of companies that operate over 400 travel
14 hospitality centers across the United States.

15 We have 9 of those here in California, and we're
16 building another 8 over the course of the next 2 years.
17 Trillium itself operates over 180 alternative fuel
18 stations throughout the country with 48 of those here in
19 California.

20 We are here to fully support California's
21 transition to a lower carbon fuel economy. Trillium is
22 working to expand our affiliated networks in all areas
23 across the State, including the State's ports, freight
24 corridors, commercial hubs -- and commercial hubs.

25 This expansion includes stations which will

1 provide renewable natural gas, hydrogen, and electric
2 vehicle charging for both commercial fleets and the
3 general public.

4 We support the State's commitment to funding a
5 lower carb -- lower carbon fuels, and today's plan is a
6 testament to that resolve.

7 These public funds are important to secure, and
8 I'll put this in quotes, a fully commercialized clean
9 transportation market, which is absolutely required to
10 meet the long-term goals of the State.

11 We believe, however, that to truly see a
12 widespread and self-sustaining -- self-sustaining
13 commercialization of low carbon fuels in California, it
14 requires a more innovative approach to providing
15 incentives. One that goes beyond the current array of
16 disbursement programs that were listed in the slide that
17 was put up earlier.

18 The process needs to be a holistic one and focus
19 on -- really on the longer term goal and how we get there.
20 We believe that to successfully put renewable natural gas,
21 hydrogen, and heavy-duty electric fleet vehicles on a path
22 to full market commercialization requires a continued and
23 substantial investments in ways that actually move the
24 market.

25 Mechanisms that are market based that garner the

1 attention of a commercial enterprise in ways that actually
2 facilitate real change, behavioral change, and provide
3 enough sufficient -- sufficient scale to lift the market
4 and ultimately exceed California's ambitious carbon
5 reduction goals.

6 VICE CHAIR BERG: Thank you so much. We need you
7 to wrap-up, please.

8 MR. SOBEL: This is it. Yeah, so anyway, just we
9 support this. Today is the day to celebrate what we've
10 done here and where we're going. And we want everybody
11 here to think about the next generation of incentive
12 programs, and how we get these programs eventually off the
13 government dime, and into full commercialization where
14 they're actually support and sustain themselves.

15 Thank you.

16 VICE CHAIR BERG: Thank you.

17 MR. SCHUCHARD: Good evening, Vice Chair Berg and
18 members of the Board. Ryan Schuchard with CALSTART. As
19 many of you know, we've worked closely with ARB,
20 particularly, Luci and this team over the last year on the
21 medium and heavy duty 3-year plan. Spent a lot of time
22 with the team. And, in summary, really commend the team
23 and thank them for their hard work.

24 The overall funding plan we think is good. It
25 supports the GHG trajectory we need over the next, not

1 only 3 years, but looking out to 10 years and beyond. And
2 we say that with the recognition that the technology
3 landscape is changing fast.

4 Just yesterday, Cummins Westport had their
5 9-liter low-NOx engine approved, which makes their 2018
6 offering for that heavy-duty vehicle only low NOx. Also,
7 last year, I'd be surprised if many people know -- or,
8 excuse me, yesterday, I'd be surprised if many people know
9 this, Thor Trucks launched a Class 8 electric truck, after
10 Tesla did one a few weeks ago.

11 So with that in mind, we like the funding plan
12 for a few reasons. One, it provides a technology context
13 that takes advantage and understands the fast investments
14 happen and the changes and the uncertainty that is
15 happening. Number 2 is has a beachhead model that focuses
16 where we're going to see the greatest investment propagate
17 the fastest. And thirdly, it commits to ways of research
18 and development in a structured way that focuses on zero
19 emission, low NOx, and efficiency.

20 So just to close, I said great things about the
21 staff, so I won't say more, because we really think
22 they've done such a great job. But we do have one
23 concern. Its -- there's a significant amount of funding
24 on the table this year. But that really just matches what
25 we've asked for in the 3-year investment plan for a year.

1 And we're encouraged by that appropriation.

2 But a key issue is going to be ensuring that the
3 waves of investment that the funding plan suggests need to
4 be developed are invested in. So we need to work together
5 to make sure the legislature understand that and we need a
6 mult-year framework.

7 I'll leave it that. Thank you very much.

8 VICE CHAIR BERG: Thank you very much.

9 MR. HEADLEY: Rod Headley, owner and president of
10 Central California Power.

11 Raul Portugal is going to follow me on the school
12 bus program. And we are looking at doing repowers on
13 school buses for half the price of a new bus. So that
14 money would go a lot further. I know Mary is all in for
15 that. Unfortunately, she's not here. Left. I got too
16 late.

17 But anyway, that is one of the programs. But
18 really I wanted you folks to put a face to some programs
19 I'm going to send you, some common sense programs that we
20 feel would reduce emissions immediately. And a lot of
21 things that have been overlooked, gas injection into
22 diesel engines on over-the-road trucks, which is a great,
23 great program I worked on for 5 years, and now I got back
24 into it again, catalytic converters for industrial mowers.
25 How many people here mow their own loans -- lawns?

1 Giving away --

2 VICE CHAIR BERG: I have one.

3 MR. HEADLEY: Giving away electric mowers doesn't
4 really help the problem. One industrial lawn mower, 1
5 hour of running is equal to 8 hours of any car running.
6 So there's a big pollution removal there. And a lot of
7 things that are out there that are cost effective. For
8 instance, the ag replacement tractor program killed us for
9 repowers four about 3 years. But we've got a lot of
10 industrial construction equipment out there that can't be
11 replaced. We're getting that program put back in place.
12 Raul has been talking to Seyed, and certain people. So
13 we're getting that done.

14 So there's a lot of pollution that we've been --
15 when we were doing the repowers, we normally did 1500 tons
16 of NOx and 40 tons of particular matter a career. So
17 anyway, you've seen the face.

18 VICE CHAIR BERG: Thank you. And we'll look
19 forward for your information.

20 MR. PORTUGAL: Good afternoon, Vice Chair, Board
21 member and fellow airheads that came out today --

22 (Laughter.)

23 MR. PORTUGAL: -- thank you for sticking around.
24 My name is Raul Portugal, And as Rod mentioned, I'm with
25 Central California Power. I was at the last meeting in

1 Riverside where Ms. Nichols expressed her interest in
2 spending as much as she could in school bus replacements
3 or options for that.

4 And that kind of lighted a light bulb in my head.
5 Through the Carl Moyer program we've done about 700
6 repowers in the last decade. And we currently service
7 about half the school bus fleets in the San Joaquin Valley
8 with most of those being in disadvantaged areas. And I
9 have already started to work really closely with the CHP,
10 DOT, and motor carrier specialist in identifying ways to
11 repower school buses.

