

Date of Hearing: April 4, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION
Jim Frazier, Chair
AB 2415 (Eduardo Garcia) – As Introduced February 19, 2016

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

SUMMARY: Reserves 50% or \$100 million annually, whichever is greater, of Greenhouse Gas Reduction Fund (GGRF) monies that are allocated to the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program (SB 1204 Program) to support the commercial deployment of existing zero- and near-zero emission heavy duty truck technology that meets or exceeds the Air Resources Board's (ARB's) low oxides of nitrogen (NOx) standard between 2018 and 2023. Specifically, **this bill:**

- 1) Requires for five years, between January 2, 2018 and January 1, 2023, that 50% or \$100 million, whichever is greater, of monies allocated annually for technology development, demonstration, pre-commercial pilots, and early commercial deployments of zero- and near-zero-emission medium- and heavy-duty truck technology be allocated and spent to support the commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology that meets or exceeds the ARB's Low NOx Standard of 0.02 grams per brake horsepower-hour oxides of nitrogen.
- 2) Requires that between January 2, 2018, and January 1, 2020, that a heavy-duty truck with an internal combustion engine (ICE) receiving SB 1204 Program monies, not use at least 30% renewable fuel.
- 3) Requires, beginning on January 2, 2020, that a heavy-duty truck with an ICE receiving SB 1204 Program funds not use less than 50% renewable fuel.
- 4) Provides that the required percentage of renewable fuel in effect at the time the moneys are awarded to a heavy-duty truck pursuant to the SB 1204 program shall not change over time.
- 5) Provides that awards provided pursuant to the SB 1204 program shall not affect the eligibility of low-carbon-fuel providers to qualify for or receive other credits or grants for which they are eligible.
- 6) For the purposes of the SB 1204 Program, defines a "heavy-duty truck" as a vehicle with a gross vehicle weight rating (GVWR) of 26,001 pounds or more.
- 7) Makes related, clarifying amendments.

EXISTING LAW:

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

- 2) Establishes the GGRF in the State Treasury and requires all money collected pursuant to cap and trade, with limited exceptions, be deposited into the fund.
- 3) Creates the SB 1204 Program pursuant to SB 1204 (Lara), Chapter 524, Statutes of 2013, 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 including, but not necessarily limited to, medium- and heavy-duty trucks, vocational trucks, short-haul and long-haul trucks, buses, and off-road vehicles and equipment, port equipment, agricultural equipment, marine equipment, and rail equipment.
- 4) Requires that the SB 1204 Program be funded from the GGRF and prioritized for projects in disadvantaged communities.
- 5) Requires, until January 1, 2018, that no less than 20% of funding for the SB 1204 Program support commercial deployment of existing zero- and near-zero-emission heavy duty trucks, which is broadly defined.
- 6) Under the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007, created by AB 118 (Núñez), Chapter 750, Statutes of 2007, requires California Energy Commission (Commission) to implement the Alternative and Renewable Fuels and Vehicle Technology Program (ARFVTP) to fund specified entities to develop and deploy technologies and alternative and renewable fuels in the marketplace to help meet the state's climate change policies.
- 7) Creates the Air Quality Improvement Program (AQIP), administered by ARB and the Commission, in consultation with local air districts, to fund specified air quality improvement projects.
- 8) Requires ARB, in consultation with the Commission, to develop guidance through the existing AQIP funding plan process to implement the SB 1204 Program.
- 9) Defines a "heavy-duty truck" as vehicles weighing 14,000-19,500 pounds GVWR.

FISCAL EFFECT: Unknown

COMMENTS: According to the author, air pollution effects human health disproportionately in disadvantaged communities that border transportation corridors. This unhealthy air increases the risk of asthma, cancer and premature death. He notes that in the South Coast and San Joaquin Valley Air Districts, nearly 80% of smog-forming pollutants, such as NO_x come from mobile sources and that heavy-duty vehicles are the primary producer of these pollutants. To address these issues, the author has introduced AB 2415 which would incentivize the use of renewable fuels in heavy-duty vehicles involved in goods movement and in doing so, provide immediate and cost-effective solutions to reducing emissions and improving air quality and public health.

AB 32 required ARB to develop a plan to reduce GHG emissions to 1990 levels, by 2020. AB 32 also required ARB to ensure that GHG emissions reduction requirements and programs, to the extent feasible, directed public and private investment toward the most disadvantaged communities in the state. In addition, AB 32 authorized ARB to adopt a schedule of fees to be

paid by GHG emission sources and to deposit those monies into the GGRF, which would then be available upon appropriation by the Legislature, to carry out AB 32 requirements.

Subsequent legislation, AB 118, established the AQIP administered by ARB in consultation with local air districts. The AQIP is funded through various fees and surcharges on vehicles and provides competitive grants to fund projects that improve air quality. The AQIP encompasses several programs, including the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program (HVIP), which is administered by ARB and provides vouchers to California fleet owners to help purchase hybrid and zero-emission trucks and buses.

AB 118 also established the ARFVTP, which is administered by the Commission, and provides funding for development and deployment of alternative and renewable fuels and advanced transportation technologies to help attain the state's climate change goals. Eligible projects include, for example, development, improvement, and production of alternative and renewable low-carbon fuels; improvement of light-, medium-, and heavy-duty vehicle technologies; and expansion of infrastructure connected with existing fleets, public transit, and transportation corridors.

