Workshops Regarding the Off-Road and the Truck and Bus Inventories and Regulatory Amendments

Workshops
May 6 - Sacramento
May 12 - El Monte
May 18 – Central Valley

California Environmental Protection Agency
Air Resources Board
Agenda

- Overview
- Emissions Inventory Presentation and Public Discussion
- Break
- Truck and Bus Regulation Presentation and Public Discussion
- Off-road Regulation Presentation and Public Discussion
Overview
10 Guiding Principles for Amendments to Both Regulations

1. Continue progress toward cleaner air
2. Maintain public health benefits
3. Meet SIP commitments
4. Incentivize greenhouse gas reductions
5. Improve cost effectiveness
6. Lower peak year costs
7. Consider cumulative impact of both regulations
8. Provide most relief to fleets hardest hit by recession
9. Ensure emission reductions as economy recovers
10. Support clean technologies
Board Directives from April

- Revise emissions projections
- Meet SIP commitment and maintain public health benefits
- Consider on-road and off-road regulations together
- Reward fleets that have taken action to comply
- Explore ways to increase opportunities for incentive funds
- Consider ways to improve access to capital
- Design amendments to reduce peak year costs
Emissions Inventory Development for the In-Use Off-Road and Truck & Bus Regulations
Outline

- State Implementation Plans
- Emission Inventory Approaches
- Rule Inventory Improvements
- South Coast Emissions Margin
South Coast and San Joaquin Valley SIPs

- Roadmaps for attaining air quality standards
- Attainment deadlines:
  - 2014 for PM2.5
  - 2023 for ozone
- South Coast and San Joaquin Valley need NOx down by half from 2006 levels for PM2.5
  - Heavy-duty trucks and construction vehicles are 40-50% of all NOx
- Even greater NOx reductions needed to meet 2023 ozone deadline
Estimating Emissions

- Emissions Modeling (bottom-up)
  - Detailed inputs at equipment category level - population, activity, emission factors, etc
  - Specificity necessary for regulatory development
  - USEPA approach for SIP purposes
- Fuel-Based Method (top-down)
  - Simplified approach based on estimated fuel use
  - Not detailed enough for regulatory development
Recent Rule Inventory Improvements

- In-Use Off-Road Rule
  - Recession
  - Fuel Reconciliation
  - New Data
- Truck and Bus Rule
  - Construction Trucks
  - Regional Emissions Estimates
<table>
<thead>
<tr>
<th>Change</th>
<th>Impact on Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-road Emission Method</td>
<td></td>
</tr>
<tr>
<td>Recession on Off-road Sources</td>
<td></td>
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<tr>
<td>Recession on Construction Trucks</td>
<td></td>
</tr>
<tr>
<td>Regional South Coast Truck Emissions</td>
<td></td>
</tr>
<tr>
<td><strong>OVERALL Total</strong></td>
<td><strong>21 - 42 tpd Lower Than Expected</strong></td>
</tr>
<tr>
<td>(NOx Equivalent tons per day)</td>
<td></td>
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</tbody>
</table>
In-Use Off-Road Equipment Emissions Inventory Approach
Overview

- Review
  - Recession
  - Fuel Reconciliation
  - New Data
- Next Steps
Impacts of the Recession

- Currently estimate 2009 activity is down 50% from 2006

<table>
<thead>
<tr>
<th>Data Type</th>
<th>Change Relative to Peak</th>
<th>Data Source and Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA Construction GDP (2005-2008)</td>
<td>-30%</td>
<td>US Bureau of Economic Analysis</td>
</tr>
<tr>
<td>CA Construction Taxable Fuel Refunds (2006-2008)</td>
<td>-40%</td>
<td>CA Board of Equalization</td>
</tr>
<tr>
<td>CA Construction Valuation (2005-2009)</td>
<td>-65%</td>
<td>CA Dept of Finance</td>
</tr>
<tr>
<td>CA New Building Permits (2004-2009)</td>
<td>-80%</td>
<td>CA Dept of Finance</td>
</tr>
<tr>
<td>CA New Equipment Sales Financed (2005-2009)</td>
<td>-80%</td>
<td>Equipment Data Associates (UCC data)</td>
</tr>
</tbody>
</table>
Fuel Reconciliation – Top-Down Approach

