Date of Hearing: April 3, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION
Jim Frazier, Chair
AB 1073 (Eduardo Garcia) – As Introduced February 16, 2017

SUBJECT: California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program

SUMMARY: Extends by five years, until January 1, 2023, the requirement that the California Air Resources Board (ARB) dedicate 20% of California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program (Technology Program) to support early commercial deployment of existing zero- and near-zero-emission heavy-duty trucks.

EXISTING LAW:

1) Requires ARB, pursuant to AB 32 (Núñez), Chapter 488, Statutes of 2006, to develop and implement a plan to reduce statewide greenhouse gas (GHG) emissions to 1990 levels by 2020 and authorizes ARB, when implementing AB 32, to use market-based mechanisms such as cap-and-trade to comply with these regulations.

2) Requires ARB, pursuant to SB 32 (Pavley), Chapter 249, Statues of 2016, to ensure that statewide GHG emissions are reduced to at least 40% below 1990 levels by 2030.

3) Establishes the Greenhouse Gas Reduction Fund (GGRF) in the State Treasury and requires all money collected pursuant to cap-and-trade, with limited exceptions, be deposited into the fund.

4) Creates the Technology Program, pursuant to SB 1204 (Lara), Chapter 524, Statutes of 2013, to fund, using GGRF monies, the development, demonstration, pre-commercial pilot, and early commercial deployment of zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies. and further requires that projects in disadvantaged communities be prioritized.

5) Requires, until January 1, 2018, that no less than 20% of funding for the Technology Program be used to support commercial deployment of existing zero- and near-zero-emission heavy duty trucks.

FISCAL EFFECT: Unknown

COMMENTS: It is widely known that nearly 40% of California's emissions are generated by the transportation sector, which includes both the light-duty (passenger fleet) and medium- and heavy-duty fleets. While cleaning up the entire transportation sector is important, efforts to improve the heavy-duty vehicle fleet is a high priority because this sector contributes greatly to GHG emissions as well as produces a variety of smog-forming pollutants such as oxides of nitrogen (NOx), particulate matter (PM), reactive organic gasses (ROG), and other toxic air contaminants that contribute to poor air quality and associated health impacts. Because these heavy-duty vehicles operate predominantly along major corridors and at freight hubs (such as ports and warehousing districts), the brunt of the impacts are borne disproportionately by disadvantaged communities that tend to border these facilities. This is evidenced particularly in

California's south coast region that borders the ports of Los Angeles and Long Beach and in the Central Valley along Interstate 5 and State Route 99.

To help accelerate the deployment of zero- and near-zero-emission heavy-duty trucks, the Legislature passed and Governor Brown signed SB 1204 (Lara) in 2013, that created the Technology Program. The Technology Program was designed to utilize GGRF funds to develop, demonstrate, pilot, and deploy zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies. The purpose of the program was to place a specific focus on the medium- and heavy-duty truck and bus sector to spur innovation and deployment of these vehicles, particularly to benefit disadvantaged communities.

ARB was tasked with carrying out the Technology Program in concert with existing programs focusing on the medium- and heavy-duty vehicle sectors. These programs include ARB's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project that helps California fleet owners purchase hybrid and zero-emission trucks and busses and the California Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program that provides funding for the development and deployment of alternative and renewable fuels and advanced transportation technologies.

To help the Technology Program better meet the goal of benefiting disadvantaged communities, SB 1204, among other things, required ARB, until January 1, 2018, to dedicate no less than 20% of the program's funding to support early commercial deployment of zero- and near-zero emission heavy duty truck technology. By creating this set aside, SB 1204 sought to ensure that cleaner trucks were be deployed sooner to provide immediate emissions reduction and air quality improvement benefits.

ARB reports that in the 2016-17 fiscal year a total of $76 million was spent on the Technology Program overall and, of this amount, $15 million (or 20%) was dedicated to support early commercial deployment of zero- and near-zero-emission heavy-duty truck technology. ARB notes, however, that monies spent on the broader range of early commercial pathways provides eventual benefits to early commercial deployment by creating investments that advance the overall technology.

While the author notes that the Technology Program has made meaningful progress since its inception, he argues that there remains an ongoing need to prioritize a portion of the program's funds to support early commercial deployment since many disadvantaged communities still experience some of the poorest air quality in the state. For this reason, the author has introduced this bill which would extend, by five years, until January 1, 2023, the requirement that the Technology Program dedicate 20% of program funding to support early commercial deployment of existing zero- and near-zero-emission heavy-duty vehicles.

Writing in support of the bill, Clean Energy stresses that this bill will help purchasers buy down the initial costs of zero- and near-zero emission technology vehicles which will help accelerate the retirement of older, high-polluting trucks. Clean Energy asserts that this bill will help grow the clean alternative fuel truck market and stimulate additional investments in the next generation of zero-and near-zero-emission truck technologies.

Committee comments: Reducing emissions and improving air quality along California's freight corridors to benefit disadvantaged communities is as pressing a need today as it was when the

Technology Program was first initiated in 2013. Therefore, it stands to reason that continuing to dedicate 20% program funds to support early commercial deployment of existing zero- and near-zero-emission heavy duty truck technology to benefit these communities is warranted.

Double referral: This bill will be referred to the Assembly Natural Resources Committee should it pass out of this committee.

Previous legislation: AB 32 (Núñez), Chapter 488, Statutes of 2006, required ARB to develop a plan of how to reduce emissions to 1990 levels by the year 2020 and also required ARB to ensure that, to the extent feasible, GHGs reduction requirement and programs direct public and private investment toward the most disadvantaged communities.

AB 857 (Perea) of 2015 would have reserved 50% or $100 million annually, whichever is greater, of GGRF monies that are allocated to the Technology Program to support the commercial deployment of existing zero- and near-zero emission heavy-duty truck technology that meets or exceeds the ARB's optional low NOx standard between 2018 and 2023. AB 857 was held on the Senate Appropriations Committee Suspense File.

AB 2415 (Garcia) of 2016 would have reserved 50% or $100 million annually, whichever is greater, of GGRF monies allocated to the Technology Program to support the commercial deployment of existing zero- and near-zero emission heavy duty truck technology between 2018 and 2023. AB 2415 was held on the Assembly Appropriations Committee Suspense File.

SB 32 (Pavley), Chapter 249, Statutes of 2016, required ARB to ensure that statewide GHG emissions are reduced at least 40% below 1990 levels by 2030.

SB 1204 (Lara), Chapter 524, Statutes of 2014, created the Technology Program to fund development, demonstration, pre-commercial pilot, and early commercial deployment of zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies.

REGISTERED SUPPORT / OPPOSITION:

Support

Clean Energy

Opposition

None on file

Analysis Prepared by: Victoria Alvarez / TRANS. /