



Clean Transportation Policy Update

April 15, 2010 - June 16, 2010

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Key Federal Regulatory Activities

PRESIDENT SIGNS MEMORANDUM FOR FUEL EFFICIENCY STANDARDS FOR MEDIUM- AND HEAVY-DUTY VEHICLES

On May 21, the President signed a Presidential Memorandum directing the U.S. EPA and the U.S. Department of Transportation to create the first-ever national policy to increase fuel efficiency and decrease GHG emissions from medium- and heavy-duty trucks for model years 2014-2018. This action by the President builds upon the rule finalized in April for new cars and light-duty trucks for model year 2012-2016, setting a national 35.5 MPG standard. Through this order, the President also extended the car and light-duty vehicle standard to model year 2017-2025 vehicles. He also called upon the Department of Energy to provide increased support for the deployment of advanced technology vehicles, including EVs and plug-in hybrids, and directed EPA to take steps to reduce non-GHG pollutants, such as NOx, sulfur and other air toxics, from vehicles. The President's goal is to have the final rule for medium- and heavy-duty vehicles issued by July 2011.

For more information, please visit

<http://www.whitehouse.gov/the-press-office/presidential-memorandum-regarding-fuel-efficiency-standards>

Key State Administrative Activities

REVISED CALIFORNIA BUDGET RELEASED

On May 14, Governor Schwarzenegger released his revised budget. The May revise increased the budget cuts to \$12.4 billion, up from the approximately \$8.9 billion in cuts in the January version. The budget shortfall now is estimated to be about \$19.9 billion. Most of the cuts were taken from health care and social service programs. Funding for air quality programs remained unchanged from the January budget. The Governor hopes to receive a final budget from the Legislature by



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the June 15 deadline so he can sign it by June 30, but that is considered unlikely.

For more information, please visit
<http://www.ebudget.ca.gov/>

GOVERNOR'S SUMMIT ON ADVANCED TRANSPORTATION

On June 15, the Governor hosted a summit in Sacramento on the advanced transportation industry. Speakers from government and the fuel and automotive industry were on-hand to discuss California's leadership in new vehicle technologies and jobs, state economic development tools, supplying clean transportation fuels, and the state of the technology, market conditions and investment challenges for advanced clean vehicles. The day also featured an advanced vehicle showcase.

REGULATORY ACTIVITIES

ACTIVITIES FOR AMENDMENTS TO DIESEL RULES AND GHG REGULATION

In May, ARB held three public workshops to discuss proposed modifications to the on-road (Truck and Bus Regulation) and off-road diesel rules. At the workshops, staff discussed the emissions inventories used to develop each regulation and new information that is being used to update the emissions inventory estimates. Staff also summarized the potential amendments to the Truck and Bus Regulation discussed at the January workshops designed to provide short-term relief to fleet owners, and concepts to provide long-term relief that also may be considered. Staff talked about possible long-term relief ideas for the off-road rule as well. Staff also discussed how best to collect individual fleet, vehicle, and financial information to evaluate the economic effect of potential changes on impacted fleets for both regulations. ARB has scheduled a series of statewide workshops for the end of June and beginning of July to continue the discussion on the proposed amendments, and will include a discussion of the proposed changes to the Heavy-Duty Vehicle GHG Emission Reduction Regulation (Tractor-Trailer GHG Regulation). The Board is scheduled to consider the proposed amendments to all three regulations at its September meeting.

More information can be found at
<http://www.arb.ca.gov/msprog/onrdiesel/onrdiesel.htm>

TRAINING FOR TRACTOR-TRAILER GHG REGULATION

ARB conducted a training session on June 10 and will be holding another session on June 21 for the Tractor-Trailer GHG Regulation. The training sessions provide an overview of the regulation, including details on how to

register using the online Truck Regulation Upload Compliance and Reporting System (TRUCRS) and how to meet the reporting requirements for 2010 and beyond.