- Diesel fuel sales data can help reconcile bottom-up inventories (top-down approach)
- Staff reviewed Energy Information Administration (EIA) and State Board of Equalization Data (BOE) diesel fuel data
- Equipment covered by the Off-Road Rule included in a variety of EIA fuel sectors.
## EIA Fuel Sectors

<table>
<thead>
<tr>
<th>Equipment</th>
<th>EIA Fuel Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Construction</td>
<td>Off-Highway</td>
</tr>
<tr>
<td>Government, Ground Support</td>
<td>Commercial</td>
</tr>
<tr>
<td>Industrial, Mining</td>
<td>Industrial</td>
</tr>
<tr>
<td>Oil Drilling</td>
<td>Oil Drilling</td>
</tr>
</tbody>
</table>
EIA Fuel Comparison – Commercial, Off-Highway, Industrial and Oil

- Most diesel fuel used in off-road equipment is red-dye (tax exempt)
- Some additional usage of clear diesel (taxable)
  - not fully accounted for in EIA survey
- Adjusted EIA fuel estimates for clear diesel used in off-road applications
  - Based on clear diesel refunds from BOE
After adjusting for clear diesel, ARB estimates are higher than EIA.

Considerable limitations to EIA fuel data.

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007*</th>
<th>2008*</th>
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<tbody>
<tr>
<td>EIA</td>
<td>335,235</td>
<td>307,173</td>
<td>273,089</td>
<td>264,742</td>
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<tr>
<td>EIA+Clear Diesel</td>
<td>470,738</td>
<td>445,448</td>
<td>391,955</td>
<td>363,397</td>
</tr>
<tr>
<td>ARB</td>
<td>1,172,803</td>
<td>1,190,766</td>
<td>932,668*</td>
<td>700,492*</td>
</tr>
<tr>
<td>Ratio</td>
<td>2.5</td>
<td>2.7</td>
<td>2.4</td>
<td>1.9</td>
</tr>
</tbody>
</table>

* Recession Adjusted
Issues with EIA Fuel Data

- EIA staff have indicated uncertainty respondents knowing how much fuel is used by each end user
- EIA sector level data highly variable.
- EIA total off-road fuel in 2007 and 2008 much lower than California State Board of Equalization (BOE) estimates
Issues with EIA Fuel Data

- CA Construction Employment
- EIA Off-Highway Fuel

Fields:
- Thousands Employees
- Thousands Gallons

Years:
- 1990 to 2008
Emission Inventory Approaches

- **Top-Down Approach**
  - Issues with EIA fuel sector data
  - Not detailed enough for regulatory development

- **Bottom-Up Approach**
  - USEPA approach for SIP purposes
  - Specificity necessary for regulatory development
  - Review of inventory inputs to assess range of overestimation
Bottom-Up Approach

- Estimating Emissions (bottom-up)
  - Population - (POP)
  - Activity - (ACT)
  - Load Factor - (LF)
  - Emission Factors - (EF)

Emissions = POP x ACT x LF x EF
Population

- SIP inventory population based on California and national survey data.
- Revised inventory population will be based on reporting to DOORS.
- Additional assessment on DOORS reporting compliance:
  - Contacted 1000 fleets that financed construction equipment.
  - Identified fleets that hadn’t reported.
Activity

- SIP inventory activity based on California and national survey data.
- Activity adjusted to account for equipment being used less as it ages
  - Based on stakeholder and industry input
Activity

- Staff reviewing activity reporting data from DOORS
  - Limited reporting data for individual pieces of equipment
  - More data is needed
- Recession adjustment accounts for changes in total activity
Load Factor

- Very little load factor data currently available
- Load varies by equipment type and usage

Preliminary Conclusion
- Load factors overestimated in the model by 1.3-2 times
- Load factors for most equipment categories are 1.4 times too high
- Still need more data
Emission Factors

- Literature Review
  - Much less information available for off-road equipment than on-road vehicles.

