Amend section 1956.2 to read as follows:

1956.2 Fleet Rule for Transit Agencies

(a) To encourage transit agencies that operate urban bus fleets to purchase or lease lower emission alternative-fuel buses, while also providing flexibility to such fleet operators to determine their optimal fleet mix in consideration of such factors as air quality benefits, service availability, cost, efficiency, safety, and convenience, two paths to compliance with this fleet rule are available: the alternative-fuel path and the diesel path.

(1) Transit agencies must choose their compliance path, and shall notify ARB of their intent to follow either the diesel or the alternative-fuel path, by January 31, 2001. Reporting requirements for that notification are set forth in subdivisions (a) and (b) of section 1956.4, Title 13, CCR.

(2) A transit agency subject to the jurisdiction of the South Coast Air Quality Management District may elect to change its compliance path from the diesel path to the alternative-fuel path provided the transit agency notifies the Executive Officer of the change by January 31, 2004. Reporting requirements for this notification are set forth in subdivision (b) of section 1956.4, Title 13, CCR.

(b) For the purpose of the fleet rule specified in this section, the following definitions apply:

(1) “Alternative fuel” means natural gas, propane, ethanol, methanol, electricity, fuel cells, or advanced technologies that do not rely on diesel fuel. Alternative fuel also means any of these fuels used in combination with each other or in combination with other non-diesel fuels.

(2) “Active fleet” means the a transit agency’s total active fleet number of urban buses operated by a transit agency or under contract to a transit agency, including spare buses, but not emergency contingency vehicles (e.g., for emergencies) or non-revenue producing vehicles.

(3) “Emergency contingency vehicle” means an urban bus placed in an inactive contingency fleet for energy or other local emergencies, after the urban bus has reached the end of its normal minimum useful life.
“Spare bus” means an urban bus that is used to accommodate routine maintenance and repair operations, and to replace a bus in scheduled service that breaks down or is involved in an accident.

“Transit agency” means a public entity responsible for administering and managing transit services. Public transit agencies can directly operate transit service or contract out for all or part of the total transit service provided.

“Urban bus” means a passenger-carrying vehicle powered by a heavy heavy-duty diesel engine, or of a type normally powered by a heavy heavy-duty diesel engine, with a load capacity of fifteen (15) or more passengers and intended primarily for intra-city operation, i.e., within the confines of a city or greater metropolitan area. Urban bus operation is characterized by short rides and frequent stops. To facilitate this type of operation, more than one set of quick-operating entrance and exit doors would normally be installed. Since fares are usually paid in cash or token, rather than purchased in advance in the form of tickets, urban buses would normally have equipment installed for the collection of fares. Urban buses are also typically characterized by the absence of equipment and facilities for long distance travel, e.g., restrooms, large luggage compartments, and facilities for stowing carry-on luggage.

Transit agencies on the alternative-fuel path shall meet the following requirements:

1. Upon approval of the regulation, and through Model Year 2015, at least 85 percent of all urban buses purchased or leased each year must be alternative-fuel buses.
2. NOx fleet average requirements as set forth in subdivision (e), below.
3. Beginning October 1, 2002, only engines certified to an optional PM standard of 0.03 g/bhp-hr or lower shall be purchased when making new bus purchases.
4. PM retrofit requirements and use of low-sulfur fuel as set forth in subdivision (f), below.
5. Transit agencies on the alternative-fuel path shall not purchase any diesel-fueled, dual-fuel, or bi-fuel buses with 2004 – 2006 model year engines certified to emissions levels in excess of those specified in paragraph (a)(11) of section 1956.1, Title 13, CCR, except as provided in paragraph (c)(8) of this section.
(6) Zero-emission bus purchase requirements beginning in model year 2010, in accordance with the requirements set forth in subdivision (c) of section 1956.3, Title 13, CCR.

(7) Reporting requirements as set forth in section 1956.4, Title 13, CCR.