12 And from DOT, they're very excited of the
13 possibilities that our engineers can come up with with the
14 repower that's very simple. As Rod mentioned, we can
15 repower 1 school bus for the cost of a fractional cost of
16 a new one. And we really do expect to be able to do
17 several hundreds of them. We can basically facilitate the
18 process to spread that one stick of butter over three to
19 four hundred pieces of bread, instead of just 100.

20 So we're just here for just to kind of introduce
21 ourselves and let you know that it is possible, and
22 there's other options that are very, very cost effective.
23 And quickly going to figuring out how to market or
24 advertise, I would like to suggest to the Board to reach
25 out to the local air districts who already have the

1 programs in place, already have the contacts, and already
2 have the resources available to maximize the spending,
3 whether it's in grants or vouchers whichever way. They
4 have the ways. And they've already been here before to
5 express their interest of working directly with these
6 incentives and the Air Board. So I just hope to see that
7 very transparent.

8 Thank you.

9 BOARD MEMBER BALMES: Vice Chair Berg --

10 VICE CHAIR BERG: Yes.

11 BOARD MEMBER BALMES: Could I just ask Mr.
12 Portugal. You didn't actually say how you were going to
13 repower the buses.

14 MR. PORTUGAL: So we would take out -- an example
15 would be to take out an old Cummins engine. And most of
16 them have Allison transmissions and we would just bolt on
17 directly a newer Cummins engine, lower -- low emission,
18 low NOx. School buses, the chassis, you know, from when
19 you guys road the school bus, to I ride it, to my children
20 ride it, it's still the same bus. It doesn't get anymore
21 aerodynamic, or faster, or any nicer.

22 So the chassis, the -- a lot of the parts on the
23 school buses are still in great shape, so we would work
24 with DOT to identify the ones that are eligible for
25 replace repowers and the older ones would be deemed for

1 replacement.

2 Thank you.

3 VICE CHAIR BERG: Thank you very much.

4 MS. PHILLIPS: Kathryn Phillips with Sierra Club
5 California. For the record, I mow my own lawn with a push
6 mower, and fortunately it's a small yard.

7 A couple of things. First, I want to thank the
8 staff for the work they've done on this. And also, we
9 really appreciate the fact that you're going from just
10 doing a 1-year plan to a 3-year plan. Additionally, we
11 like the increase in the amount of incentive that will be
12 available through the bus and truck money for
13 electrification.

14 We need to move towards electrification.
15 Listening to the school bus conversation, I felt like I
16 was in 2010, instead of 2018. We need to get away from
17 greenhouse gas emissions entirely, whether it's our RNG or
18 NG, its's still methane.

19 So again, I want to thank you for this and thanks
20 for the continued approach that encourages transit bus
21 companies, transit bus agencies, and electric heavy-duty
22 and bus manufacturers to continue the work they're doing.

23 MR. MAGAVERN: Bill Magavern with the Coalition
24 for Clean Air. We support this plan. It's an excellent
25 plan, and it had an extensive public process. I do want

1 to note that the \$255 million for community air protection
2 that was also in the budget has had no public process so
3 far, and we think that it should.

4 But on this funding plan, we're especially glad
5 to see the amount of money dedicated to cleaning up the
6 freight system, and also the amount dedicated to
7 disadvantaged communities.

8 When it comes to the transportation equity
9 projects that were established by the Charge Ahead
10 California initiative, the most successful one has been
11 the vehicle scrappage program that has been running in the
12 San Joaquin Valley and the South Coast.

13 We think there's an element that is needed to
14 scale up the program to enhance it, and also to expand it
15 to other air districts, Bay Area, San Diego, and
16 Sacramento. And what is needed is a coordinated customer
17 data management platform that can help to facilitate
18 outreach, customer transaction, and accurate record
19 keeping. That would really provide a basis for making it
20 easier for customers to get into this program, and getting
21 more people into much cleaner vehicles.

22 And this system needs to be in place quickly to
23 help spend the funding in this plan. So what we would
24 propose is that \$2 million of the Volkswagen settlement
25 funds be awarded in the next quarter via a competitive

1 solicitation that's open to the air districts, and to
2 establish this project.

3 Thank you.

4 VICE CHAIR BERG: Thank you.

5 MR. DOUGLAS: Vice Chair Berg, members of the
6 Board, Steve Douglas with the Alliance.

7 I'll brief. We appreciate all the staff's hard
8 work. And make no mistake, this is a lot of hard work.
9 We absolutely support the staff's proposal. We think
10 they've struck a balance between stakeholder input, the
11 legislative requirements, and this Board's direction.
12 The -- this program, the Clean Vehicle Rebate Program is
13 essential to the ZEV market -- to developing that market.

14 It's about putting more ZEVs in California, more
15 ZEVs on California roads. That's what it's about, and
16 this is critical.

17 Just a couple of other points. We're looking
18 forward to the point of sale rebate. We think that's
19 important to all customers, but it's really important to
20 low income customers who can't -- who can't wait a month
21 or 2 months for the rebate, so that's important.

22 Fuel cell vehicles are critical to the
23 transportation strategy, and so we support staff's
24 proposal on continuing those rebates as they are. Again,
25 thank you very much for the staff's work on this and we

1 support the proposal.

2 VICE CHAIR BERG: Thank you.

3 MR. PIMENTEL: Hi again. Michael Pimentel with
4 the California Transit Association.

5 So I'm just here to support this funding plan,
6 and I want to peel back the curtain just a bit about what
7 we're doing as an association. So in the lead up to the
8 investment of cap-and-trade expenditure dollars, the
9 Association was walking the halls of the Capitol asking
10 for money for zero-emission buses.

11 And we did it because our members believe in
12 ZEVs. Many of them want to move forward aggressively with
13 deploying ZEVs, but the main impediment is funding. In
14 fact, our specific ask was 470 million for the Zero
15 Emission Truck and Bus Commercial Deployments Project.
16 That wasn't satisfied, but we did get 180 million through
17 HVIP with the specific carve-out for zero-emission buses
18 of \$35 million. We appreciate that and we support it.

19 Moving forward, we are going to continue to
20 support ongoing appropriations for zero-emission bus
21 deployment. In fact, it's built into our 2018 State
22 legislative program. That's going to be focused on HVIP.
23 It's going to be focused on the zero emission truck and
24 bus deployment project. But it will also be focused on
25 the VW settlement.

1 I just want to remind this Board that we had
2 submitted a request for 75 percent of the VW settlement to
3 be directed to zero emission buses and trucks. Our
4 preferred program is the zero emission Truck And bus
5 Commercial Deployments Project.