For more information, please visit
<http://www.arb.ca.gov/msprog/onrdiesel/training.htm>

ZEV WORKSHOP

On May 3, ARB held a workshop to review the Board's direction to staff to develop modifications to the rule to strengthen and streamline the ZEV regulation. Staff also discussed the ZEV policy development and framework, the regulatory process, and took public comment. Comments also may be submitted online until 45 days before the Board hearing on the ZEV regulation, which currently is scheduled for November 18 and 19.

For more information, please visit
<http://www.arb.ca.gov/msprog/zevprog/2010zevreg/2010zevreg.htm>

LCFS UPDATE

On May 19, ARB staff released a memorandum updating the Board on its work since the Low Carbon Fuel Standard (LCFS) regulation was approved in April 2009. The update includes a discussion of: the preparation of the Final Statement of Reasons; the formation of an expert workgroup to assist the Board in refining and improving the land use and indirect effect analysis of transportation fuels; the preparation of a guidelines document detailing new fuel pathways and subpathways; the formation of a workgroup for the web-based reporting tool; and the completion of the sustainability workplan, as well as several other activities. Staff believes that the LCFS is on track to be implemented in 2011.

To read the document, please visit
http://www.arb.ca.gov/fuels/lcfs/LCFS_Regulation_Update.pdf

BIODIESEL AND RENEWABLE DIESEL REGULATION WORKSHOP HELD

On May 19, ARB held a second workshop on the upcoming biodiesel and renewable diesel regulation. At the workshop, staff provided updates on the biodiesel working group for multimedia and emissions testing, and a survey of the literature on biodiesel NOx effects. Staff also discussed feedstock effects and blendstock properties, petroleum diesel, renewable diesel and gas-to liquids properties affecting NOx, and equivalent emissions

certification. The next workshop tentatively is scheduled for mid-July and staff will hold additional workshops as needed. The Board is scheduled to consider the regulation in October.

To see the workshop presentation, please visit

<http://www.arb.ca.gov/fuels/diesel/altdiesel/biodiesel.htm>

CNG FUEL SPECS WORKSHOP

On May 19, ARB held a workshop to discuss the vehicle fuel specifications for CNG. During the meeting, staff worked with stakeholders to help identify concerns with existing fuel specifications and laid the groundwork for evaluating potential approaches for improvements. Presentations were made by ARB staff, the Southern California Gas Company, San Diego Gas & Electric, and the San Diego Air Pollution Control District.

For more information and to see the presentations, please visit

<http://www.arb.ca.gov/fuels/altfuels/cng/cng.htm>

COURSE ON DIESEL EXHAUST AFTER-TREATMENT DEVICES

ARB is presenting a training course on diesel exhaust after-treatment devices, which reviews heavy-duty diesel engine technology and retrofit control technologies used to meet in-use heavy duty diesel regulations. Topics include: a review of diesel PM health effects; diesel engine PM and NOx production and control strategies; diesel particulate filter (DPF) theory, operation, construction, and application; as well as regulations requiring DPFs. Other control technologies that will be discussed include: diesel oxidation catalysts, continually regenerating traps, NOx catalysts, selective catalytic reduction, NOx adsorber catalysts and passive and active DPFs using online and offline regenerating strategies. The training course is offered in various locations statewide approximately twice each month.

For more information about the course, please visit

<http://www.arb.ca.gov/training/courses.php?course=511>

CONDITIONAL VERIFICATION FOR CLEIRE OFF-ROAD DIESEL RETROFIT SYSTEM

ARB has granted conditional verification to the Cleaire Phoenix diesel retrofit system for rubber tired and tracked off-road diesel applications. The Phoenix system is approved for use with off-road vehicles and equipment powered by certain diesel engines with model years between 1996 and 2010. The

Phoenix system reduces emissions of diesel particulate matter by at least 85 percent, is designated as a Level 3-plus system, and is compatible with diesel fuel that contains up to 20 percent biodiesel.