(7) The Executive Officer may exempt transit agencies on the alternative-fuel path from the requirements of paragraph (c)(5) of section 1956.2, Title 13, CCR, provided that:

(A) A transit agency applies to the Executive Officer for such exemption by June 30, 2001;

(B) A transit agency demonstrates to the Executive Officer that it will achieve NOx emissions benefits through 2015 greater than what would have been achieved through compliance with paragraph (c)(5); and

(C) The Executive Officer finds that transit agencies, after consulting with the Engine Manufacturers Association, have demonstrated, or are contractually committed to demonstrate, advanced NOx aftertreatment technology.

(d) Transit agencies on the diesel path shall meet the following requirements:

(1) NOx fleet average requirements as set forth in subdivision (e), below.

(2) PM retrofit fleet average requirements and use of low-sulfur fuel as set forth in subdivision (f), below.

(3) Zero-emission bus demonstration in 2003-2004, as required in subdivision (b) of section 1956.3, Title 13, CCR.

(4) Transit agencies on the diesel path shall not purchase any diesel-fueled, dual-fuel, bi-fuel, or alternative-fuel buses with 2004 – 2006 model year engines certified to emissions levels in excess of those specified in paragraph (a)(11) of section 1956.1, Title 13, CCR, except as provided in paragraph (d)(7) of this section.

(5) Zero-emission bus purchase requirements beginning in model year 2008, in accordance with the requirements set forth in subdivision (c) of section 1956.3, Title 13, CCR.

(6) Reporting requirements as set forth in section 1956.4, Title 13, CCR.
(7) The Executive Officer may exempt transit agencies on the diesel path from the requirements of paragraph (d)(4) of section 1956.2, Title 13, CCR, provided that:

(A) A transit agency applies to the Executive Officer for such exemption by June 30, 2001;

(B) A transit agency demonstrates to the Executive Officer that it will achieve NOx emissions benefits through 2015 greater than what would have been achieved through compliance with paragraph (d)(4); and

(C) The Executive Officer finds that transit agencies, after consulting with the Engine Manufacturers Association, have demonstrated, or are contractually committed to demonstrate, advanced NOx aftertreatment technology.

(e) Beginning October 1, 2002, no transit agency shall own, operate, or lease an active fleet of urban buses with average NOx emissions in excess of 4.8 g/bhp-hr, based on the engine certification standards of the engines in the active fleet.

(1) This active fleet average requirement shall be based on urban buses owned, operated, or leased by the transit agency, including diesel buses, alternative-fuel buses, all heavy-duty zero-emission buses, electric trolley buses, and articulated buses, in each transit agency’s active fleet. The Executive Officer may allow zero-emission buses that do not meet the definition of an urban bus to be included in the calculation of the fleet average standard upon written request to the ARB by January 31, 2002, and upon approval by the Executive Officer. The request shall include a description of the zero-emission buses, the zero-emission technology utilized, and the number of zero-emission buses to be used in calculating the NOx fleet average standard. Zero-emission buses not meeting the definition of an urban bus may not be used to satisfy the requirements of the Zero-emission Bus Demonstration Project set forth in subdivision (b) of section 1956.3, Title 13, CCR.

(2) Transit agencies may use ARB-certified NOx retrofit systems to comply with the fleet average requirement (in addition to bus purchases, repowerings, and retirements).
(3) Transit agencies have the option of retiring all 1987 and earlier model year diesel urban buses by October 1, 2002, to comply with the fleet average standard requirement.

(f) To reduce public exposure to diesel particulate matter, each transit agency and companies that lease buses to transit agencies shall retrofit shall reduce the average PM emissions of the diesel buses in their active fleets relative to its PM fleet average as of January 1, 2002 according to the schedule below, and shall operate their diesel buses on diesel fuel with a maximum sulfur content of 15 parts per million by weight. The PM fleet average shall be calculated by summing the PM exhaust emission values specified in section 1956.1(a) of each diesel-fueled, dual-fuel, bi-fuel, and diesel hybrid-electric engine in the active fleet in grams per brake horsepower-hour (g/bhp-hr) and dividing by the number of diesel-fueled, dual-fuel, bi-fuel, and diesel hybrid-electric engines. The PM fleet average may be rounded to two decimal places. For 1987 and earlier engines, the PM exhaust emission value is 1.0 g/bhp-hr. Documentation of compliance with these requirements must be provided in accordance with the provisions of subdivision (d) of section 1956.4, Title13, CCR.