6 And we like that because it's not just an
7 investment in the buses themselves, but the charging
8 infrastructure. And that's something I want to emphasize
9 for this body. It's not just enough to say we're making
10 investments to bring down the cost of buses. We need to,
11 at some point, grapple with the cost of charging
12 infrastructure.

13 It's high. It's prohibitive. It prevents a lot
14 of agencies from making the jump into zero emission bus
15 deployment. So again, I -- we support the funding plan,
16 but we would urge this body also to think more broadly to
17 the various components that are necessary to bring zero
18 emission bus projects on line.

19 Thank you.

20 MS. NAGRANI: Hello. I hope you're all still
21 awake. I know it's been a long day. I'm Urvi Nagrani
22 from Motiv Power Systems. So the name is spelled wrong
23 there, if anybody cares.

24 I'd like to first thank staff for a really
25 wonderful, you know, very good investment plan. It's

1 getting a lot of programs that have been underfunded for
2 the last several years, due to a lack of resourcing,
3 finally are getting the amount of attention they should
4 have gotten for the last several years.

5 So I, one, would urge this entire Board to put
6 political pressure to maintain that level of funding, and
7 2, thank the staff for their work. Because it is so good,
8 I get to be a little nitpicky. So a few quick things.

9 In terms of your proposed HVIP changes, I love
10 the fact that you thought about infrastructure, the fact
11 that you've added a voucher enhancement to cover the
12 adoption of infrastructure for both hydrogen and ZEV
13 vehicles will be wonderful for fleets who don't usually
14 have sources to help with that.

15 Two, the bifurcation into types of buses with
16 transit buses, school buses, and trucks leaves a hole
17 where I don't know what to tell potential customers who
18 want to buy a vocational vehicle, because it's not a
19 traditional truck. And so those vehicles are very small
20 volume, and the incremental cost is closer to what you
21 would see in the funding levels proposed under the school
22 bus amounts.

23 So if you could, for example, extend that to
24 other types of vehicles. So if Winnebago wants to sell a
25 blood mobile, we could say, hey, let's have a zero

1 emission blood mobile. I think every vehicle should have
2 the ability to be zero mission vehicles. And I think HVIP
3 has been the most broad stroke approach of the technology
4 is ready, we will invest today. And I'd love to see that
5 kept.

6 Secondly, the very last page of your proposed
7 investment plans, you go into the question of how grants
8 are administered. And I think this is a really, really
9 important thing, because how you administer a million
10 dollars is different than how you implement a
11 multi-million dollar program, which is different than
12 hundreds of million. And if we have the kinds of delays
13 getting money out the door that we've had with some of the
14 smaller programs, we will not get the air quality
15 improvements on the timelines we need.

16 So streamlining that is essential. Thank you so
17 much for your time.

18 VICE CHAIR BERG: Thank you.

19 MR. LOVELACE: Good afternoon, Board members and
20 Vice Chair Berg. I'm Ed Lovelace from Ed XL Hybrids, XL
21 is a leader in electrified commercial vehicles in North
22 America, spanning Class 2 to Class 6 vans, trucks, and
23 buses, and delivering conversion products at a rate of
24 about 1,000 vehicles a year.

25 So overall, XL is very supportive of the ARB

1 staff's portfolio investment strategy, and their
2 consultative approach in developing the funding plan. I
3 just have two comments on the voucher programs. First, we
4 agree with the overall voucher program elements, the
5 funding levels, and appreciate the hybrid conversion
6 voucher level increases this year.

7 While our business is not built on a strategy
8 that always requires incentives, we appreciate the modest
9 hybrid conversion incentives, because that allows us to
10 expand our market to lower annual mileage fleets, and
11 those fleets that have limited equipment capital.

12 Second comment. The advent of commercial clean
13 vehicle voucher programs across the country that were
14 started here in California with HVIP, we believe represent
15 a best practice for developing a financially sustainable
16 market.

17 But one of the biggest remaining problems is the
18 lack of funding continuity in the these programs.
19 California has made great steps towards addressing that
20 this year with a significantly largely HVIP budget, but
21 we're still concerned about the tail-end of the funding
22 next year and ensuring that buyers and sellers can
23 continue to market the clean vehicle products and deploy
24 those products. Nothing is more disruptive to growth of
25 this new industry than having to stop and start marketing

1 to the fleets.

2 Once suggestion, and I'm sure it's not the only
3 possible solution is to allow companies to continue
4 selling and buying at their own risk that the program is
5 renewed. I know there have been legal concerns about this
6 type of strategy, but I request this conversation is
7 renewed.

8 Thanks again for your leadership in the strive to
9 clean air. Thanks.

10 VICE CHAIR BERG: Thank you. I just would like
11 to do a time check for my fellow Board members. I think
12 we have about less than 30 minutes to wrap this up, and we
13 do have -- need a quorum, so --

14 BOARD MEMBER GIOIA: I will note that Dr. Balmes
15 and I are leaving about 5:30 to catch a train, so we will
16 be leaving 5:30 maybe -- it depends how fast we can walk
17 or run to the train station.

18 VICE CHAIR BERG: Well --

19 BOARD MEMBER GIOIA: We're not running, we'll say
20 that.

21 VICE CHAIR BERG: We need 8. Do we have 8?

22 BOARD MEMBER SERNA: Not if they leave.

23 BOARD MEMBER DE LA TORRE: I'm here.

24 (Laughter.)

25 VICE CHAIR BERG: Okay. We have 8. So the

1 remaining 8 will tough it through. Okay. Thank you.

2 We could cut it down to 1 minute.

3 BOARD MEMBER GIOIA: And, we're taking faith that
4 you're going to put the language in about benefit
5 disadvantaged community, maybe we'll just hear a summary
6 on that.

7 BOARD MEMBER MITCHELL: You'll have to stay for
8 that.

9 (Laughter.)

10 VICE CHAIR BERG: Yes.

11 BOARD MEMBER SERNA: You can Facetime on your way
12 to the station.

13 VICE CHAIR BERG: Do you have that information
14 that he's looking at?

15 EXECUTIVE OFFICER COREY: I do. So what
16 Supervisor Gioia suggested was that -- and I think this
17 is -- and we were looking for the additional flexibility,
18 if -- for the allocation, if you're in or benefiting --

19 BOARD MEMBER GIOIA: Right.

20 EXECUTIVE OFFICER COREY: -- at 90 percent, and
21 that provides, one, the flexibility to deal with these
22 split situations like the Oakland Port that we talked
23 about, it also puts us in a position where we're not just
24 not even considering eligible those projects that are
25 outside that could be really great projects. They have to

1 compete well. They would have to if they're outside. But
2 I think that is implementable, and provides us some
3 flexibility really in the context of the solicitation to
4 really get the best projects.