More information can be found at
<http://www.arb.ca.gov/diesel/verdev/verdev.htm>

SB 375 ACTIVITIES

On May 25, the Regional Targets Advisory Committee (RTAC) held a meeting to review the work undertaken by some of the Metropolitan Planning Organizations (MPOs) to date and also to have the opportunity to have a tangible and focused discussion about what reaching the most “ambitious and achievable” target means. In the morning, 10 MPOs (including SCAG) and regional transportation agencies made presentations on their regional scenario planning, and outlined the information contained in the reports they submitted to the RTAC that detail their proposed GHG reduction targets and their efforts to come up with these targets. In the afternoon, the RTAC took public comment and then went on to have members discuss the information presented by the MPOs and regional transportation agencies. ARB will be presented the draft targets at its June meeting and ARB must publish its targets by June 30. Following the June Board meeting, ARB has scheduled seven public workshops throughout the state to discuss the draft targets. The final targets are scheduled to be decided upon by the Board in September.

More information about these meetings can be found at
<http://arb.ca.gov/cc/sb375/meetings/meetings.htm>

NEXT ARB BOARD MEETING IS JUNE 24

ARB's next meeting will take place on June 24 in Sacramento. The agenda items ARB will be considering include: staff's recommendations for commitments between ARB and Union Pacific and BNSF Railroads to accelerate further diesel PM reductions at four high-priority railyards in the South Coast Basin; adoption of the Prop. 1B grants for FY 2008-09 and FY 2009-10 funds to reduce emissions from goods movement (see item below); the proposed AB 118 Air Quality Improvement Program FY 2010-11 Funding Plan; and a report from staff on the target setting efforts under SB 375.

The agenda can be found at
<http://www.arb.ca.gov/board/ma/2010/ma062410.htm>

FUNDING ACTIVITIES

GRANTS AVAILABLE FOR HYDROGEN FUEL INFRASTRUCTURE

On June 2, the California Energy Commission released a grant solicitation under AB 118 for projects to develop hydrogen fueling infrastructure. The purpose of the solicitation is to upgrade public and private infrastructure investments, expand the network of public-access and fleet fueling stations, and to put in place infrastructure that will be needed to dispense hydrogen fuel based on the population of existing and anticipated fuel cell vehicles (FCVs) and hydrogen internal combustion engine vehicles (HICEVs).

The RFP focuses on the original equipment manufacturers' deployment of FCVs and HICEVs in identified clusters in California. In addition, it allows for the strategic placement of hydrogen stations where vehicle populations are sufficient. It includes the potential for additional funding for stations that exceed the renewable hydrogen content standard set forth by statute, exceed the minimum daily station capacity, and for stations that can achieve an accelerated establishment schedule. The deadline to submit proposals is July 19, and stations must be completed by September 2012.

To see the solicitation, please visit

<http://www.energy.ca.gov/contracts/PON-09-608/index.php>

CARL MOYER PROGRAM WORKSHOPS HELD

On June 17, ARB held a public workshop to consider proposed changes to on-road funding options in the Carl Moyer Program. The proposed changes include:

- additional fleet modernization funding opportunities for vehicles that operate exclusively in NOx exempt areas;
- adding fleet modernization funding eligibility for medium heavy-duty vehicles; and
- raising the maximum retrofit funding amount from \$5,000 to \$10,000

Additionally, on May 17, ARB held a workshop to discuss proposed revisions to the Moyer Program Guidelines. The Program is being revised because of the diminishing number of eligible projects due to recently adopted regulations, stakeholder feedback and changes in the economy. The retooling process is focusing on two components of the Guidelines: changes to the administrative chapter and changes to the source categories. More

workshops are likely to be held and the Board is scheduled to consider long-term proposals for revisions in March 2011.