In 2014, the SB 1204 Program was established, to be administered by ARB in conjunction with the Commission, with the intent to create a single, overarching program to develop and deploy zero- and near-zero-emission heavy-duty vehicles. In introducing AB 2415, the primary intent of the author was to better address heavy-duty vehicles in HVIP and AQIP. Specifically, the SB 1204 Program, until January 1, 2018, provided GGRF funds for projects that develop technology, demonstrate and pilot commercial and early-commercial deployment of zero and near-zero emission medium- and heavy-duty truck technology, and facilitate clean goods movement. The SB 1204 Program worked to develop zero-and near-zero emission technologies for specified vehicles and equipment not only for trucks, but also for off-road vehicles and equipment at the ports as well as in agricultural, marine, and rail sectors. Within the SB 1204 Program, funding priority is generally given to projects that demonstrate benefit to disadvantaged communities, that have the ability to leverage additional public and private funding, and that provide the potential for co-benefits.

To help incentivize the adoption of these new technologies, the author has introduced AB 2415 which is essentially a reintroduction of a bill carried by Assemblymember Perea last year (AB 857). Specifically, AB 2415 would re-establish the priorities of the SB 1204 Program for five years beginning on January 2, 2018, and ending on January 1, 2023, and, during that five-year period, require that 50% of SB 1204 Program funds (or \$100 million, whichever is greater) be used for the deployment of heavy-duty vehicles weighing 26,001 pounds GVWR or greater that meet a low NOx standard (i.e., meet or exceed an emission standard of 0.02 grams per brake horsepower-hour NOx). AB 2415 accounts for improved technology over time by "ratcheting down" program requirements so that between January 2, 2018, and January 1, 2020, that a heavy-duty truck with an ICE receiving SB 1204 Program monies must use at least 30% renewable fuel and beginning on January 2, 2020, qualifying heavy-duty trucks receiving SB 1204 Program funds 50% or more renewable fuel.

AB 2415 has a broad spectrum of support including local jurisdictions, business, and environmental and community groups. These groups note that AB 2415 will provide the opportunity to deploy cleaner trucks in the near-term so that Californians, particularly those in

disadvantaged communities who experience some of the worst air quality in the state, can begin to see improved air quality and increased health benefits sooner rather than later.

The Southern California Association of Governments (SCAG), writing in support of AB 2415 point out that emissions from the heavy-duty truck sector represent some of the most polluting mobile source emitters and that if enacted, this bill will create additional incentives for zero- and near-zero-emission heavy-duty truck purchases that will help purchasers afford the initial costs of these cleaner trucks, which will in turn help accelerate the retirement of older, dirtier trucks. SCAG contends that stimulating investments in the next-generation of clean truck technology will help grow the market and help California reach its clean air goals.

Suggested amendments: The SB 1204 Program requires ARB to ensure that emissions reductions benefits can be measured or quantified but there is no requirement that the results of these measurements be made public. AB 2415 should be amended to require that ARB periodically post (at least every two years) the GHG and air pollutant reduction benefits achieved by the by the program on its Internet Web site

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

Previous legislation: AB 857 (Perea) of 2015, would have reserved 50% or \$100 million annually, whichever is greater, of GGRF monies that are allocated to the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program (SB 1204 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 NO_x standard between 2018 and 2023. AB 857 was held on the Senate Appropriations Committee suspense file.

SB 1204 (Lara), Chapter 524, Statutes of 2014, created the SB 1204 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.

AB 8 (Perea), Chapter 401, Statutes of 2013, extended until January 1, 2024, extra fees on vehicle registrations, boat registrations, and tire sales in order to fund the programs that support the production, distribution, and sale of alternative fuels and vehicle technologies, as well as air emissions reduction efforts.

AB 118 (Núñez), Chapter 750, Statutes of 2007, created the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 that required the Commission to implement the ARFVTP and provide funding measures to specified entities to develop and deploy technologies and alternative and renewable fuels in the marketplace to help attain the state's climate change policies.

AB 32 (Núñez), Chapter 488, Statutes of 2006, required the 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.

REGISTERED SUPPORT / OPPOSITION:**Support**

Antelope Valley Boys and Girls Club
Best Yet Express Inc.
Bienvenidos Community Health Center
Bioenergy Association of California
Brotherhood Crusade
Charter Oak Unified School
City of Los Alamitos
City of McFarland
Clean Energy
Congress of California Seniors
Cummins Westport Inc.
Duarte Chamber of Commerce
El Concilio Family Services
Foothill Workforce Development Board
Honorable Mike Ennis, Tulare County Board of Supervisors, District Five
Industry Manufacturers Council
Kheir
Leon Trucking Inc.
Los Angeles Area Chamber of Commerce
MLI Leasing, LLC
Mojave Desert Air Quality Management District
Mothers of East Los Angeles
North American Repower
Orange County Business Council
Proteus, Inc.
Santa Clarita Valley Economic Development Corporation
Southern California Association of Governments
Southern California Gas Company
The Valley Economic Alliance
Tulare County Economic Development Corporation
United Chambers of Commerce
United Way of Ventura County
Valley Family Center
VNG.co, LLC
1 private citizen

Opposition

Alameda-Contra Costa Transit District
American Lung Association
Center for Transportation and the Environment
Environment California
Natural Resources Defense Council
Physicians for Social Responsibility, Los Angeles
Regional Asthma Management and Prevention

Sierra Club California
Union of Concerned Scientists

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