Low Carbon Transportation Investments and Air Quality Improvement Program (AQIP)

Public Workshop on the Fiscal Year 2018-19 Funding Plan

Sacramento, California
March 15, 2018

Today’s Agenda

Kickoff presentation
• Background
• Governor’s 2018-19 budget proposal
• Priorities for the year
• 2017-18 Funding Plan implementation status
• Initial funding need projections

Open discussion
Auction Proceeds Investments for Low Carbon Transportation

- Annual budget appropriations consistent with Administration’s 3-year Investment Plan
- Priorities in Administration’s Investment Plan
  - Reduce greenhouse gases and benefit disadvantaged communities
  - Maximize health, environmental, economic co-benefits
  - Continue Low Carbon Transportation investments
- AB 1550 (2016) requirements

Low Carbon Transportation Funding To Date

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Low Carbon Transportation Appropriations (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>$30</td>
</tr>
<tr>
<td>2014-15</td>
<td>$197</td>
</tr>
<tr>
<td>2015-16</td>
<td>$90</td>
</tr>
<tr>
<td>2016-17</td>
<td>$363</td>
</tr>
<tr>
<td>2017-18</td>
<td>$560</td>
</tr>
<tr>
<td>Total</td>
<td>$1,240</td>
</tr>
</tbody>
</table>
AQIP

- Created by AB 118 (2007); updated and reauthorized by AB 8 (2013)
- Provides the foundation and framework for Low Carbon Transportation investments
  - Many projects initially funded under AQIP
- Annual funding plan guides investments
- Focus on criteria pollutant and toxics projects
- Annual allocation about $30 million

Complementary Funding Sources

- Volkswagen NOx Mitigation, AB 617, and FARMER Programs
  - Initiated public processes, proposals to Board this year
  - Primarily heavy-duty/off-road fleet turnover to cleanest commercialized technologies
  - Investment decisions coordinated across programs
- Other State / Local Agency Funding
AB 1550 Disadvantaged Community Investment Requirements

- Established low-income household and low-income community investment requirements
  - Low Carbon Transportation targets above minimum
- Projects must provide direct, meaningful and assured benefit that addresses a community or household need
- 2018-19 Funding Plan will continue to incorporate guiding provisions

Governor’s 2018-19 Low Carbon Transportation Proposal

- $435 million to accelerate transition to low carbon passenger and freight transportation
  - Builds on previous years’ investments
- Key investments to meet our long-term air quality and climate goals
Governor’s 2018-19 AQIP Budget Proposal

- $28.6 million proposed for AQIP
  - Based on revenue projections
  - Same funding level as 2017-18

Key Priorities for 2018-19 Funding Plan

- Support Governor’s Goals
  - 5 million ZEVs by 2030
  - Direct incentives to communities particularly disadvantaged by trains, trucks or factories
- Continuing to support existing programs
- Accommodating programs with increasing demand
- Implement SB 350 priority recommendations
- Meeting AB 1550 goals
SB 350 Priority Recommendations

- Expand funding and financing for clean transportation and mobility projects (CARB, CEC)
- Expand local community needs assessments (Caltrans)
- Develop streamlined community outreach plan (CARB, CEC, SGC)
- Develop One-Stop-Shop for light-duty vehicle incentive programs (CARB)
- Develop best practices for grants and solicitations (CARB)
- Expand opportunities for workforce training and development (LWDA)

Light-Duty Vehicles (SB 1275)
CVRP Status Update

- 218,000 rebates issued since 2010
- 2017-18 CVRP budget
  - $140 million for all rebate types; should last to June 2018
  - $25 million for low-income rebates; last through Fall 2018
- Rebate Now launched January 2018 in San Diego
  - About 200 rebates reserved in the first month
- MOUs with 3 community organizations to support on the ground efforts

CVRP Demand Projections

- Initial projection: 60,000–75,000 rebates / $148-205 million for 2018-19
Initial CVRP Funding Recommendations for 2018-19

- $200 million allocation
  - $175 million for all rebate types; $25 million for low-income
  - Meets forecasted demand for fiscal year
- Retain legislatively set income cap and rebate levels for low-income consumers
- Considerations for 2018-19
  - Review income eligibility process and align with other equity programs for one-stop-shop
  - Limit consumers to a single CVRP rebate
  - Fuel cell incentives (rebate amounts and income eligibility)
  - Request input on other potential changes

CVRP and Fair Treatment of Workers

- 2017 Budget directs CARB/Labor and Workforce Development Agency to develop procedures to certify manufacturers treat workers fairly
  - Legislature’s intent to limit CVRP to manufacturers certified by Labor Secretary as fair starting FY 2018-19
- Joint work group teleconference meeting to take input on possible procedures April 9
  - Information and details to be posted when available: https://www.arb.ca.gov/msprog/aqip/meetings/meetings.htm
Light-Duty Equity Project Goals