More information can be found at

<http://www.arb.ca.gov/msprog/moyer/retooling.htm>

CHANGES TO VOUCHER INCENTIVE PROGRAM EXPANDS FUNDING

In May, ARB announced changes to the \$28 million Voucher Incentive Program (VIP) that will make funding available to a larger variety of trucks that will help owners with early compliance with the statewide Truck and Bus Regulation. The VIP is part of the Carl Moyer Program and is designed to help small, independent diesel truck owners purchase cleaner trucks or install exhaust retrofits sooner. Specific changes include:

- Medium heavy-duty trucks with a gross vehicle weight of 19,501 pounds and greater now qualify. Previously, only heavy-heavy-duty trucks with a declared vehicle weight greater than 60,000 pounds qualified;
- Trucks with mileage as low as 15,000 miles per year are now eligible. Previously, a truck had to operate a minimum of 30,000 miles per year or consume 4,700 gallons of diesel fuel per year during the previous two years;
- High-mileage trucks can get up to \$45,000 in voucher money. Previously, the maximum amount of a voucher was \$35,000;
- Trucks with 2002 and older engines may qualify for a newer truck. Previously, only trucks with 1993 and older engines were eligible; and,
- A new funding option of up to \$10,000 per truck for an exhaust retrofit

For more information, please visit

<http://arb.ca.gov/msprog/truckstop/truckstop.htm>

PROP 1B/GOODS MOVEMENT FUNDING RECOMMENDATIONS RELEASED

ARB has posted the Summary of Local and State Agency Applications Received for Fiscal Year (FY) 2008-09 and FY2009-10 Funds and the Preliminary Staff Recommendations for Funding. Seven qualifying local agencies in the four corridors (including SCAQMD) and ARB submitted 15 project proposals, requesting more than \$1.1 billion to upgrade more than 16,000 pieces of equipment. Staff is recommending that the Los Angeles/Inland Empire Trade Corridor receive \$233.7 million out of a total \$474.9 million in funding. Of this, staff is recommending that SCAQMD receive \$141.5 million for trucks, \$30.9 million for locomotives, and \$61.3 million for ships in Phase 1 and Phase 2 of funding. Three public workshops

were held in early June to discuss these recommendations, and the Board is scheduled to award these funds at the end of June.

For more information, please visit

<http://www.arb.ca.gov/gmbond>

RESEARCH ACTIVITIES

REPORT DETAILS BENEFITS OF IMPROVING TRUCK FUEL ECONOMY

In May, the Union of Concerned Scientists and CALSTART released a report titled *Delivering Jobs: The Economic Costs and Benefits of Improving Heavy Duty Vehicle Fuel Economy*, which shows that improving the fuel economy of new medium- and heavy-duty vehicles could create more than 120,000 new jobs across the country, curb U.S. dependence on foreign oil, and save truckers thousands of dollars in fuel. The report found that improving the average fuel economy by 3.7 MPG with new technologies would reduce U.S. annual oil consumption by 11 billion gallons in 2030 and save more than \$24 billion (at fuel prices of approximately \$3.50 per gallon).

The report can be found at

http://www.ucsusa.org/clean_vehicles/solutions/advanced_vehicles_and_fuels/economic-costs-and-benefits-improving-fuel-economy-heavy-duty-trucks.html

REPORT ANALYZES EFFECTS OF SB 375

The Urban Land Institute issued its SB 375 Impact Analysis Report which looks at the potential effects the law will have on the economic future of the state and the quality of life for Californians. The report summarizes the findings from a ULI panel that was formed to assess the economic implications of SB 375 and offers several recommendations to maximize its effectiveness. In their analysis, the panel members reviewed available empirical data and studies pertaining to SB 375 and the impacts of the kinds of development that full implementation is likely to produce, especially compact and transit-oriented development, and made their recommendations based on their findings.

To read the report, please visit

http://www.uli.org/ResearchAndPublications/~/_media/Documents/ResearchAndPublications/Reports/Sustainable%20Development/SB375ImpactAnalysisReport.ashx

LEGISLATIVE ACTIVITIES

KEY LEGISLATIVE INITIATIVES

UPCOMING HEARINGS IN THE SENATE AND ASSEMBLY

Senate – To listen to Senate hearings online, go to <http://www.senate.ca.gov/~newsen/schedules/files.htm>

- On June 22 at 1:30 p.m., the Transportation and Housing Committee will hold a hearing on SB 1156

Additionally, on August 8 at 10:30 a.m. the Energy, Utilities and Communications Committee and the Transportation and Housing Committee will hold a joint informational hearing titled "Charging Ahead: Electric Vehicles and the Impact on Electricity Delivery in California." The location is yet to be determined.

