

Date of Hearing: April 26, 2021

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 1524 (O'Donnell) – As Amended April 19, 2021

**SUBJECT:** State Air Resources Board: zero-emission drayage trucks: Project 800 Initiative

**SUMMARY:** Requires the California Air Resources Board (CARB) to create the Project 800 Initiative to provide financial incentives to support the deployment of 800 zero-emission drayage trucks serving California ports. Specifically, **this bill:**

- 1) States the intent of the Legislature that:
  - a. Funding for the initiative come from, but is not limited to, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP).
  - b. At least 800 zero-emission trucks will be ordered by June 30, 2022, by individuals and companies operating drayage trucks that serve California ports and by June 30, 2024, those trucks will begin operating at California's ports.
  - c. Funds available for the Project shall only be provided if the purchaser complies with all applicable labor, employment, tax, and health and safety laws at the time of purchase and maintains compliance after.

**EXISTING LAW:**

- 1) Creates the Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology (Clean Truck) Program administered by the California Air Resources Board (CARB) in conjunction with the State Energy Resources Conservation and Development Commission (CEC).
- 2) Establishes the Greenhouse Gas Reduction Fund (GGRF) in the State Treasury and requires all money collected pursuant to cap and trade, with limited exceptions, to be deposited into the fund.
- 3) Upon appropriation of money from GGRF, requires the Clean Truck Program to fund development, demonstration, pre-commercial pilot, and early commercial deployment of zero- and near-zero emission truck, bus, and off-road vehicle equipment technologies. Eligible projects include point-of-sale purchase incentives for commercially available zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies (Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, HVIP).
- 4) Establishes the Air Quality Improvement Program (AQIP), administered by CARB, with the primary purpose of funding, upon appropriation by the Legislature, air quality improvement projects relating to fuel and vehicle technologies.
- 5) Requires CARB, in consultation with CEC, to develop guidance through the existing AQIP funding plan process, which includes public workshops, for the implementation of the Clean Truck Program.

**FISCAL EFFECT:** Unknown

**COMMENTS:** The Legislature has set a number of goals to reduce GHG emissions and address climate change. The Global Warming Solutions Act of 2006 [AB 32 (Nunez), Chapter 488, Statutes of 2006] and subsequent companion legislation SB 32 (Pavley), Chapter 249, Statutes of 2016, requires California to reduce statewide GHG emissions to 40% below the 1990 level by 2030. CARB is responsible for developing a Scoping Plan to detail how the state will achieve its mandated GHG emissions reduction targets across sectors.

Nearly 40% of California's GHG emissions are generated by the transportation sector, which includes both light-duty (passenger) and medium- and heavy-duty fleets. Heavy-duty diesel trucks also contribute to unhealthy levels of ozone, inhalable particulate matter, carbon monoxide, oxides of nitrogen (NOx), and sulfur dioxide, affecting local air quality. In the transportation sector, measures to reduce GHG emissions include requiring the use of low carbon fuels, cleaner vehicles, and strategies to promote sustainable communities and improved transportation choices that reduce growth in number of vehicle miles traveled.

CARB's existing Drayage Truck Regulation sets emission standards, until December 31, 2022, for in-use, heavy-duty diesel-fueled vehicles that transport cargo to and from California's ports and intermodal rail facilities. Starting January 1, 2023, drayage trucks are subject to the Truck and Bus Regulation which requires that all in-use on-road diesel vehicles, including drayage trucks, have a 2010 model year emissions equivalent engine by January 1, 2023.