- EPA Methods
  - Transient adjustment factor
    - Increases PM emission factor
  - Updated brake specific fuel consumption
    - Lowers fuel consumption rate
New Equipment Sales

New Equipment Sales vs. California Construction GDP + 1

R^2 = 93%
Growth

- SIP inventory growth for construction based on national construction employment
  - <2% growth per year
- New data
  - Incorporate recession
  - Forecasting methodologies – fast and slow recovery scenarios
Construction Activity Growth

Ratio to 2006

Impact of Recession

Fast

Slow

Average

Historical

Forecast

2006 2007 2008 2009 2010 2011 2012 2013 2014
Preliminary Off-Road Emissions: South Coast 2014

- Impact of the recession and forecasting on population and activity
  - decrease emissions
- Load factor adjustment
  - decrease emissions
- PM emission factor adjustment
  - increase PM emissions
- Result: 46-67 tons/day lower emissions than previously assumed (NOX equivalents)
Next Steps

- June workshops to present emissions inventory results
- Work with the Associated General Contractors (AGC) to reconcile approaches
- Release documentation and inventory 45 days in advance of the September Board hearing.
Truck and Bus Emissions Inventory

California Environmental Protection Agency

Air Resources Board
Outline

- Review
  - Statewide Inventory
  - Recession and Forecasting

- New Information
  - Construction Trucks
  - Regional Emissions Estimates

- Next Steps
Review
Estimating Truck and Bus Emissions

- Population - (POP)
- Miles Traveled per Year - (VMT)
- Emission Factors - (EF)

Emissions = POP x VMT x EF
Estimating Population

- DMV Registration Data
  - Registration type, body type, age, weight, fleet size
- Augmented with other data
  - Limited out-of-state IRP data
  - Vocational emissions estimates
    - Agriculture, drayage
  - Lutsey (2008)
Estimating Miles Traveled

- Vehicle Inventory and Use Survey (2002)
- Evaluate data by age, registration type, registered location, body type
- Evaluate distribution of data within each group to estimate fraction of total mileage below low mileage limits
- Use IFTA data to estimate interstate truck mileage by state of registration
  - Estimate fraction of miles in California
Emission Factors

- Based on EMFAC2007
  - Reflect test data on ~100 vehicles
- Updates
  - Medium-heavy duty trucks
  - Fuel economy
- Account for differences in miles traveled for different types of vehicles
Recession and Forecasting

- December 2008
  - Assumed annual average growth
  - Relationship between general economic and vehicle sales trends
- December 2009
  - Impact of recession on activity and new vehicle sales
  - Bounding scenarios for future emissions forecast
Impact of Recession on California Diesel On-Road Diesel Usage
Heavy-Heavy VMT Forecast
National Heavy-Heavy Duty Truck Sales Forecast

![Graph showing the ratio of sales to 2001 over calendar years from 1985 to 2015. The graph includes historical data and forecasts for fast and slow recovery scenarios.](image)
New Information
Construction Trucks

- Recession impacted construction more than general transportation
- Separated construction trucks
  - 70,000 trucks
  - 16% of all California registered medium and heavy-duty diesel trucks
- 50% reduction in construction truck emissions due to recession
- Results in additional 5% reduction in statewide truck and bus emissions in 2009
Construction Truck Assumptions

- Age distribution same as for other in-state trucks of similar body type
  - ~10 year average age
- Construction tractor miles traveled same as single-unit trucks
  - ~20,000 miles/year average
- Miles traveled reduced 50% by recession in 2009
- Sales consistent with other HHDDT
## 2005 Population by Category