Assembly – To listen to Assembly hearings online, go to http://www.assembly.ca.gov/committee_hearings/defaulttext.asp

- On June 21 at 1:30 p.m., the Transportation Committee will hold a hearing on SB 1340

Additionally, on June 18 at 9:30 a.m. Transportation Chair Bonnie Lowenthal will be holding an informational hearing on electric vehicles. The hearing will be held at the Long Beach City Council chambers located at 333 West Ocean Boulevard in Long Beach.

LEGISLATION

ALTERNATIVE FUELS/ENERGY EFFICIENT VEHICLES

AB 1500 (Lieu)**Summary**

This bill extends the date from January 1, 2011 to January 1, 2015 to allow certain low-emission and hybrid vehicles to use the HOV lanes if the vehicle displays a valid decal.

Status and Complete Bill History

http://www.leginfo.ca.gov/pub/09-10/bill/asm/ab_1451-1500/ab_1500_bill_20100526_amended_sen_v95.pdf

SB 535 (Yee)**Summary**

This bill allows a vehicle that meets the state's super ultra-low emission vehicle standard for exhaust emissions and the federally inherently low-emission vehicle standard for evaporative emissions to access high-occupancy vehicle lanes regardless of vehicle occupancy until the Director of

the Department of Transportation submits a notice of determination to the Secretary of State that federal law does not authorize the state to allow these vehicles to use high-occupancy vehicles lanes regardless of vehicle occupancy.

Status and Complete Bill History

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=sb_535&sess=CUR&house=B&author=yee

SB 1340 (Kehoe)

Summary

This bill would allow eligible projects under the Alternative and Renewable Fuel and Vehicle Technology Program to include a cost-effective program to provide funding for homeowners who purchase an electric vehicle to offset the costs associated with modifying electric sources to include a residential plug-in EV charging station.

Status and Complete Bill History

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=sb_1340&sess=CUR&house=B&author=kehoe

Most recent vote:

Senate Floor: PASSED 23-4, 5/28/10

http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb_1301-1350/sb_1340_vote_20100528_1014AM_sen_floor.html

GLOBAL WARMING

AB 1405 (De Leon)

Summary

This bill relates to the California Global Warming Solutions Act of 2006. It would establish the Community Benefits Fund, and would require 30 percent of revenues generated pursuant to the Act to be deposited into the fund. The money would be used in the most impacted and disadvantaged communities in the state to accelerate GHG emission reductions and mitigate direct health impacts of climate change.

Status and Complete Bill History

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=ab_1405&sess=CUR&house=B&author=de_leoneron

PORTS

SB 632 (Lowenthal)

Summary

Requires the Ports of Long Beach, Los Angeles, and Oakland to assess their infrastructure and air quality improvement needs including projects that improve the efficiency of the movement of cargo, reduce congestion impacts associated with the movement of cargo, and reduce pollution associated with the movement of cargo. It also requires each port to provide the assessment

to the Legislature and to include an assessment of the cost of such improvements, possible funding options, and timelines for implementation.

Status and Complete Bill History

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=sb_632&sess=CUR&house=B&author=lowenthal

HEAVY-DUTY VEHICLES**SB 1156 (Cedillo)****Summary**

This bill would appropriate \$10 million from the Air Quality Improvement Fund under AB 118 to ARB to provide direct grants to owners of on-road heavy-duty diesel-fueled vehicles to purchase equipment for compliance with air quality regulations. The author has classified it as an urgency statute and would therefore take effect immediately.

Status and Complete Bill History

http://www.leginfo.ca.gov/cgi-bin/postquery?bill_number=sb_1156&sess=CUR&house=B&author=cedillo