5 BOARD MEMBER GIOIA: So you're saying 90 percent
6 in or benefit disadvantaged community and then the 10
7 percent are the other high-value projects?

8 EXECUTIVE OFFICER COREY: And it doesn't mean 10
9 percent would be awarded.

10 BOARD MEMBER GIOIA: Right. Right.

11 EXECUTIVE OFFICER COREY: That means they're
12 eligible for consideration.

13 BOARD MEMBER GIOIA: It's the minimum of 90
14 percent?

15 EXECUTIVE OFFICER COREY: Correct.

16 BOARD MEMBER MITCHELL: So I think we could say
17 that preference be given to that 90 percent.

18 VICE CHAIR BERG: No, not preference given. It
19 will be.

20 BOARD MEMBER GIOIA: It will be 90 percent.

21 VICE CHAIR BERG: It will be 90 percent.

22 EXECUTIVE OFFICER COREY: It's a floor.

23 BOARD MEMBER GIOIA: Right, that's a minimum.

24 VICE CHAIR BERG: Yeah, that's a minimum.

25 BOARD MEMBER GIOIA: And by the way when we heard

1 from the Bus folks, just as an example, when there was
2 previous cap-and-trade dollars to benefit, and it focused
3 on some bus lines, if the -- in that case, if the bus line
4 actually went through disadvantaged communities, that was
5 defined as a benefit even if 100 percent of the bus line
6 wasn't in the disadvantaged community, because it took,
7 let's say, residents of that community to a job somewhere
8 else.

9 VICE CHAIR BERG: Okay.

10 BOARD MEMBER GIOIA: So that was a benefit.

11 EXECUTIVE OFFICER COREY: That's correct. The
12 cap-and-trade proceeds guidelines are written to reflect
13 those scenarios. That's right.

14 VICE CHAIR BERG: And so, fellow Board members,
15 were comfortable with that?

16 Okay. Great

17 Thank you, Supervisor Gioia.

18 Okay. Let's continue our testimony.

19 MR. LACAYO: Goo'd afternoon, Board members,
20 staff. My name is Dona Lacayo. I'm the Chief Commercial
21 and Public Affairs Officer at the Port of Hueneme,
22 California. We would support that staff's description of
23 adding flexibility to the eligibility criteria. Our port
24 is located 50 miles north of Los Angeles in Ventura
25 County, which was recently impacted by the horrible fires.

1 I'm here to advocate for the Board to consider
2 allowing the Port of Hueneme along with all other
3 California ports, 11 public sector California ports to be
4 fully eligible -- eligible to apply for the incentive
5 funds in the zero and near zero emission freight project
6 category of the cap and trade funding.

7 The currently proposed funding plan excludes, for
8 example, the Port of Hueneme from applying, because we
9 show on a map that we are about 0.8 miles away from
10 outside of the CalEnviroScreen of disadvantaged community
11 criteria, so we are completely outside of that, but within
12 a mile.

13 The Port of Hueneme has won 3 environmental
14 awards in 2017 and we would like to continue to invest in
15 our environmental framework, so we hope that you support
16 us.

17 VICE CHAIR BERG: I think you should be pleased
18 then with Supervisor Gioia's amendment.

19 MR. LACAYO: Yeah.

20 BOARD MEMBER GIOIA: If you can show a benefit.
21 You'll have to prove that in your application.

22 MR. LACAYO: We will show a benefit. Yes. Thank
23 you.

24 VICE CHAIR BERG: Thank you so much.

25 MR. JACOB: Thank you, Madam Vice Char, members.

1 Mike Jacob with Pacific Merchant Shipping Association.
2 And we represent ocean carriers and marine terminal
3 operators at the Ports. The same concern, and we thank
4 Supervisor Gioia and staff for working with us on the
5 process and would support what Executive Officer Corey
6 just described as the solution.

7 We'd bring one other consideration to you too,
8 which is there's also a 50/50 match, as the eligibility
9 criteria in this funding. It doesn't need to be in there
10 as eligibility criteria. It could also be dealt with
11 through scoring. We'd recommend that it be handled that
12 way as well. And then just for the record, this funding
13 stream has the only technology restriction on it in the
14 GHG Reduction Fund. It has to do with anti-automation
15 language that was put in.

16 With respect to port operations alone, obviously,
17 we oppose those. It's inappropriate and it's
18 counterproductive to us achieving our long-term goals with
19 respect to zero emissions.

20 And so when these funds come up in the future,
21 we'd like to continue to work with you to oppose those
22 types of restrictions.

23 Thank you.

24 VICE CHAIR BERG: Thank you.

25 CAPCOA EXECUTIVE DIRECTOR ABBS: Good evening,

1 Vice Chair Berg and members of the Board. My name is Alan
2 Abbs from the California Air Pollution Control Officers
3 Station.

4 I'll keep this very short. I think this plan is
5 a great plan to provide the criteria and toxics reductions
6 that are going to be the focus of our AB 617 partnership
7 that we have that we've started recently, and will be in
8 effect for many years in the future.

9 EFMP Plus-Up expanding to Sacramento, Bay Area,
10 and San Diego is great. HVIP is great. Sustainable
11 freight is great. I'm a big fan always of the Rural
12 School Bus Program, and I hope the Board continues to
13 provide incentive fundings for the rural parts of the
14 State. And we look forward to implementing the process
15 with the ARB staff.

16 Thanks

17 VICE CHAIR BERG: Thank you.

18 MR. CHAVEZ: Board and staff, thank you so much
19 for the proposed low incentive funding plan. I want to
20 thank you. My name is Nicholas Chavez on behalf of the
21 School Transportation Coalition and the California
22 Association of School Transportation Officials.

23 So every bus makes a huge difference. It takes
24 about 30 cars off the road. These are cars polluting the
25 roads and also idling in front of schools where kids wait

1 to get picked up.

2 So real quick, I want to touch on one thing I
3 heard early about repowers. We are very -- we want to
4 get -- make the most bang for the buck on these buses.
5 But at the same time, we don't want to put a Band-Aid on a
6 20-year old buses. And like I said in the report, there's
7 about 5,000 school buses that still need -- that are very
8 old and aging. And they're going to need to be replaced.
9 So we're just con -- we're just a little concerned with
10 how long those repowers will last on a 20-jeer old bus.

11 But we are encour -- you know, we do want to see
12 the most bang for the buck. Last point I wanted to make
13 is that 50 percent of these emissions get into the cabin
14 of the school buses. So it's very important that we get
15 these older buses off the road, and save our kids lungs
16 who are riding these buses every day.

