CONCURRENCE IN SENATE AMENDMENTS
AB 558 (Quirk-Silva)
As Amended June 4, 2018
Majority vote

ASSEMBLY: SENATE:

Original Committee Reference: **PUB. S.**

SUMMARY: Requires, among other things, the Air Resources Board (ARB) develop a simple, factual summary that includes E85 fuel distribution and flexible fuel vehicle (FFV) registration data; to convey the summary to the federal government; to develop policy recommendations to maximize the use of E85 in FFVs that operate in the state; and to consider these recommendations at a board meeting no later than October 1, 2019.

The Senate amendments delete the Assembly version of the bill and instead:

1) Provide that the Joint Legislative Committee on Climate Change Policies may recommend that ARB provide education and support to local governments regarding specific components of local government climate action plans, such as ensuring the use of E85 in flexible fuel vehicles, expanding infrastructure for zero-emission vehicles (ZEVs), and enabling active transportation.

2) Require ARB, no later than April 1, 2019, to develop a simple, factual summary that includes E85 distribution data from calendar years 2012 to 2017 and existing Department of Motor Vehicles data on the number of FFVs registered in 2017.

3) Require ARB, for the purpose of facilitating the accurate calculation of E85 usage in FFVs as specified, to convey the summary to the Administrator of the United States Environmental Protection Agency (EPA) and to post it on ARB's Internet Web site.

4) Require ARB to develop policy recommendations to maximize the use of E85 in FFVs that operate in the state, for consideration at a board meeting no later than October 1, 2019.

5) State, among other findings and declarations, that it is the intent of the Legislature that this bill result in ARB developing policies that do not include the subsidizing of the production, distribution, or use of E85 or for the purchase of FFVs.

6) Specify that this bill does not prohibit ARB from promulgating a rulemaking authorized pursuant to another state law on the subsidizing of the production, distribution, or use of E85 or on the purchase of FFVs.

EXISTING LAW:

1) Establishes ARB as the air pollution control agency in California and requires ARB, among other things, to control emissions from a wide array of mobile sources and implement the Federal Clean Air Act (FCAA).

2) Requires ARB to adopt and implement technologically feasible emission standards for new motor vehicles to, among other things, ensure compliance with state air quality laws and the FCAA, and prohibit vehicles that do not comply with those emissions standards from being certified for use in the state.

3) Requires ARB, pursuant to California Global Warming Solutions Act of 2006 [AB 32 (Núñez and Pavley), Chapter 488, Statutes of 2006], to adopt a statewide greenhouse gas (GHG) emissions limit equivalent to 1990 levels by 2020; and to ensure that statewide GHG emissions are reduced to at least 40% below 1990 levels by 2030.

4) Establishes the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP), administered by California Energy Commission (CEC), to provide grants and other financial incentives to accelerate the development and deployment of clean, efficient, low carbon alternative fuels and technologies.

5) Establishes the Charge Ahead California Initiative pursuant to SB 1275 (de León), Chapter 530, Statutes of 2014, that, among other things, includes the goal of placing at least one million ZEV and near-zero emission vehicles (NZEV) into service by January 1, 2023, and increasing access to these vehicles for disadvantaged, low-income, and moderate-income communities and consumers.

AS PASSED BY THE ASSEMBLY, this bill eliminated the right of a person who has been convicted of a misdemeanor offense of annoying or molesting a minor to petition the Department of Justice (DOJ) for exclusion from the Megan's Law Website.

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state cost.

COMMENTS: To reduce mobile source pollution and GHGs, the state is reducing its reliance on gasoline-powered cars and promoting efforts to advance cleaner alternative fueled powered vehicles and the deployment of ZEVs and NZEVs, which run on electricity and have very small or no tailpipe emissions. Such efforts include the creation of the ARFVTP, the Low Carbon Fuel Standard (LCFS), the ZEV mandate (that set the requirement that manufactures make and sell a certain number of ZEVs based on a specified credit requirement), and the enactment of SB 1275 (de León), Chapter 530, Statutes of 2014. Additionally, in 2012, Governor Brown issued EO B-16-2012 which established the milestone of placing 1.5 million ZEVs on California roadways by 2025 and this year, announced a new goal and issued B-48-2018 which orders the deployment of 5 million ZEVs on California roads by 2030.

