



Clean Transportation Policy Update

November 16, 2017- January 17, 2018

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CLIMATE AND TRANSPORTATION HIGHLIGHTS FROM GOVERNOR'S DRAFT 2018-19 STATE BUDGET

On January 10, Governor Brown released his proposed \$131.7 billion 2018-19 state budget. Priorities for transportation funding in the budget include:

- Focusing on “fix-it-first” investments to repair neighborhood roads, state highways and bridges (\$2.8 billion)
- Making key investments in trade and commute corridors to support continued economic growth and implement a sustainable freight strategy (\$556 million)
- Matching locally generated funds for high-priority transportation projects (\$200 million)
- Investing in local passenger rail and public transit modernization and improvement (\$721 million)

The budget reflects the first full year of funding from the 2017 Road Repair and Accountability Act (SB 1). The budget allocates \$4.6 billion in new SB 1 funding, to be distributed evenly between state and local transportation priorities. The allocations are as follows:

- Local allocations - \$2.2 billion
 - Local streets and roads - \$1.2 billion
 - Transit and Intercity Rail Capital Program - \$330 million
 - State Transit Assistance Program - \$355 million
 - Local Partnership Program - \$200 million
 - Active Transportation Program - \$100 million
 - Commuter rail and intercity rail - \$36 million
 - Local planning grants - \$25 million
- State allocations - \$2.3 billion
 - State Highway Operations and Protection Program (SHOPP)/maintenance - \$1.2 billion
 - Bridges and culverts - \$400 million



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- o Commuter corridors - \$250 million
- o Trade corridor enhancements - \$306 million
- o Department of Parks and Recreation (revenue derived from fuel purchased for off-road vehicles) - \$79 million
- o Freeway Service Patrol - \$25 million
- o Department of Food and Agriculture (revenue derived from fuel purchased for off-road vehicles) - \$26 million
- o Transportation-related CSU and UC research - \$7 million
- o Transportation Workforce Development Board - \$5 million
- Administration
 - o Department of Motor Vehicles - \$8 million

With respect to climate change and the Greenhouse Gas Reduction Fund, the proposed budget specifies that \$1.25 billion in cap and trade funding will be available to appropriate in FY 2018-19. Unlike in past proposed budgets which have included an outline of cap and trade expenditures, this budget merely states that the expenditure plan for these funds will be announced as part of the Governor's State of the State speech. CalEPA Secretary Matt Rodriguez confirmed during a stakeholder briefing on the budget that details of the cap and trade plan will be addressed in the Governor's State of the State speech on January 25, and that the emphasis will be on funding projects that benefit disadvantaged communities.

The proposed budget is available at
<http://ebudget.ca.gov/>

REGULATORY ACTIVITIES

SCOPING PLAN UPDATE APPROVED

ARB adopted the final 2017 Climate Change Scoping Plan at its December 14 meeting. The plan provides a roadmap for California to reach its 2030 target of reducing GHG emissions 40% below 1990 levels. The plan focuses on these key sectors: low carbon energy; industry; transportation; natural and working lands including agricultural lands; waste management; and water. To achieve the target, the following broad strategies are discussed:

- Creating inclusive policies and broad support for clean technologies
- Enhancing industrial efficiency and competitiveness
- Prioritizing transportation sustainability
- Continuing California's leadership on clean energy
- Putting waste resources to beneficial use
- Supporting resilient agricultural and rural economies and natural and working lands

- Securing the state's water supplies
- Cleaning the air and improving public health
- Successfully implementing carbon pricing and investments

The plan is available at

https://www.arb.ca.gov/cc/scopingplan/scoping_plan_2017.pdf

ARB HEARS UPDATE TO 2018 SB 375 TARGETS PROCESS

At the December 14 ARB meeting, ARB staff presented the Board with a report on the final Proposed Update to the SB 375 Greenhouse Gas Emission Reduction Targets. For the SCAG region, ARB recommends a target of 21 percent reduction in GHG emissions, which is stronger than the 18 percent reduction target that SCAG proposed during its target development process. Differences between ARB and MPO staff's approaches include quantification of the rebound effect (increased overall driving due to increasing vehicle fuel efficiency because fuel costs per mile decreases) and the potential for additional land use and transportation strategies. The item will come back to the Board again in March.