- Increase access to clean transportation and mobility options for lower income households and disadvantaged communities
- Reduce GHG emissions and improve public health through cleaner air and reduced exposure to pollution
- Continue to implement SB 350 priority recommendations

Light-Duty Equity Projects: $239 Million Allocated To Date

<table>
<thead>
<tr>
<th>Category</th>
<th>Annual Allocation (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>EFMP Plus-up / CleanCars4All</td>
<td></td>
</tr>
<tr>
<td>Financing Assistance</td>
<td>$0.9</td>
</tr>
<tr>
<td>Clean Mobility Options</td>
<td>$3.1</td>
</tr>
<tr>
<td>Agricultural Worker Vanpools</td>
<td>-</td>
</tr>
<tr>
<td>Rural School Bus Pilot</td>
<td>-</td>
</tr>
<tr>
<td>CVRP Rebates for Public Fleets / Low-Income Households</td>
<td>$3</td>
</tr>
<tr>
<td>To Be Allocated Based on Demand</td>
<td>-</td>
</tr>
<tr>
<td>One-Stop-Shop for CARB’s Equity ZEV Replacement Incentives</td>
<td>-</td>
</tr>
</tbody>
</table>
Equity Projects Status Update

• EFMP / EFMP Plus-up / Clean Cars 4 All
  – $30 million of $60 million from the 2016-17 allocation awarded
  – As of January 2018, 2,900 vehicles replaced in South Coast and San Joaquin Valley air districts
    • 2,450 used EFMP Plus-up funds
    • $13 million Plus-up project funds spent
  – Bay Area and Sacramento projects to launch in 2018

Equity Projects Status Update, Cont.

• Financing Assistance
  – $1 million Bay Area pilot project
  – $5 million statewide pilot to launch this spring

• Clean Mobility Options
  – $1.4 million Sacramento pilot launched last year;
    $1.7 million Los Angeles pilot to launch this spring
  – Grant agreements expected soon

• Agricultural Worker Vanpools
  – $6 million solicitation for San Joaquin Valley pilot released in February
Equity Projects Status Update, Cont.

• Rural School Bus Pilot
  – 19 electric buses and 7 hybrid or IC buses funded
  – $25 million in total funding to date
• CVRP Rebates for Low-Income Households
  – Funded over 6,000 vehicles, including 3,657 BEVs, 2,424 PHEVs, and 106 FCEVs
• One-Stop-Shop
  – $5 million solicitation to be released soon; will develop a single application for consumers to access CARB’s zero-emission equity vehicle incentives

Key Equity Project Priorities for 2018-19

• Continue to implement SB 350 priority recommendations
• Expand funding for clean transportation and mobility option projects
• Continue to increase awareness of funding opportunities and of clean vehicle technologies
• Continue to simplify ability to access funds by streamlining application process
• Ensure equitable distribution throughout the State and within disadvantaged and low-income communities
## Initial Equity Project Funding Recommendations for 2018-19

<table>
<thead>
<tr>
<th>Project Category</th>
<th>Starting Balance</th>
<th>$20M FY17-18 To Be Allocated</th>
<th>Recommended FY 18-19 Allocation</th>
<th>Total Funding Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVRP for Low-Income Households</td>
<td>$25</td>
<td></td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>Other Equity Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EFMP Plus-up</td>
<td>$20</td>
<td>$40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing Assistance</td>
<td>$22</td>
<td>$22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean Mobility Options</td>
<td>$6</td>
<td>$6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Vanpools</td>
<td>$10</td>
<td>$10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural School Bus Pilot</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$88</strong></td>
<td><strong>$20</strong></td>
<td><strong>$100</strong></td>
<td><strong>$208</strong></td>
</tr>
</tbody>
</table>

**Heavy-Duty Vehicle, Freight, and Off-Road Equipment (SB 1204 & AQIP)**
2017-18 Heavy-Duty Vehicle, Freight, and Off-Road Equipment Projects

