

Date of Hearing: June 18, 2018

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

SB 1403 (Lara) – As Amended As Amended May 25, 2018

SENATE VOTE: 36-0

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

SUMMARY: Extends the sunset date on a set-aside within the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program (Clean Truck Program). Specifically, **this bill** extends the sunset date from December 31, 2020, to December 31, 2030, on a requirement to allocate at least 20% of funding dedicated to medium- and heavy-duty truck technology for the support of early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

EXISTING LAW:

- 1) Designates the Air Resources Board (ARB) as the air pollution control agency in California and requires ARB to control emissions from mobile sources.
- 2) 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, adopt regulations to achieve maximum technologically feasible and cost-effective GHG emission reductions and authorizes ARB to use market-based compliance mechanisms, to comply with GHG reduction regulations.
- 3) Requires ARB to ensure that statewide GHG emissions are reduced to at least 40% below 1990 levels by 2030.
- 4) Establishes the Greenhouse Gas Reduction Fund (GGRF) and requires all moneys, except for fines and penalties, collected by ARB from the auction or sale of allowances pursuant to a market-based compliance mechanism (i.e., the cap-and-trade program adopted by ARB under AB 32) to be deposited in the GGRF and be available for appropriation by the Legislature.
- 5) Establishes the Air Quality Improvement Program (AQIP), administered by ARB, to fund projects that reduce criteria air pollutants, improve air quality, and provide research for alternative fuels and vehicles, vessels, and equipment technologies.
- 6) Establishes the Clean Truck Program, administered by ARB in conjunction with California Energy Commission (CEC), to use GGRF funds for 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 requires ARB, when funding projects related to technology development, demonstration, pre-commercial pilots, and early commercial deployments of zero- and near-zero-emission medium- and heavy-duty truck technology, to allocate, until December 31, 2020, at least 20% of that funding to support the early commercial deployment of existing zero- and near-zero-emission heavy-duty truck

technology.

FISCAL EFFECT: Unknown

COMMENTS: In order to meet our ambitious GHG reduction goals and reduce emissions from mobile sources, in particular the medium- and heavy-duty sector that represent a disproportionate amount of pollution, the state has created various programs to incentivize and accelerate the development and deployment of cleaner vehicles and technologies.

In 2014, the Clean Truck Program was established, to be administered by ARB in conjunction with CEC, with the intent to create a single, overarching program to develop and deploy zero- and near zero-emission truck, bus, and off-road vehicle and equipment technologies. Specifically, the Clean Truck Program provides GGRF funds for projects that develop technology, as well as demonstrate and pilot pre-commercial and early-commercial deployment of zero- and near-zero emission medium- and heavy-duty technologies. Within the Clean Truck Program, funding priority is generally given to projects that benefit disadvantaged communities, address technology and market barriers not addressed by other programs and benefit multiple technology pathways.

Under the Clean Truck Program, ARB has created various projects/programs. In fiscal year 2015- 16 and in 2016- 17, ARB released competitive solicitations for the Zero-Emission Truck Pilot Commercial Deployment Project to fund deployments of zero-emission trucks and buses and the Advanced Technology Demonstration Project (ATDP) to fund both on-road and off-road demonstration projects. ATDPs are intended to accelerate into the California marketplace the introduction of advanced technologies on the cusp of commercialization. ARB indicates that demands for these projects/programs have far exceeded available funding.

For the 2017-18 funding plan, ARB allocated GGRF monies, consistent with the Clean Truck Program, to Advanced Freight Equipment Demonstration and Deployment projects including the Zero- and Near Zero-Emission Freight Facilities and the Zero-Emission Off-Road Freight Voucher Incentive Project. Additionally, the funding plan provides GGRF monies to the Hybrid and Zero Emission and Bus Voucher Incentive Project (HVIP) and for Low Nitrogen Oxides (NOx) Engine Incentives to encourage and accelerate the deployment of zero-emission trucks and buses, vehicles using engines that meet the optional low NOx standard, and hybrid trucks and buses.

Additional programs have also focused on the commercialization of advanced technologies and on the turnover of existing fleets including, the AQIP-funded Truck Loan Assistance Program which creates financing opportunities for small-business owners to upgrade with new trucks or retrofit with diesel exhaust control devices to meet regulatory requirements.

According to the author, “The health of our communities depends on cleaning up our transportation corridors. Diesel air pollution increases the risks of heart conditions and asthma. The technology exists for zero-emission heavy-duty trucks and buses, and the state needs to continue accelerating their deployment. These investments are important for the health of Californians who live along transportation corridors and are exposed to significant levels of diesel pollution. This bill extends the sunset on the Clean Truck Program to provide certainty that heavy-duty investments will continue to be prioritized and effective.”

Committee Comments: As part of the Clean Truck program and to accelerate the deployment of existing technologies, ARB is required to set aside at least 20% of any funds made available for medium- and heavy- duty trucks to support early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology, until December 31, 2020. ARB indicates that since the majority of the heavy-duty projects funded via GGRF can be used to fund trucks and early commercial technologies, it expects to significantly exceed the 20 % requirement and will more than likely have to continue this investment in the coming years. Because ARB is already supporting early commercial deployment of existing truck technology, it stands to reason that this investment will continue to signal to stakeholders that these funds may be available post 2020 and in the long-term. However, by extending this requirement for a decade to come, this bill may potentially limit ARB's ability to fund the development of new truck technologies and respond to market changes.

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

Previous Legislation: AB 1073 (E. Garcia), Chapter 632, Statutes of 2017, extended the sunset on a set-aside within the Clean Truck Program, from January 1, 2018, to December 31, 2020.

AB 2415 (E. Garcia) of 2016, would have reserved 50% or \$100 million annually, whichever is greater, of GGRF monies that are allocated to the Clean Truck Program to support the commercial deployment of existing zero- and near-zero emission heavy-duty truck technology that meets or exceeds low NOx standard between 2018 and 2023. AB 2415 was held on the Assembly Appropriations Committee suspense file.

AB 857 (Perea) of 2015, would have reserved 50% or \$100 million annually, whichever is greater, of GGRF monies that are allocated to the Clean Truck Program to support the commercial deployment of existing zero- and near-zero emission heavy-duty truck technology that meets or exceeds low NOx standard between 2018 and 2023. AB 857 was held on the Senate Appropriations Committee suspense file and was subsequently amended to address a different topic.

SB 1204 (Lara), Chapter 524, Statutes of 2014, created 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 and equipment technologies and required that 20% of funds made available for medium- and heavy-duty truck technology for the support of early commercial deployment of existing truck technologies until January 1, 2018.

AB 8 (Perea), Chapter 401, Statutes of 2013, extended until January 1, 2024, the fees that support AQIP.

AB 118 (Núñez), Chapter 750, Statutes of 2007, created the AQIP to 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

REGISTERED SUPPORT / OPPOSITION:

Support

None on File

Opposition

None on File

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