For more information, please visit

https://www.arb.ca.gov/cc/sb375/final_staff_proposal_sb375_target_update_october_2017.pdf

INNOVATIVE CLEAN TRANSIT RULE WORKSHOP HELD

On December 15, ARB hosted its sixth meeting on the development of the Innovative Clean Transit Rule (ICT, formerly known as Advanced Clean Transit). The purpose of the workshop was to discuss the regulatory concept that includes a gradual transition to zero emission transit technologies with a recognition of enhanced mobility options. The last ICT workgroup meeting was held in June 2017. Comments on the regulatory concept document were due by January 12.

More information is available at

<https://arb.ca.gov/msprog/ict/meeting.htm>

REPORT ASSESSES NEEDS TO ACHIEVE GOAL OF 100 HYDROGEN STATIONS IN CA

In late December, the California Energy Commission released, the "Joint Agency Staff Report on AB 8: 2017 Annual Assessment of Time and Cost Needed to Attain 100 Hydrogen Refueling Stations in California," which describes the progress the state is making to deploy 100 hydrogen stations statewide. As of November 15, 2017, 31 open retail stations sell hydrogen for use as a transportation fuel to the public, and another 34 retail stations are planned to open. These 65 stations have been funded through the

Alternative and Renewable Fuel and Vehicle Technology Program, which are nearly two-thirds of the 100-station milestone in AB 8. The report presents a funding plan that could achieve the 100 station milestone by FY 2021, if 10 hydrogen refueling stations are funded per fiscal year, with the total cost nearly reaching \$201.6 million.

For more information, please visit

<http://www.energy.ca.gov/2017publications/CEC-600-2017-011/CEC-600-2017-011.pdf>

FUNDING ACTIVITIES

CA CLIMATE INVESTMENTS ACTIVITIES

Below are the current activities with respect to each CCI-funded program related to transportation:

Low Carbon Transportation Program (ARB)

This program has several ongoing projects including the Clean Vehicle Rebate Project (CVRP) for zero-emission or plug-in hybrid light-duty vehicles, and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP).

On January 16, ARB held a Work Group meeting for HVIP and Low NOx Engine Incentives. Staff provided an update on the demand and the funding available, and an overview of Board approved changes to HVIP and Low NOx incentives. Staff also discussed implementation of specific Board approved project changes, including new eligibility and performance criteria for electric and fuel cell infrastructure and expanded eligibility for ePTO (electric power take-off) systems. More information is available here:

https://www.arb.ca.gov/msprog/aqip/meetings/hvip_wg_agenda_01162018.pdf

On December 14, ARB approved the final FY 2017-18 Funding Plan for Clean Transportation Incentives. The plan outlines how approximately \$663 million in clean transportation investments will be allocated within the following programs:

- Low Carbon Transportation Investments (\$560 million funded with cap-and-trade proceeds)
- Air Quality Improvement Program (\$28.64 million funded through AB 197, which was part of the 2017-18 budget)
- Volkswagen Settlement Funds (\$25 million funded through the ZEV elements of the Vehicle Replacement Program)
- New Zero- and Near-Zero-Emission Warehouse Program (\$50 million funded through SB 132, which was part of the 2017-18 budget)

In the final budget bill, the Legislature also appropriated funding to ARB for two new incentive programs: \$135 million to reduce emissions from agricultural equipment, and \$250 million for air districts to implement

community emission reductions programs mandated by SB 617. Because these funding programs were not included in the public process for the FY 2017-18 funding plan, they will be developed through a separate public process. ARB anticipates launching these two programs later this spring. The plan is available here:

https://www.arb.ca.gov/msprog/aqip/fundplan/proposed_1718_funding_plan_final.pdf

For more information about the Low Carbon Transportation Program, please visit

<https://www.arb.ca.gov/msprog/aqip/aqip.htm>

Transit and Intercity Rail Capital Program (CalSTA)

Applications for the Transit and Intercity Rail Capital Program were due January 12. By July 1, CalSTA will approve the initial five-year program of projects and additional five-year programs will be approved by April 1 of each even-numbered year after that.