<table>
<thead>
<tr>
<th>2017-18 Project Category – Low Carbon Transportation/AQIP</th>
<th>Funding (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Technology Freight Demonstrations</td>
<td>$190</td>
</tr>
<tr>
<td>Zero- and Near Zero-Emission Freight Facilities</td>
<td>$150</td>
</tr>
<tr>
<td>Zero-Emission Off-Road Freight Voucher Incentive Project</td>
<td>$40</td>
</tr>
<tr>
<td>Clean Truck and Bus Vouchers (HVIP + Low NOx Engine Incentives)</td>
<td>$188</td>
</tr>
<tr>
<td>Truck Loan Assistance Program (AQIP)</td>
<td>$20</td>
</tr>
<tr>
<td><strong>TOTAL ($320 million Low Carbon Transportation; $28 million AQIP; $50 million Warehouse Program)</strong></td>
<td><strong>$398</strong></td>
</tr>
</tbody>
</table>

Heavy-Duty Project Status Update

- Zero- and Near Zero-Emission Freight Facilities
  - Solicitation under development, anticipate March release
- Zero-Emission Off-Road Freight Voucher Incentive Project
  - Work group Feb 21; solicitation release mid-2018; commence late 2018
- Clean Truck and Bus Vouchers (HVIP + Low NOx Engine Incentives)
  - $127 million available for all approved technologies; Approximately $17 million for the low NOx natural gas
- Truck Loan Assistance Program
  - Additional demand generated by SB1 requirements expected to surpass ongoing funding
HVIP Status Update

• 3,481 vouchers issued since 2009, totaling $138.5 million (as of Feb 1)
  – $180 million available for FY 17-18
• Demand for ZE buses and trucks continues to grow
• 643 Low-NOx vouchers requested totaling $6.3 million
  – About $8 million still available from FY 16-17 funding
• 55% of deployments in 2017 were in DAC census tracts

Heavy-Duty Priorities for 2018-19

• Remain consistent with the Three-Year Investment Strategy for Heavy-Duty Vehicles and Off-Road Equipment
  – Build on successful beachheads
  – Seed promising next markets
  – Maintain the innovation pipeline
• Continue to Update and Build on 2017-18 projects
Initial Recommendations for 2018-19: Heavy-Duty Low Carbon Transportation

- $160 million allocation

<table>
<thead>
<tr>
<th>Heavy-Duty Vehicle and Equipment Project Category</th>
<th>Funding (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carl Moyer tire fee offset</td>
<td>$26</td>
</tr>
<tr>
<td>Clean Truck and Bus Vouchers</td>
<td></td>
</tr>
<tr>
<td>• Hybrid</td>
<td>$68*</td>
</tr>
<tr>
<td>• Zero-emission</td>
<td></td>
</tr>
<tr>
<td>• Low NOx with Renewable Fuel</td>
<td></td>
</tr>
<tr>
<td>To be allocated based on demand</td>
<td>$65</td>
</tr>
</tbody>
</table>

*Initial staff estimates suggest there will be a remainder of 2017-18 funds in HVIP that will carry over into Fiscal Year 2018-19.

Initial Recommendations for 2018-19: AQIP

- $28.6 million available for AQIP

<table>
<thead>
<tr>
<th>AQIP Project Category</th>
<th>Funding (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Truck Loans</td>
<td>$25.6</td>
</tr>
<tr>
<td>Truck Filter Replacements</td>
<td>$3</td>
</tr>
</tbody>
</table>
## Summary and Next Steps

### $435M Low Carbon Transportation: Potential Project Category Allocations

<table>
<thead>
<tr>
<th>Category</th>
<th>2017-18 Allocation (millions)</th>
<th>2018-19 Initial Recommendation (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVRP</td>
<td>$140</td>
<td>$175</td>
</tr>
<tr>
<td>Transportation Equity Projects</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>Heavy-Duty Vehicles, Freight, and Off-Road Equipment (+$28.6 million AQIP funding)</td>
<td>$320</td>
<td>$160</td>
</tr>
<tr>
<td>Low Carbon Transportation Funding</td>
<td>$560</td>
<td>$435</td>
</tr>
</tbody>
</table>
**Funding Plan Development Schedule**

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category specific work group meetings*</td>
<td>Mar – June 2018</td>
</tr>
<tr>
<td>Final Workshop</td>
<td></td>
</tr>
<tr>
<td>• Discussion document with draft project allocations</td>
<td></td>
</tr>
<tr>
<td>Release proposed Funding Plan</td>
<td>Late May 2018</td>
</tr>
<tr>
<td>Board consideration of proposed Funding Plan</td>
<td>June 22, 2018</td>
</tr>
<tr>
<td>Start implementing 2018-19 projects</td>
<td>July 26, 2018</td>
</tr>
<tr>
<td></td>
<td>August 2018</td>
</tr>
</tbody>
</table>

*Handout lists preliminary work group meeting schedule

Additional information available at:
http://www.arb.ca.gov/aqip/
http://www.arb.ca.gov/msprog/aqip/meetings/meetings.htm

**Comments and Discussion**

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