(1) Tier 1—Except as provided in (B) below, by January 1, 2003, transit agencies shall not own, operate or lease diesel-fueled, dual-fuel, bi-fuel, or diesel hybrid buses in their active fleets with 1990 and earlier model year engines, unless those engines have been retrofitted as provided in paragraph (A), below. As of January 1, 2004, the PM fleet average shall be no more than 60 percent of the PM fleet average on January 1, 2002, or 0.01 g/bhp-hr, whichever is greater. Transit agencies with fewer than 20 buses in their active fleets, and that operate in federal one-hour ozone attainment areas, are not required to comply with this requirement until January 1, 2007; provided that in areas redesignated as one-hour ozone non-attainment areas prior to January 1, 2007, transit agencies initially eligible for delayed compliance shall submit a plan to the Executive Officer within 30 days of redesignation for achieving compliance with this retrofit requirement.

(A) The retrofit device must be certified by the Executive Officer of the ARB in accordance with the procedures set forth in the “California Certification Procedures for PM Retrofit Devices for On-Road Heavy-Duty Diesel Engines” incorporated by reference in paragraph (f)(7) below.
(B) **1990 and earlier engines were originally certified to a** PM standard of 0.60 grams per brake horsepower-hour. **Only those 1990 and earlier engines that have been retrofitted to 0.10 grams per brake horsepower-hour PM with an ARB-certified retrofit device (to meet the requirements of the U.S. EPA urban transit bus rebuild and retrofit program, 40 CFR 85.1401 - 1415) are exempt from further retrofit requirements under this section.**

(2) **Tier 2** — Transit agencies shall not own, operate or lease diesel-fueled, dual-fuel, bi-fuel, or diesel hybrid transit buses in their active fleets with 1991 through 1995 model year engines, unless the engines have been retrofitted with a device that has been certified by the Executive Officer in accordance with the procedures set forth in the “California Certification Procedures for PM Retrofit Devices for On-Road Heavy-Duty Diesel Engines” incorporated by reference in paragraph (f)(7) below, and in accordance with the following schedule. Transit agencies with fewer than 20 buses in their active fleets, and that operate in federal one-hour ozone attainment areas shall comply with the 100 percent retrofit requirement by January 1, 2007, and are exempt from the interim requirements described in (A) and (B) below that apply before that date. In areas redesignated as one-hour ozone non-attainment areas prior to January 1, 2007, transit agencies initially exempt from the interim requirements shall submit a plan to the Executive Officer within 30 days of redesignation for achieving compliance with this retrofit requirement. As of January 1, 2005, the PM fleet average shall be no more than 40 percent of the PM fleet average on January 1, 2002, or 0.01 g/bhp-hr, whichever is greater.

(A) **Alternative-fuel path:** 20 percent of these buses shall be retrofitted by January 1, 2003; 75 percent of these buses shall be retrofitted by January 1, 2004; and 100 percent of these buses shall be retrofitted by January 1, 2005, except for those buses eligible for the retirement exemption set forth in paragraph (f)(4), below.

(B) **Diesel path:** 50 percent of these buses shall be retrofitted by January 1, 2003; and 100 percent of these buses shall be retrofitted by January 1, 2004, except for
those buses eligible for the retirement exemption set forth in paragraph (f)(4), below.

(3) Tier 3—Transit agencies shall not own or operate diesel-fueled, dual-fuel, bi-fuel, or diesel hybrid buses in their active fleets with 1996 through 2002 model year engines produced before October 1, 2002, unless the engines have been retrofitted with a device that has been certified by the Executive Officer in accordance with the procedures set forth in the “California Certification Procedures for PM Retrofit Devices for On-Road Heavy-Duty Diesel Engines” incorporated by reference in paragraph (f)(7) below, and in accordance with the following schedule. As of January 1, 2007, the PM fleet average shall be no more than 15 percent of the PM fleet average on January 1, 2002, or 0.01 g/bhp-hr, whichever is greater.