<table>
<thead>
<tr>
<th>Type</th>
<th>Population</th>
<th>Type</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td></td>
<td>Utility</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>9,785</td>
<td>Medium</td>
<td>2,611</td>
</tr>
<tr>
<td>Heavy</td>
<td>12,454</td>
<td>Heavy</td>
<td>1,278</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>39,040</td>
<td>Medium CA-IRP</td>
<td>1,573</td>
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<tr>
<td>Heavy Tractor</td>
<td>11,218</td>
<td>California</td>
<td>147,371</td>
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<tr>
<td>Heavy Single</td>
<td>15,561</td>
<td>Medium In-State</td>
<td>48,740</td>
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<tr>
<td>Heavy IRP</td>
<td>3,343</td>
<td>Registered</td>
<td>44,071</td>
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<tr>
<td></td>
<td></td>
<td>Heavy CA-IRP</td>
<td>23,028</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Heavy In-State</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tractor</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Single</td>
<td></td>
</tr>
<tr>
<td>Drayage</td>
<td></td>
<td>Out-of-State</td>
<td></td>
</tr>
<tr>
<td>Heavy-Oakland</td>
<td>2,815</td>
<td>Medium</td>
<td>6,852</td>
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<tr>
<td>Heavy-LA/LB</td>
<td>15,884</td>
<td>Registered</td>
<td>37,100</td>
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<tr>
<td>Heavy-Other</td>
<td>1,445</td>
<td>Heavy Neighboring States</td>
<td>397,969</td>
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<tr>
<td>Solid Waste Collection</td>
<td>11,632</td>
<td>Heavy Non-Neighboring States</td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td></td>
<td>Buses</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td>19,641</td>
<td>School</td>
<td>16,469</td>
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<tr>
<td>Heavy</td>
<td>12,513</td>
<td>Other*</td>
<td>8,546</td>
</tr>
<tr>
<td></td>
<td></td>
<td>All Trucks and Buses</td>
<td>890,939</td>
</tr>
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</table>
Mileage Accrual by Category
Construction Truck VMT Forecast

The graph shows the ratio of truck miles traveled (VMT) to the year 2006 from 2006 to 2014. The impact of recession and recovery phases are indicated with different line styles:

- **Impact of Recession** (solid black line)
- **Fast Recovery** (dashed black line)
- **Slow Recovery** (dotted black line)
- **Average** (dotted and dashed black line)

The forecasted trend is represented by the dotted and dashed black line indicating the average scenario.
Regional Emissions Estimates

- New approach
- Based on 2007-2009 ARB Field Study
- 50 locations
  - O/D data
  - License plate info
  - All by body type and registration type
- Augmented with special study data for vocational fleets, registration data, and previous studies
Field Study Sampling Locations
# Draft Regional Allocation by Truck Category - 2005

<table>
<thead>
<tr>
<th>Area</th>
<th>Medium In-State</th>
<th>Agriculture</th>
<th>Interstate</th>
<th>Heavy Single-Unit</th>
<th>Construction</th>
<th>Heavy Tractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Coast</td>
<td>42%</td>
<td>2%</td>
<td>20%</td>
<td>37%</td>
<td>43%</td>
<td>26%</td>
</tr>
<tr>
<td>San Joaquin Valley</td>
<td>12%</td>
<td>45%</td>
<td>29%</td>
<td>18%</td>
<td>19%</td>
<td>38%</td>
</tr>
<tr>
<td>San Francisco Bay Area</td>
<td>17%</td>
<td>6%</td>
<td>8%</td>
<td>17%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Sacramento Valley</td>
<td>9%</td>
<td>19%</td>
<td>10%</td>
<td>9%</td>
<td>10%</td>
<td>6%</td>
</tr>
<tr>
<td>San Diego</td>
<td>8%</td>
<td>2%</td>
<td>4%</td>
<td>8%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Mojave Desert</td>
<td>2%</td>
<td>1%</td>
<td>15%</td>
<td>2%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
<td>24%</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>7%</td>
</tr>
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</table>
Evaluating Draft Estimates: Heavy-Heavy Trucks