ARB created LFCS to encourage the use and production of cleaner low-carbon fuels in California in order to reduce GHG emissions. The LCFS standards are expressed in terms of the Carbon Intensity (CI) of gasoline and diesel fuel, as well as their alternatives. Fuels and fuel blendstocks introduced into the California fuel system that have a CI higher than the applicable standard (e.g. fossil gasoline and diesel) generate deficits. Similarly, fuels and fuel blendstocks with CIs below the standard (e.g. biofuels, electricity, and hydrogen) generate credits. The LCFS is performance-based and fuel-neutral, allowing the market to determine how the CI of California's transportation fuels will be reduced. This program is based on the principle that each fuel has lifecycle GHG emissions associated with using that fuel. Subjecting this lifecycle GHG rating to a declining cap for transportation fuels in California will result in a decrease in

the total lifecycle GHG emissions from fuels used in the state.

Ethanol is the only widely available gasoline substitute, and it is used primarily as a fuel additive with gasoline. California limits ethanol blends in conventional gasoline to 10%, although the U.S. EPA does permit blends of up to 15%. FFVs are capable of running on higher blends of up to 85% ethanol and 15% gasoline, referred to as E85. However, the actual ethanol content of E85 can vary. E85 is usually priced lower than gasoline, but because of its lower energy density it only makes economic sense to use when it is priced 20-30% less than gasoline. The total GHG lifecycle impact of using E85 is currently about 15-20% GHG emissions compared to gasoline. Therefore, E85 benefits from LCFS because is less carbon intensive than gasoline.

Ethanol is the alcohol contained in wine, beer, spirits, and other alcoholic beverages. As such, the ethanol used for fuels is typically derived from the fermentation and distillation of corn. This makes E85 somewhat controversial. Opponents argue that arable land and water supplies should be used only for food production, not fuel production. Supporters counter that most corn grown in the USA is fed to livestock, which cannot digest the starchy material used to make corn-based ethanol. E85 is more common in the Midwest, where corn is grown more frequently, than in California.

Stations in California offering E85 are typically located in major population centers. As such, an FFV located in suburban or rural California is likely to run exclusively on gasoline. An FFV located in the bay area, Los Angeles, Sacramento, or San Diego may be more likely to use E85 if a driver seeks out a station offering E85 for sale, but the vehicle could more easily run entirely on gasoline. About 1.6 million FFVs are registered in California, which, during 2016, used 18.7 million gallons of E85. While sales of E85 continue to increase as more fueling stations come on-line, E85 accounts for only about 1-3 percent of the total fuel used by FFVs.

According to the author, "FFVs can run on either gasoline or an ethanol/gasoline blend known as E85, which provides a net reduction in GHG emissions. Unfortunately, the federal Corporate Average Fuel Economy (CAFE) credits for FFVs have been reduced, thereby reducing the incentives for auto manufacturers to bring FFVs to market. As such, only 2/3 of the available FFV models have been brought to California for certification in order to offer them for sale to consumers. The CAFÉ credit calculation has been reduced based upon an assumption that FFVs operate 100% of the time on conventional gasoline, and not on E85. Yet, in California, we know that E85 sales have tripled over the past four years, with nearly 24 million gallons of E85 sold in the state in 2017. Providing this accurate distribution data along with a calculation of usage by those FFVs currently on the road will inform the federal EPA and potentially result in a correction and more accurate rate of use for E85 in FFVs. With more than one million FFVs in operation on our roads in California, AB 558 asks ARB to develop policy recommendations to maximize the use of the alternative fuel in these FFVs towards reducing GHGs and leveraging this established technology for emission reductions."

Committee Comments: While the transportation sector thrives to be zero-emission, California has a way to go to achieve this goal. Thus, it seems prudent to advance efforts that provide for more informed decisions, in the short-term, to diversify alternative fuels in this state.

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