The San Pedro Bay Ports (the adjacent ports of Los Angeles and Long Beach) are the largest in the United States and handle about 40% of the water-borne imported cargo into the nation. Approximately 13,000 to 14,000 heavy-duty trucks regularly work out of these Ports, moving the majority (80%) of the containers entering the Ports (Di Filippo, 2019). These drayage trucks then move the cargo to off-dock rail transfer facilities, transloading facilities for repackaging for long-haul transport, or directly to final destinations. The Ports are also the single-largest fixed source of air pollution in Southern California, accounting for more than 100 tons per day of smog and NOx. The Ports' 2006 Clean Air Action Plan and subsequent 2007 Clean Trucks Program, aided by state and regional policies, have achieved significant reductions in drayage truck pollution over the last decade. Yet port and city leadership recognize the need for further action. In 2017, the mayors of Los Angeles and Long Beach signed a joint declaration with a goal that the drayage trucks serving the Ports be zero-emission by 2035.

To further the state's climate efforts, at the end of 2020, Governor Newsom issued Executive Order (EO) N-79-20 which requires 100% of medium- and heavy-duty vehicles in the state be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. EO N-79-20 charges CARB with developing and proposing medium- and heavy-duty vehicle regulations requiring increasing volumes of new zero-emission trucks and buses sold and operated in the state towards that goal.

Heavy-duty truck manufacturers are beginning to offer new zero-emission Class 8 trucks in the commercial market today, and more models are coming in the year ahead. Recognizing this transitional period for advanced clean truck technologies, CARB launched an effort to support drayage trucks with incentives. According to CALSTART, the administrator of HVIP, "The new Project 800 initiative aims to support the deployment of zero-emission trucks serving California ports by setting a goal of 800 zero-emission drayage truck orders in 2021. These 800 trucks

represent a pathway toward jump-starting the sector and paving the way for more zero-emission trucks in the near future.” To kick off this effort, CARB hosted the Project 800: Zero-Emission Truck Forum, a virtual public webinar on January 21, 2021.

This bill codifies CARB’s current efforts by requiring CARB to create the Project 800 Initiative to provide financial incentives to support the deployment of 800 zero-emission drayage trucks serving California ports.

The bill states the intent of the Legislature that funding for the initiative come from, but is not limited to, HVIP. CARB launched HVIP in 2009 to allow purchasers to buy clean vehicles for their business or fleet with no scrappage requirement. HVIP focuses on on-road heavy-duty advanced technologies with high adoption barriers. Medium- and heavy-duty vehicle incentives have mainly been funded with cap-and-trade auction revenues. Revenues from the state’s cap-and-trade allowance auction, authorized under AB 32, and reauthorized by SB 32, are deposited in GGRF and used for California Climate Investments such as HVIP. The amount of GGRF funding available for investments fluctuates from year to year, and there are many competing demands for the funding. HVIP has received money from GGRF (\$488 million), and also AQIP (\$64 million) and California Energy Commission’s Clean Transportation Program (\$4 million). Zero-emission drayage trucks are currently an eligible project under HVIP, so it is reasonable to direct Project 800 to go through HVIP.

According to the author, “This bill codifies CARB’s Project 800 initiative and provides important legislative oversight, including mandating compliance with labor laws and ensuring that these zero-emission trucks will begin operating at California’s ports by mid-2024. Formalizing Project 800 in statute will set California apart as a leader in transitioning to clean drayage operations and will send an important signal to truck manufacturers that they should increase production in anticipation of future demand.”

In support, the California Association of Port Authorities writes, “We recognize the prohibitive financial burden that the transition to zero-emission trucks creates for our drayage community. Currently, a used diesel truck, typically used in port drayage, costs under \$50,000 while a new zero-emission truck could cost over \$250,000. Since the zero-emission drayage truck industry is in its infancy, it is imperative that California sends a market signal that orders will be coming, and manufacturing needs to increase. This immediate action will jumpstart the industry and start us on our path to zero-emission drayage truck compliance by 2035.”

*Related and previous legislation:* AB 794 (Carillo) of this session establishes labor and workforce standards as a cobenefit of clean air standard vehicle incentive programs and conditions incentive eligibility on first meeting the clean air standard and then by meeting the labor and workforce standards. AB 794 is being heard today in Assembly Transportation.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Port of Los Angeles (Sponsor)  
California Association of Port Authorities  
Port of Long Beach  
Port of Oakland

**Opposition**

None on file

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