17 Thank you so much.

18 VICE CHAIR BERG: Thank you.

19 MS. TUTT: Good evening. Eileen Tutt with the
20 California Electric Transportation Coalition. Today, I'm
21 here representing the larger Low Carbon Transportation
22 Coalition that we helped facilitate that we helped
23 facilitate, made up of automakers, utilities, truck and
24 bus manufacturers, all kinds of green ZEV technology
25 industry folks.

1 We want to let you know that we 100 percent
2 support this plan. Really, really thank the staff for all
3 the work we did -- you did -- we did together. Also want
4 to suggest that this year we got, you know, the closest
5 we've ever got to adequate funding. Really happy about
6 that. Need it next year. The thing we didn't get was
7 durable funding, as CALSTART said earlier. So we need
8 that for next year. And our whole larger coalition will
9 be working on adequate and durable funding for next year,
10 and look forward to working with your staff and you on the
11 Board and the legislature always, and the Governor's
12 office.

13 Thank you.

14 VICE CHAIR BERG: Thank you for all your efforts
15 too.

16 MR. ALTAMURA: Good afternoon, Vice Chair and
17 members. My name is Ivan Altamura. I represent global
18 automakers. I will be very brief. I would like to align
19 my comments or Global Automakers would like to align
20 themselves with the comment made by Eileen, and also
21 with -- I'm sorry, also earlier with Steven Douglas.

22 Just very quickly, I just -- we support the --
23 and share California's goals of expanding the zero
24 emission vehicle market. The CVP -- CVRP is a critical
25 component to meeting the goals. And we definitely think

1 that there's no other way that we're going to get there.
2 We believe that auto makers are doing their part in
3 continuing to offer very good products to the customer.
4 We have over 35 models of zero-emission vehicles currently
5 available to consumers. And we are investing billions of
6 dollars to expand that market.

7 And so the CVRP incentives are going to go a long
8 way to help us meet the goal. So thank you very much.

9 VICE CHAIR BERG: Thank you.

10 MR. SCHRAP: Good early evening, Madam Chair and
11 Board members. Thank you for the opportunity to present.
12 My name is Matt Schrap. I'm with Velocity Vehicle Group.

13 Usually, I'm up here every AQIP and workshop
14 complaining about the truck loan assistance program and
15 how it needs more money. So kudos to staff and thank you
16 for recognizing the importance of this program and how
17 it's helped thousands, literally thousands of low income
18 disadvantaged community-based trucking fleets throughout
19 California. So thank you and kudos to staff.

20 My card does say in opposition though. And to
21 the bad news unfortunately. Some background about our
22 company Velocity Vehicle Group and Crossroads Finance.
23 We're a California based company. We employ over 1200
24 people throughout the southwestern United States. We
25 consider ourselves a California company and embrace the

1 challenges and the opportunities that our customers face
2 every day. It ranges from the single truck owner/operator
3 to the Fortune 500 company.

4 Bottom line and the gist of the letter is that
5 was just handed around to you. I won't read it to you,
6 but the \$40,000 amount that staff has proposed for the
7 ultra low-NOx engine under HVIP is not enough. So that
8 was pretty straight forward there.

9 But I can tell you that if you look at the cost
10 breakdowns that \$40,000 is barely covering the cost of the
11 tank. No FET is considered on new vehicles at 12 percent.
12 We've got sales tax. We have mandatory warranties, which
13 most finance companies require on advanced technologies.
14 So \$40,000 is impossible to get fleets excited about. All
15 the trucks that are out there now are refuse vehicles.
16 Maybe there will be some drayage guys who are excited
17 about this.

18 But I can tell you firsthand, it's not enough.
19 Budgeting numbers have been all over the road, so we've
20 just recently been able to hammer these out. So I know I
21 owed Peter some numbers before, but this is as good as it
22 gets.

23 So thank you for the opportunity to present.

24 VICE CHAIR BERG: Thank you, Matt.

25 MR. LAWSON: Good evening. Thomas Lawson,

1 California Natural Gas Vehicle Coalition.

2 I was here earlier. I had to pop out for
3 soccer -- for basketball practice -- excuse my attire --

4 (Laughter.)

5 MR. LAWSON: -- but I'm back. So, you know, we
6 submitted a comment letter, so I'm not going to get into
7 it. And obviously, we don't have the time. I do want to
8 pull out one or two items that I think is important really
9 quickly.

10 One is, you know, we -- the low-NOx engine we
11 think is, you know, kind of a game-changer technology. We
12 do think that that engine should be able to -- for folks
13 that are deploying that engine, be able to get the \$10,000
14 disadvantaged community bonus, if it is being deployed in
15 those areas.

16 Right now, that -- the low-NOx engine does not
17 have access to that, and we really haven't heard a good
18 reason why. We think that would be helpful, especially as
19 the previous person testified that there's not enough per
20 engine incentive. This would be an additional incentive
21 that I think would be helpful in getting these engines on
22 the road.

23 I'll just close with, you know, we're looking
24 forward to, I think, engaging with staff, and then the
25 Board in 2018. We really believe these programs can be

1 successful, and we want to continue to engage. We have
2 some suggestions. And we, you know, hopefully can get to
3 a point where we feel like we can make some really
4 significant changes in the program to make them work
5 better. And we continue to be hopeful that we can get
6 some of these changes adopted.

7 VICE CHAIR BERG:

8 MR. LAWSON: So we put together some robust
9 letters, and we'll -- we'll see you again in 2018.

10 Thank you for your time.

11 VICE CHAIR BERG: Thank you.

12 MR. LEACOCK: Good evening, Vice Chair and
13 members of the Board. My name is Kent Leacock. I'm with
14 Proterra, a California based zero-emission battery
15 electric bus manufacturer. And I am going to be brief,
16 and I'm not going to nitpick.

17 I would just like to commend the staff of -- for
18 their hard work and their diligence on this comprehensive
19 plan. The plan does an excellent job with the difficult
20 task of allocating money among all the worthy categories,
21 which isn't easy. And of a special notice is the emphasis
22 placed on the maximum benefits to disadvantaged
23 communities, low-income communities.

24 And in conclusion, Proterra fully supports the
25 funding plan as written.

1 Thank you.

2 VICE CHAIR BERG: Thank you.

3 MR. BARRETT: Hi. Good evening. I'm Will
4 Barrett with the American Lung Association. I'm also
5 speaking on behalf of the Union of Concerned Scientists.
6 We support the adoption of the investment plan and believe
7 it sets a strong course to advancing zero emission
8 transportation technologies, healthy air, and a stable
9 climate.