(A) Alternative-fuel path: 20 percent of these buses shall be retrofitted by January 1, 2007; 75 percent of these buses shall be retrofitted by January 1, 2008; and 100 percent of these buses shall be retrofitted by January 1, 2009, except for those buses eligible for the retirement exemption set forth in paragraph (f)(4), below.

(B) Diesel path: 20 percent of these buses shall be retrofitted by January 1, 2005; 75 percent of these buses shall be retrofitted by January 1, 2006; and 100 percent of these buses shall be retrofitted by January 1, 2007.

(4) For transit agencies on the alternative-fuel path, those buses that are within two years of retirement are exempt from the 100 percent retrofit requirement set forth in paragraphs (2)(A) and (3)(A), above, provided documentation of retirement is supplied to the Executive Officer in accordance with the requirements set forth in paragraph (d)(2) of section 1956.4, Title 13, CCR. As of January 1, 2009, the PM fleet average shall not exceed 0.01 g/ghp-hr.

For transit agencies on the diesel path, those buses that are within one year of retirement are exempt from the 100 percent retrofit requirement set forth in paragraph (2)(B), above, provided documentation of retirement is supplied to the Executive Officer in accordance with the requirements set forth in paragraph (d)(2) of section 1956.4, Title 13, CCR.
(5) Beginning July 1, 2002, transit agencies shall not operate diesel buses on diesel fuel with a sulfur content in excess of 15 parts per million by weight. Transit agencies with fewer than 20 buses in their active fleets, and that operate in federal one-hour ozone attainment areas, are not subject to this low-sulfur fuel requirement until July 1, 2006. In areas redesignated as one-hour ozone non-attainment areas prior to July 1, 2006, transit agencies initially exempt from the low-sulfur fuel requirement shall submit a plan to the Executive Officer within 30 days of redesignation for achieving compliance with this requirement.

(6) Transit agencies that own, operate, or lease a fewer than 20 diesel-fueled, dual-fuel, bi-fuel, or diesel hybrid-electric buses in their active fleet and that will be unable to meet the PM fleet average requirements above may apply for a delay under subdivision (g) of this section, with an engine for which a retrofit device is not, or will not be, available to meet the retrofit requirements within 6 months of the dates specified in paragraphs (f)(1) through (f)(3) shall be eligible for a one-year delay in complying with the retrofit requirements, upon submittal of documentation of device unavailability to the ARB in writing at least 30 days before the retrofit requirement becomes applicable and upon approval of the delay by the Executive Officer of the ARB.

(7) The retrofit certification procedures for use in complying with the PM retrofit requirements for 2002 model year diesel-fueled, dual-fuel and bi-fuel urban bus engines produced before October 1, 2002, and earlier model year urban bus engines (including engines used in diesel hybrid buses) are set forth in the “California Certification Procedures for PM Retrofit Devices for On-Road Heavy-Duty Diesel Engines” adopted November 22, 2000, which are incorporated herein by reference. A transit agency that installs a diesel emission control strategy to reduce diesel PM shall use a diesel emission control strategy that is verified by the Executive Officer under the “Verification Procedure, Warranty and In-Use Compliance Requirements for In-Use Strategies to Control Emissions from Diesel Engines,” section 2700 et seq., Title 13, CCR.

(8) A transit agency that installs a diesel emission control strategy on an urban bus engine shall use the following
percentage reductions from the engine certification standard value when calculating the PM fleet average: 25 percent for a Level 1, 50 percent for a Level 2, and 85 percent for a Level 3 diesel emission control strategy.

(g) A transit agency may apply for a delay in compliance with the provisions of section 1956.2 upon submittal of documentation of financial hardship to the ARB in writing at least 30 days before the requirement becomes applicable and upon approval of the delay by the Executive Officer of the ARB. Documentation of financial hardship shall include, but is not limited to, an analysis of the cost of compliance, the sources of funds, and the shortfall between funds available and the cost of compliance. A transit agency must also include the date by which compliance will be achieved in the request for a delay.