<table>
<thead>
<tr>
<th></th>
<th>1000 Vehicle Miles Traveled per Day</th>
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<tbody>
<tr>
<td></td>
<td>South Coast</td>
</tr>
<tr>
<td><strong>2008 EMFAC2007 Truck Models</strong></td>
<td></td>
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<tr>
<td>2008 EMFAC2007 Truck Models</td>
<td>7,253</td>
</tr>
<tr>
<td>New Estimate^</td>
<td>11,030</td>
</tr>
<tr>
<td><strong>2007 EMFAC2007 HPMS</strong></td>
<td></td>
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<tr>
<td>2007 EMFAC2007 HPMS</td>
<td>6,714</td>
</tr>
<tr>
<td>New Estimate^</td>
<td>10,392</td>
</tr>
</tbody>
</table>

^ New estimates are not recession adjusted
Regional Allocation Results

- More truck miles traveled in South Coast
  - Added truck miles traveled by older vehicles
- Less truck miles traveled in Mojave Desert
  - Subtracted truck miles traveled by older vehicles
- Same truck miles traveled in San Joaquin Valley
  - Significant portion of younger through traffic
2014 South Coast NOx – Trucks and Buses

![Graph showing NOx emissions trends from 2006 to 2014 for different scenarios: EMFAC, Baseline (After Drayage Rule), Rule and Recession Forecast, and SIP Target.]
2014 South Coast PM2.5 – Trucks and Buses
Emissions: South Coast 2014 Draft Estimate

- Construction Trucks
  - Reduces miles traveled because construction tractors drive less than average
  - Activity reduced 50% due to recession
  - Revised future forecast

- Spatial Allocation
  - More truck miles traveled by older vehicles

Result: 25 tons/day more emissions than previously assumed (NOx Equivalent)
Next Steps

- Continue inventory updates
  - Improved age distributions in rural areas
  - New regulatory scenarios
- Report in June workshops
- Integrate agricultural truck reporting data
- Model development for upcoming EMFAC release
Break

Out to LUNCH!
Regulatory Amendments
Plan to Bring Amendments to Board

- Update inventory
- Create detailed alternatives and evaluate cost/emissions impact
- Follow 10 principles
- Gather input at workshops
- Craft package that fits within final estimate of SIP margin and maintains health benefits
Proposed Timeline for Amendments

- **May 2010 Workshops**
  - Emission inventory, data sources, and methodologies

- **June 2010 Workshops**
  - Draft proposed amendments for both regulations
  - Draft inventories for rule assessments

- **August 2010**
  - Final inventories released
  - Publish staff reports and proposed amendments

- **September 2010**
  - Board Hearing to consider staff proposal
Truck and Bus Regulation Update
Outline

- Background and Status
- January 2010 Workshops
- Board Member Direction
- Compliance Deadline Extensions
- Longer Term Amendments and Concepts
- Grant and Loan Programs
- Economic Impact Data
- Contact Information
- Public Comment Period
Truck and Bus Regulation Background

- Approved in 2008
- Filter requirements to reduce PM emission
  - Phased in beginning January 1, 2011
  - Requires filters on all trucks by 2014
- Requirements to reduce NOx emissions
  - Phased in beginning January 1, 2013
  - Requires cleanest available engines by 2023
- Three compliance options
  - Best available control technology (BACT) schedule
  - Percentage of fleet requirements
  - Fleet average
- Special provisions, credits
Truck and Bus Regulation Status

- December 2009 update on economy
  - Board directive for short term relief
- Held 3 public workshops in January 2010
- Delayed planned amendments
  - Further economic and SIP analysis
  - Consider together with off-road regulation
  - Inventory refinements
January 2010 Workshops Discussion

- Defer PM filter requirements
  - Until 2013 (2 years) for fleets of 20 or fewer vehicles
  - Until 2012 (1 year) for fleets of 21 to 40 vehicles
- Reduce number of PM filters required for larger fleets
January 2010 Workshops (cont.)