10 The lung association and ARB research have both
11 shown the annual health costs of pollution from the mobile
12 source sector and the tens of billions of dollars each
13 year in California. We know that the -- this burden of
14 pollution falls disproportionately on a low-income
15 communities, who can least afford it.

16 So on the plan itself, we believe it focuses
17 appropriate on targeting distribution, of funding benefits
18 to disadvantaged communities and looking to exceed
19 statutes. We appreciate the work on the pre-qualification
20 and the one-stop shop, elements to support broader access
21 to incentive funding. We avoid -- or we appreciate the
22 work to avoid incentive waiting lists for both light- and
23 heavy-duty vehicles.

24 We support the advancement of widespread vehicle
25 electrification and deployment, specifically the

1 heavy-duty sector, zero emission transit buses and school
2 buses.

3 VICE CHAIR BERG: Actually, that was only one
4 minute. Do you want to just finish up?

5 MR. BARRETT: Yeah, I'll be happy to. I'll use
6 Kent's time to wrap up.

7 VICE CHAIR BERG: Well, they've all been one --
8 we just decided to change that.

9 MR. BARRETT: Oh, we're all one minute.

10 VICE CHAIR BERG: Oh, okay.

11 MR. BARRETT: I'm happy to wrap-up and just say
12 we look forward to working with you on both the incentive
13 package and all the zero emission -- heavy-duty zero
14 emission regulations that are so important as well.

15 Thank you very much.

16 VICE CHAIR BERG: Thank you very much.

17 MR. EDGAR: Vice Berg and Board members, Sean
18 Edgar with -- the Director of CleanFleets here in
19 Sacramento. Thanks for the opportunity to offer a few
20 brief comments.

21 We just say keep your eye on the prize. There
22 are 300,000 Class 4 and larger diesel vehicles in
23 California that are DMV registered that have to make a
24 decision to turnover in the next 3 to 6 years in
25 compliance with the truck and bus regulation. I like

1 CVRP. We have 2 field services folks that have plug-in
2 hybrids and that's fantastic. I like buses, and -- but
3 buses don't have a regulatory mandate that I'm aware of.
4 Most of the transit districts have already met the
5 requirements that the Board put out. So everything
6 they're doing is in addition.

7 Eye on the prize, in my view, means that the
8 300,000 vehicles that we know need to turnover as a result
9 of truck and bus regulations, should be turning over into
10 advanced cleaner technologies. And unless we figure the
11 voucher problem out that Matt Schrap testified, and we
12 make near zero or zero emission vehicles available to them
13 at the right incentive amount, they're not going to get
14 there.

15 So I think the technical report that's been
16 submitted to the legislature in this report, there are
17 7,000 refuse vehicles alone that can make a good decision.
18 But unless we fix the voucher amount and we deliver
19 projects well, that specific industry and other industries
20 just won't get there.

21 So just keep in mind 300,000 diesel vehicles will
22 have to turnover. Hopefully, this can be harnessed. And
23 right now, it's only \$1 out of every \$4 that's going to
24 heavy-duty vehicles. The rest is going elsewhere to light
25 duty and other categories.

1 Thank you.

2 VICE CHAIR BERG: Thank you.

3 MS. KHAMOUSHIAN: Hello there, Vice Chair Berg
4 and Board members, and staff. My name is Linda
5 Khamoushian. I'm with the California Bicycle Coalition.
6 I'd love to stay brief with my comments, but I am pointing
7 out a concern that requires your attention.

8 Last year, under the Car Sharing and Clean
9 Mobility Options Pilot Project, we were pleased to see
10 that electric bicycles were added as a component that was
11 eligible to the criteria. But that was just a part of the
12 car sharing project. So we were excited to jump on the
13 marketing component of that. And we added a webinar to
14 our program where we had over 150 registrants really
15 interested to see how bike -- electric bikes can be
16 incorporated into this incentive.

17 And so we were grateful for ARB staff, Tim
18 Hartigan, to be giving that presentation. And he also
19 answered 4 pages of questions that people had in response
20 to adding electric bikes as eligible piece to this part.

21 This year we see, and we're excited to see, as
22 the name change from Car Sharing to Clean Mobility Options
23 implies this project's previously focus on car sharing is
24 evolving to include additional mobility enhancements, such
25 as introducing electric bicycling sharing, and new to this

1 year, regular bike sharing. So that's promising.

2 However, I'd like to point out on page I-51 that
3 the staff has recommended to award funding on a first-come
4 first-served basis for small simple car sharing projects
5 serving disadvantaged communities. Target small car
6 sharing projects again. So this doesn't seem clear to me
7 that electric bikes are still eligible, that if bike
8 sharing is eligible. And so I'd love clarification on
9 that.

10 And also to -- one of the things that we did get
11 concerns about is to expand it to just stand-alone bike
12 sharing to be able to bring that to disadvantaged
13 communities that need it, and for projects to be able to
14 propose that. I'd like to point out that 20 percent of
15 the projects that applied this year added electric bike
16 components to their projects.

17 VICE CHAIR BERG: Thank you very much.

18 AIR POLLUTION SPECIALIST PANSON: The e-bikes are
19 eligible -- continue to be eligible this year. And we
20 were perhaps not as clear with our language -- or
21 obviously, we weren't as clear with our language as we
22 should have been, but they are eligible.

23 VICE CHAIR BERG: Thank you.

24 MR. SCHOTT: Madam Vice Chair and Board members,
25 Tim Schott on behalf of the California Association of Port

1 Authorities, which is comprised of the State's 11
2 commercial publicly-owned ports.

3 First, I'd like to thank staff for their hard
4 work and their accessibility on the plan, and also thank
5 the Board for the discussion about disadvantaged
6 communities, and making sure that we don't have good
7 projects at port facilities that aren't even eligible to
8 apply.

9 We would raise one issue that Mike Jacob with
10 PMSA raised, and that is the one-to-one match requirement.
11 We would suggest that new technologies are not only very
12 expensive but largely untested. And as we are trying to
13 deploy commercialization as quickly as possible, we should
14 limit risk, especially in the early stages of these
15 program developments. Thank you for the hard work on
16 this, and look forward to working with you in the future.

17 VICE CHAIR BERG: Thank you.

18 MR. KENNY: Hi. Good afternoon, Vice Chair Berg
19 and members of the Board. My name is Ryan Kenny. I work
20 for Clean Energy. We are the nation's largest provider of
21 renewable natural gas. I'm also here on behalf of our
22 trade association the Bioenergy Association of California.

23 I'd like to thank staff as we support this final
24 plan, and particularly Peter Christensen and Michelle
25 Buffington, and their colleagues. They were always very

1 considerate of our concerns.