Amend section 1956.4 to read as follows:

1956.4 Reporting Requirements for all Urban Bus Transit Agencies

(a) The following reports on new bus purchases and/or leases by transit operators on the alternative-fuel path shall be submitted as described below:

(1) The initial report shall be submitted by January 31, 2001, and shall state the transit agency’s intent to follow the alternative-fuel path.

(2) Any requests for deviation from the requirement that 85 percent of buses purchased per year must be alternative-fuel buses must be submitted in writing and approved by the Executive Officer of the Air Resources Board 90 days prior to purchase. The written request must include the reason for requesting the deviation from the 85 percent annual purchase requirement and the transit agency’s future planned alternative-fuel bus purchases.

(3) Transit agencies shall submit annual reports containing: the number, manufacturer, make, and model year of engines, and fuel used for engines in for each transit buses they currently own or operate, bus purchases and/or leases beginning January 1, 2000, and annual average percentage of total bus purchases and/or leases that were alternative-fuel buses. The first report shall be submitted by January 31, 2001. Subsequent reports shall be submitted annually by January 31 through the year 2016.

(b) The following reports on new bus purchases and/or leases by transit operators on the diesel path shall be submitted as described below:

(1) The initial report shall be submitted by January 31, 2001, and shall state the transit agency’s intent to follow the diesel path.

(2) Transit agencies shall submit annual reports containing the number, manufacturer, make, and model year of engines, and fuel used for engines in for each transit buses they currently own or operate, and bus purchases and/or leases beginning January 1, 2000. The first report shall be

(3) A transit agency that chooses to change from the diesel path to the alternative fuel path must submit to the Executive Officer a letter of intent to follow the alternative fuel path no later than January 31, 2004.

(c) The following reports on the NOx fleet average requirement shall be submitted as described below:

(1) Initial documentation shall be submitted by January 31, 2001, and contain, at a minimum, the active urban bus fleet NOx emission average, and if that number exceeds the average required in subdivision (e), section 1956.2, Title 13, CCR, a schedule of actions planned to achieve that average by October 1, 2002, including numbers and model years of bus purchases, retirements, retrofits, and/or repowerings, or shall indicate the intent of the transit agency to retire all model year 1987 and earlier buses in its active fleet by October 1, 2002.

(2) A final report shall be submitted by January 31, 2003, detailing the active urban bus fleet NOx emission average as of October 1, 2002, and actions, if any were needed, taken to achieve that standard, including numbers and model years of bus purchases, retirements, retrofits, and/or repowerings, or documenting the retirement of all model year 1987 and earlier buses.

(d) The following reports on the PM bus retrofit fleet average requirements shall be submitted as described below:

(1) Initial Annual reports shall be submitted by the dates shown below and shall contain, at a minimum, the following information:

(A) number, manufacturer, make, and model year of diesel-fueled, dual-fuel, bi-fuel, and diesel electric-hybrid engines in urban buses in the active fleet, the PM engine certification value of each bus engine, the PM fleet average of those buses, and the PM fleet average for the baseline date of January 1, 2002, projected number and model year of buses to be retrofitted annually, projected number and model year of exempt buses, if any, and basis for exemption.
(B) for transit agencies on the alternative-fuel path, a report for Tier 1 and Tier 2 requirements shall be submitted by January 31, 2002; a report for Tier 3 requirements shall be submitted by January 31, 2005. For each urban bus to which a diesel emission control strategy has been applied, the device’s product serial number, its Diesel Emission Control Strategy Family Name, and the date of installation.

(C) for transit agencies on the diesel path, a report for Tier 1 and Tier 2 requirements shall be submitted by January 31, 2002; a report for Tier 3 requirements shall be submitted by January 31, 2003. Annual reports of the PM fleet average shall be submitted by January 31, 2003, and each January 31 through 2009, and may be combined with the annual reports as required in 1956.4 (a) and (b).