- Allow agricultural fleets to utilize small fleet provisions
- Allow drayage trucks to be included in compliance demonstration
- Amend school bus provision
  - Add option to be exempt until 2013
  - Remove reporting requirements and rely on record keeping
January 2010 Workshops (cont.)

- Report only low-use vehicles if fleet meets BACT
- “NE” label for NOx-exempt areas allowed
- Allow for emergency use exemption
January 2010 Workshops - Credits

- For fleets of 20 or fewer vehicles:
  - Double PM credit if PM retrofit before 2011
  - Exempt from NOx if PM retrofit before 2012
- Retirement credit:
  - Change baseline to October 1, 2006
  - Allow non-operated vehicles to count as retired
- Credits would expire January 1, 2014
April Board Directives: Truck and Bus

- Consider more relaxed mileage provisions
- Reduce possibility that 2 actions required on same vehicle
- Credit for fleets that have already taken action to comply
Changes to Deadlines

- Delay early reporting for claiming retirement credits and early PM credits
  - Agricultural vehicles and two-engine street sweepers still required to report by March 31, 2010
- Extend January 1, 2011 compliance and reporting date several months
  - Subsequent reporting deadlines to be in January
- Advisory 415 (March 2010)
Longer-Term Amendments to Consider

- Additional flexibility in 2014
- One year delay would use up SIP margin
- Potential Regulatory Amendments
  - Increase mileage thresholds
  - More gradual PM filter rate and/or vehicle upgrade rate
  - Allow credits to extend past 2014
Concepts to Explore

- Evaluate certain types of fleets or vehicles
  - Logging
  - Construction
    - Cumulative costs
  - Small fleets (50% of all trucks)
  - High cost vehicles
  - Smaller trucks
- Impact of proposed changes on funding
On-Road Grant and Loan Programs

- Grant and loan funding is available now
- Expanded Voucher Incentive Program
  - Open to small fleets registered in CA
  - Up to $45,000 for truck replacements
  - Up to $10,000 for retrofits
  - Quick turn-around: approval in five days
- New Hybrid Voucher Incentive Program
- Goods Movement Funding (Proposition 1B)
  - Spring 2010 bond sales → $200 million for new projects
- Loan Guarantees (PLACE)
- Low Emission School Bus Program
- Future changes to grant and loan programs will be coordinated with regulatory changes
Economic Impact on Businesses

- Coordinate with industry groups
- Collect fleet data and financial information
  - 2006 to present
  - Trucks and Buses: engine model year, vehicle type, annual miles
  - Off-road Vehicles: model year, horsepower, annual hours of operation
- Evaluate costs to individual businesses
- Assess benefits of credits
For More Information…

Truck and Bus Regulation information:
www.arb.ca.gov/dieseltruck

Listserv (onrdiesel):
http://www.arb.ca.gov/listserv/listserv_ind.php?listname=onrdiesel

DIESEL HOTLINE:

(866) 6-DIESEL  (866-634-3735)
Email: 8666diesel@arb.ca.gov
Public Comment Period
Off-road Regulation Update
Outline

- Off-road Regulation Background
- Current Relief Provisions
- Stakeholder Suggestions
- Board Member Direction
- Concepts Being Considered
- Question and Comment Period
Off-road Regulation Overview

Compliance requirements and deadlines vary by fleet size

<table>
<thead>
<tr>
<th>Fleet Size Category</th>
<th>Description</th>
<th>Dates and Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>2,500 hp and under</td>
<td>2015-2025 PM only (no vehicle or engine turnover)</td>
</tr>
<tr>
<td>Medium</td>
<td>2,501 to 5,000 hp</td>
<td>2013-2020 PM and NOx</td>
</tr>
<tr>
<td>Large</td>
<td>Over 5,000 hp State and federal government fleets</td>
<td>2010-2020 PM and NOx</td>
</tr>
</tbody>
</table>
Off-road Regulation: Current Requirements

In each year, two ways to meet the NOx and PM requirements:

- Fleet average targets for NOx and PM
  or
- **NOx:** Turn over certain percentage of fleet horsepower per year
- **PM:** Install exhaust retrofits on certain percentage of fleet horsepower per year
Relief Granted so Far (AB 8 2X)

- Credit for fleets with reduced horsepower or reduced activity
  - Compares current fleet to 2006-2007 levels
- Delay a portion of 2011-2012 requirements until 2013
  - Approximately 55% of large fleets have claimed one or both of these credits
  - On average, they provide a 2-4 year delay
  - Required additional documentation and reporting
AGC Petitioned ARB to Delay Regulation

- AGC petitioned ARB in January, 2010, for full 2-year delay
- ARB issued enforcement delay in February, 2010
  - Delay 2010 turnover and retrofit requirements (reporting/labeling still in effect)
  - Time to consider potential need for further amendments
  - Recognized lack of U.S. EPA Authorization to enforce
- Executive Officer held special hearing on March 11
Off-road EO Hearing Summary

- Economist Lynn Reaser, Point Loma Nazarene University
  - Construction sector down 30 - 70+ percent from peak
  - Slow recovery projected through 2015
- Harley/Millstein Study
- Individual fleets:
  - Recession - Loss in revenues, employment
  - AB 8 2X relief helpful but not adequate
- Changes requested:
  - 2 to 5 year delay; delay until Tier IVs available
  - Expand on AB8 2X credits
  - Slow down, spread out BACT requirements
  - Recognize actions already taken
Off-Road Carl Moyer Guidelines Revisions

- Increased eligibility for off-road equipment replacement program
  - Tier 1 and 2 now eligible
- Continue flexibility for retrofits
- Revisions increase options for incentive funding
Summary of Stakeholder Suggestions

- Delays
  - 1 to 5 years, or until Tier 4s available

- Reduced Requirements
  - Lower annual turnover and retrofit requirements (spread out the requirements over a longer period)

- Additional Credits
  - Expand on credits that provide relief for fleets with reduced activity and horsepower
  - Extend double credit periods for exhaust retrofits
Stakeholder Suggestions (cont.)

- Allow fleets to rely on turnover, instead of retrofitting
- Increase low-use threshold
- Combine the NOx and PM fleet averages into one (maybe based on age)
- Target relief to cleaner areas of the state
- “Whatever it is, make it less complicated.”
Board Direction

- Ensure fleets that were proactive are rewarded
- Continue early incentives where possible
- Do not simply postpone a front-loaded compliance date
- Consider cumulative cost of on-road and off-road regulations on individual fleets
- Carefully consider stakeholder suggestions
Reg Change Concepts Being Considered

- Some delay of the first compliance date
- More flexibility to use turnover, repowering for compliance in lieu of retrofitting
- Reduction in annual turnover/retrofit requirements, especially before 2015 (e.g., 2013 requirement)
- Relaxing of fleet average targets
Regulation Change Concepts Being Considered (cont’d)

- Simplify the fleet average structure
- Maintain existing credits for early actions and provide new opportunities
- Increase low-use threshold
- Incentivize vehicles with reduced fuel usage (such as diesel-electric hybrids)
- Try to increase eligibility for incentive funding
- Bubble option (allow flexibility among regs)
Additional Changes / Clarifications

- Promote alternative fuels (including electric)
  - Do not count electric vehicles in fleet horsepower
- Clarify lifetime exemption for vehicles with early retrofits
- Clarify responsibility for idling requirements for rental vehicles
- Clarify annual compliance certification process
- Adding vehicles
  - Possibly simplify based on model year
Questions Moving Forward

- What parts of the regulation are the most challenging for fleets?
- What parts are the most confusing?
- What parts are least cost effective?
- What parts fit in with normal business cycles, what parts do not?

Please take the time to complete the survey.
For More Information…

Off-Road Regulation information:
www.arb.ca.gov/ordiesel

Listserv (ordiesel):
www.arb.ca.gov/listserv/listserv_ind.php?listname=ordiesel

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