2 This is one that I'd like to bring up though that
3 has been unresolved. And for the low NOx vehicle
4 incentives, there is a requirement to have 100 percent
5 fuel -- renewable fuel over 3 years. And we think that's
6 a barrier for low NOx vehicle incentives to be pursued.
7 We do think an amendment should be made that should have
8 50 percent renewable -- no more than 50 percent over the
9 entire use of the vehicle.

10 A 50-percent requirement will signal flexibility
11 to the applicant, and deliver deeper greenhouse gas
12 emissions throughout the life of the truck, as a great
13 amount of renewable fuel is used.

14 We also think that the operators will not see
15 it -- a barrier of 100 percent, and they will not
16 determine -- they will see not difference between
17 renewable fuel and fossil fuel. They think that -- they
18 think the cost savings will be attractive, and also that
19 the fuel will be readily available. That's all we sell in
20 California is renewable natural gas. We think that a
21 lower requirement should be amended into the funding plan.

22 Thank you.

23 VICE CHAIR BERG: Thank you.

24 As Tim is coming down, Todd, you're going to be
25 our clean-up batter, and Mr. O'Dea has left.

1 MR. CARMICHAEL: Good evening, members of the
2 Board. Tim Carmichael on behalf of Southern California
3 Gas Company. Echo just two of the comments that were made
4 about the low NOx truck incentives. A lot of people have
5 weighed in over the course of the year, letting the ARB
6 staff know that 40,000 was not going to be a sufficient
7 incentive.

8 That said, we're delayed -- our industry was
9 delayed in getting specific numbers to the staff. But
10 that could be addressed today by the Board giving the
11 Executive Officer discretion to adjust that incentive
12 level during the course of the year if our information
13 is -- it proves out to be correct that 40,000 is not going
14 to be sufficient to get the number of applicants that we
15 want for -- we, all of us, want for low NOx trucks
16 throughout the State.

17 It certainly is going to work for some of the
18 larger companies, but many of the people and truckers that
19 were trying to get into a newer technology are not going
20 to be able to do it with a \$40,000 incentive.

21 The second point I want to echo is we have not --
22 we have asked for and not yet received a good reason why
23 the low NOx trucks should not get a disadvantaged
24 community premium for being cited in disadvantaged
25 communities.

1 If it makes sense for electric and fuel cell
2 trucks, it makes sense for low NOx natural gas trucks
3 running on renewable natural gas.

4 Thank you very much.

5 VICE CHAIR BERG: Thank you.

6 MR. CAMPBELL: All right, clean-up batter. Todd
7 Campbell, Clean Energy. Thank you, Madam Chair, thank
8 you, Board members, and thank you, staff. I want to say
9 thank you, first of all, for giving us the opportunity.
10 Having clean vehicle incentives is incredibly important to
11 our industries collectively, whether you're zero, near
12 zero, whatever. And I want to thank Peter Christensen and
13 Michelle Buffington for their help.

14 I just wanted to touch on the last request that
15 we had in terms of the 9-liter engine. We need near zero
16 engines in combination with zero emission strategies to
17 meet attainment. And that's in the mobile source
18 strategy.

19 Second, when you look at -- I just saw the
20 discussion draft for the Transit Bus Rule tomorrow. It
21 shows that the low-NOx engine grant is \$10,000. But the
22 zero emission buses starting at 20 feet -- or 20 feet are
23 \$80,000 and go up to \$300,000 for incentive dollars.

24 So you're looking at anywhere between 8 to 30
25 times the incentive dollars for a vehicle that is pretty

1 close in comparison in terms of not only NOx emissions,
2 but also greenhouse gas -- gases. But also on the second
3 page of this strategy document, it says incentives are the
4 key to moving the market, not just for zero emission
5 vehicles, but also for near zero emission vehicles when
6 near -- when zero emission vehicles are not able or cannot
7 meet the task at hand.

8 And what I would argue is beyond just transit,
9 there are other applications, for example, cement users,
10 local distribution haulers, other types of applicants that
11 are interested in a 9-liter engine. And what I -- what
12 I'd like to ask for in terms of a change is extend the
13 diesel cost basis to the 9-liter engine.

14 Last year, we didn't do that, and \$10 million got
15 moved out of this category and was put into some of these
16 more rich programs. We would like to not have that
17 repeat. We've invested lot in this industry. We need the
18 9-liter near zero. And so we would like to have the
19 diesel cost basis, not the natural gas cost basis or the
20 2010-compliant engine, because it doesn't work. It's not
21 enough funds.

22 In fact, that's why we're asking for the
23 disadvantaged community credit, which is another \$10,000,
24 and a little bit more flexibility in terms of the
25 renewable natural gas requirement.

1 But if we don't get this change --

2 VICE CHAIR BERG: Thank you very much.

3 MR. CAMPBELL: -- I'm really worried that this
4 program will continue to fail.

5 VICE CHAIR BERG: Okay.

6 MR. CAMPBELL: And that's not what we're all
7 about. We fought very hard this year, and this is a big
8 opportunity for us to move the ball forward, and I'd like
9 to do it collectively. And I support you, and I support
10 staff.

11 Thank you.

12 VICE CHAIR BERG: Thank you very much, Todd.

13 MR. CAMPBELL: Thank you.

14 VICE CHAIR BERG: Okay. That was our last
15 speaker. I'm going to officially close the record on this
16 item. There were a couple of issues that were brought up.
17 Shall we just laundry list these and then let staff
18 respond to them?

19 So I heard we -- there was a question about
20 vocational trucks, where does that belong in the
21 categories? There was an issue brought up on -- by the
22 marine people and the port people about the 50/50 match,
23 as well as the anti-automation. We've heard several on
24 the low-NOx engines, both the 9-liter and then the funding
25 level, I believe, for the 12-liter.

1 Are there other issues from Board members that --
2 okay. Staff.

3 AIR POLLUTION SPECIALIST PANSON: On the
4 vocational trucks, they're a part -- they're part of HVIP.
5 HVIP has some natural simplifications in how it's
6 designed. We've kind of set the voucher amounts that
7 cover average incremental costs. We think we've got the
8 incremental costs right for -- across the spectrum, but
9 we'll always -- we're always willing to --

10 VICE CHAIR BERG: So as long as we know the
11 vocational trucks are in, that's good.

12 AIR POLLUTION SPECIALIST PANSON: They're in
13 HVIP.

14 VICE CHAIR BERG: Check. Next.

15 (Laughter.)

16 AIR POLLUTION SPECIALIST PANSON: On the two
17 freight pro -- the two freight issues. The
18 anti-automation, that's in statute. That was in the
19 budget this year. We have no flexibility on that.