(2) Transit agencies shall submit annual reports, in accordance with the schedules in paragraphs (A) and (B) below, containing records of number and model year of diesel-fueled, dual-fuel, bi-fuel, and diesel hybrid buses in the active fleet, number and model year of buses retrofitted per year, retrofit devices used, number and model year of exempt buses, if any, and basis for exemption, and number and model year of buses retired, if any.

(A) for transit agencies on the alternative-fuel path, a report on compliance with Tier 1 requirements shall be submitted by January 31, 2003. For Tier 2, annual compliance reports shall be submitted by January 31, beginning in 2003 and ending in 2005. For Tier 3, annual compliance reports shall be submitted by January 31, beginning in 2007 and ending in 2009.

(B) for transit agencies on the diesel path, a report on compliance with Tier 1 requirements shall be submitted by January 31, 2003. For Tier 2, annual compliance reports shall be submitted by January 31, beginning in 2003 and ending in 2004. For Tier 3, annual compliance reports shall be submitted by January 31, beginning in 2005 and ending in 2007.
(e) The following reports on the zero-emission bus demonstration program shall be submitted by those transit agencies required to conduct such demonstrations, as described below:

(1) Initial documentation shall be submitted by January 31, 2003, and contain, at a minimum, the bus order and delivery schedule, fuel type, type of refueling station, any planned facility modifications, and a revenue service demonstration plan;

(2) A financial plan shall be submitted by January 31, 2003, and contain, at a minimum, projected expenditures for capital costs for purchasing and/or leasing buses, refueling stations, any facility modifications, and projected annual operating costs;

(3) A final report shall be submitted by January 31, 2005, and contain, at a minimum, the following information:

(A) a brief description of the zero-emission technology utilized, identification of bus manufacturer and product specifications,

(B) miles driven per bus in revenue service, safety incidents, driver and mechanic training conducted, and maintenance (both scheduled and unscheduled),

(C) qualitative transit personnel and passenger experience, and

(D) a financial summary of capital costs of demonstration program, including bus purchases and/or leases, fueling infrastructure, any new facilities or modifications, and annual operating costs.

(f) The following reports on new zero-emission bus purchases and/or leases shall be submitted by transit agencies required to purchase zero-emission buses as described below:

(1) Initial report shall be submitted by January 1, 2007 for transit agencies on the diesel path, and by January 1, 2009, for transit agencies on the alternative-fuel path. The initial report shall contain, at a minimum, the following information:
(A) a brief description of the zero-emission technology to be utilized and a plan for the implementation of the requirement,

(B) for an exemption from the purchase requirement, documentation that 15 percent or more of the transit agency’s active urban bus fleet is composed of zero-emission buses.

(2) Any requests for deviation from the requirement that 15 percent of buses purchased per year must be zero-emission buses must be submitted in writing and approved by the Executive Officer of the Air Resources Board 90 days prior to a transit agency submitting a purchase order(s) reflecting the purchase deviation. The written request shall include the reason for requesting the deviation and the transit agency’s future planned zero-emission bus purchases.

(3) Transit agencies on the diesel path shall include in the annual reports required in paragraph (b)(2): zero-emission bus purchases and/or leases beginning with model year 2008 and through model year 2015, and the annual average percentage of total bus purchases and/or leases that were zero-emission buses.

(4) Transit agencies on the alternative-fuel path shall include in the annual reports required in paragraph (a)(3): zero-emission bus purchases and/or leases beginning with model year 2010 and through model year 2015, and the annual average percentage of total bus purchases and/or leases that were zero-emission buses.

(g) Transit agencies exempted from the requirements of paragraphs (c)(5) and (d)(4), section 1956.2, Title 13, CCR, shall submit annual reports demonstrating that they are achieving NOx emission benefits required in paragraphs (c)(8)(B) and (d)(7)(B), section 1956.2, Title 13, CCR. The first report shall be submitted by January 31, 2005. Subsequent reports shall be submitted annually by January 31 through the year 2016.