20 VICE CHAIR BERG: Great. Check.

21 AIR POLLUTION SPECIALIST PANSON: That's done.

22 The 50/50 match. The big freight facility
23 project is -- combines the warehouse funding with the low
24 carbon transportation funding. The warehouse funding, the
25 50/50 match, is a statutory requirement. We decided to

1 apply it to the freight facilities -- or to the broader
2 freight facilities, because we're going to put it out as
3 one broad solicitation.

4 What I -- what I will say is we have a lot of
5 flexibility in how define match, and we're planning to
6 take a very broad view of match. That we would look at
7 other State funds, other local funds, other federal funds,
8 in-kind match. We're going to define match very broadly,
9 so we think we -- we'll be able to address that.

10 VICE CHAIR BERG: Okay. I'm comfortable with
11 that. Is that -- anybody have further questions?

12 Okay. Thank you on that.

13 So let's wrap-up with the low-NOx engines.

14 AIR POLLUTION SPECIALIST PANSON: The 12-liter
15 low-NOx engine, I'll stipulate determining the incremental
16 cost of a vehicle that hasn't reached market yet is not an
17 exact science. What we're asking the Board to endorse is
18 we're playing 100 percent of what we think the cost of
19 that vehicle would be. We've asked the stakeholders for
20 additional data to -- you know, we think 40,000 is the
21 right number. We've asked for additional data.

22 Today is the first time that they've provided
23 that data, so we're sorry that we haven't fully digested
24 it. But essentially, if we -- when the engines come to
25 market, if we didn't get the incremental cost right,

1 that's a technical adjustment. We can make that, if --
2 we're -- we've asked you to approve the policy direction
3 that we would fund 100 percent of the incremental cost of
4 the 12-liter engine. We plan to do that. If we didn't
5 get the number right, we can fix that.

6 VICE CHAIR BERG: And, I'm sorry, how about the
7 low -- oh.

8 BOARD MEMBER MITCHELL: Well, does that
9 essentially give the Executive Officer discretion to make
10 that adjustment, which is what they asked for?

11 AIR POLLUTION SPECIALIST PANSON: Yes.

12 VICE CHAIR BERG: Yes.

13 BOARD MEMBER MITCHELL: Okay. Yeah.

14 VICE CHAIR BERG: And then finally the 9-liter,
15 and then we have another question.

16 AIR POLLUTION SPECIALIST PANSON: Okay. On the
17 9-liter engine, those are used in transit and waste
18 hauling operations. The fleets that are buying those
19 generally are buying the 9-liter low-NOx engine are
20 natural gas fleets where we're funding, as the incremental
21 cost, of the natural gas engine that they would fund --
22 that they would buy anyway to the low NOx. So that is --
23 we're funding the full incremental cost of that
24 transaction.

25 BOARD MEMBER MITCHELL: I'm wondering -- well,

1 I'll -- I'm sorry. I thought she was waving at me. But I
2 would -- they ask about the disadvantaged community
3 \$10,000 --

4 AIR POLLUTION SPECIALIST PANSON: Oh, yeah,
5 that's also a good question. We don't give a
6 disadvantaged community bump up for every vehicle that we
7 fund. Right now, the only place across projects where we
8 give an extra incentive for vehicles that are operating in
9 disadvantaged communities are zero tailpipe emission
10 vehicles. That's when -- that's what the disadvantaged
11 communities have asked for.

12 So right now, we are making a conscious decision
13 to only give a bump up for disadvantaged community
14 vehicles, if they're zero tailpipe emission.

15 VICE CHAIR BERG: Thank you.

16 Supervisor Serna.

17 BOARD MEMBER SERNA: Yeah, not a questions. If
18 there are no more questions, I'm prepared to make a motion
19 and to approve the proposed funding plan.

20 BOARD MEMBER RIORDAN: I'll second the motion.

21 VICE CHAIR BERG: Any other discussion?

22 BOARD MEMBER DE LA TORRE: So getting back to the
23 natural gas versus diesel. It's all premised on the idea
24 that they're going natural gas to natural gas. But if
25 they're not going natural gas to natural gas, shouldn't we

1 have a two-tiered thing, a two-tiered process.

2 AIR POLLUTION SPECIALIST PANSON: Right. Let me
3 unpack that a little bit. In the 12-liter engine that's
4 coming to market, we think there is a very good
5 opportunity for fuel switching. And we use the diesel to
6 natural gas baseline.

7 There -- we think -- you know, the purchase that
8 we're incentivizing through HVIP, the transactions that
9 are happening are natural gas to natural gas. There are
10 other funding sources. If someone wants to scrap a diesel
11 vehicle and go to a natural gas or a low-NOx natural gas,
12 there are other funding sources for that.

13 HVIP is designed to be a simple-to-access
14 program. There isn't a scrap requirement. So we're
15 looking at the transactions that we believe are going to
16 happen. So if you're talking about scrapping a diesel
17 9-liter and going to a natural gas low NOx -- natural gas
18 or a natural gas low NOx, there are other funding sources
19 that can address that. Those are Moyer-eligible projects.

20 We're basically funding, like I said, simpler
21 transactions in HVIP. We're not requiring a vehicle
22 scrap, but -- so we think there is opportunity within our
23 broad portfolio to fund those.

24 BOARD MEMBER DE LA TORRE: Just not here.

25 AIR POLLUTION SPECIALIST PANSON: (Nods head.)

1 BOARD MEMBER DE LA TORRE: All right.

2 VICE CHAIR BERG: Okay. We have A motion and a
3 second.

4 Do we have a second?

5 BOARD MEMBER RIORDAN: Mine.

6 VICE CHAIR BERG: Thank you. We have a first and
7 a second to move Agenda Item 17-12-4.

8 All in favor?

9 (Unanimous aye vote.)

10 (Dr. Balmes, Senator Florez, Supervisor Gioia,
11 Supervisor Roberts, and Chair Nichols not present
12 for vote.)

13 VICE CHAIR BERG: Opposed?

14 Abstain?

15 Motion passes.

16 Thank you very much.

17 We do have one person that has requested to speak
18 on open comment.

19 Michelle -- I'm sorry, Michael.

20 Our speaker for -- well, it appears we ran a
21 little bit long, so we will invite him back to speak to us
22 next month.

23 We do want to close by saying Happy, Happy
24 Holidays to everybody. This was a busy day, and we
25 appreciate you sticking with us. We hope you have a

1 wonderful holiday and a great new year.

2 And we'll see you at the new year.

3 (Thereupon the Air Resources Board meeting
4 adjourned at 5:54 p.m)

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C E R T I F I C A T E O F R E P O R T E R

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 8th day of January, 2018.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
License No. 10063