More information can be found at

<http://www.dot.ca.gov/drrmt/sptircp.html>

Low Carbon Transit Operations Program (Caltrans)

The FY 2017-18 Low Carbon Transit Operations Program timeline is as follows:

- December 2017 – Caltrans released the final FY 2017-18 LCTOP Guidelines
- January 2018 – State Controller’s Office (SCO) notifies agencies of available funding for the fiscal year
- January and February 2018 – LCTOP allocation request workshops held statewide
 - January 24 – Gardena
 - January 25 – San Bernardino
- March 2018 – Transit agencies submit allocation requests to Caltrans
- May 2018 – Caltrans and ARB approve list of projects and submit list to SCO
- By June 30, 2018 – SCO releases approved project amounts to recipients

For more information, please visit

<http://www.dot.ca.gov/drrmt/splctop.html>

Affordable Housing and Sustainable Communities Program (SGC)

Applications for the 2016-17 Affordable Housing and Sustainable Communities Program were due January 16, and awards will be announced in June.

More information is available at

<http://sgc.ca.gov/Grant-Programs/AHSC-Program.html>

Transformative Climate Communities Program (SGC)

Award recipients for the 2017-18 Transformative Climate Communities Program for planning grants and for implementation grants will be approved at the SGC's January 29 meeting.

More information is available at

<http://sgc.ca.gov/Grant-Programs/Transformative-Climate-Communities-Program.html>

CPUC FUNDS UTILITY PROJECTS TO ACCELERATE EV DEPLOYMENT

On January 11, the California Public Utilities Commission (CPUC) approved approximately \$43 million for 15 pilot projects to be undertaken by three of the largest utilities in California to implement SB 350. The projects are designed to maximize benefits to disadvantaged communities by spurring the electrification of buses, trucks and other vehicles in locations with the biggest air quality challenges. In the South Coast region, Southern California Edison's approved projects are listed below:

- Provide rebates to approximately 5,000 customers to safely install charging stations at their homes, contingent upon enrollment in a time-of-use electricity rate;
- Electrify nine rubber-tire gantry cranes and install electrical infrastructure to support 24 charging ports for yard tractors at the Port of Long Beach;
- Deploy up to five dual-port DC Fast Charging stations at five sites in urban areas (50 charging ports in total); and
- Provide "make-ready" electrical infrastructure and rebates for the purchase and installation of approximately 20 charging ports for electric transit buses.

The CPUC's detailed description of all 15 projects is available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M204/K655/204655240.PDF>

RESEARCH ACTIVITIES

UPDATED SOUTHERN CALIFORNIA PEV READINESS ATLAS AVAILABLE

In early December, the UCLA Luskin Center for Innovation released an update to the "Southern California Plug-in Electric Vehicle Readiness Atlas," last published in 2013. The report documents how many plug-in electric vehicles (PEVs) are in a given neighborhood and how their spatial concentrations vary over the course of a day as drivers travel to workplaces

and retail destinations. It also projects PEVs growth over the next 10 years within neighborhoods and municipalities in each of the 15 councils of government within the SCAG region. There are maps that highlight potential charging infrastructure opportunities and other resources that support PEV charging, such as existing publicly-accessible charging stations and stand-alone parking facilities.

The Atlas is available at

<http://innovation.luskin.ucla.edu/content/southern-california-plug-electric-vehicle-readiness-atlas-2017-update>

CALIFORNIA LEGISLATIVE ACTIVITIES

NEW LEADERSHIP IN SENATE

Senator Toni Atkins (D-San Diego) was selected unanimously by the Senate Democratic Caucus to succeed Senator Kevin de León (D-Los Angeles) as Senate President pro Tem. She will be formally elected on the Senate floor and take office on March 21. Senator Atkins previously served in leadership when she was in the Assembly, where she served as Assembly Speaker from 2014-2016.

For more information, please visit

<http://sd24.senate.ca.gov/news/2018-01-09-senate-democratic-caucus-designates-next-president-pro-tempore>

MINOR CHANGES TO ASSEMBLY COMMITTEE MEMBERSHIP

There have been slight changes to the membership of several relevant Assembly committees:

- Appropriations – Assemblymembers Bill Quirk and Adrin Nazarian are replacing Adam Gray and Reginald Jones-Sawyer. Assemblymember Wendy Carrillo has been added.
- Transportation – Assemblymember Mike Gipson has joined the committee.

UPCOMING HEARINGS IN THE SENATE AND ASSEMBLY

Assembly – None related to topics or bills of interest.

Senate – The following hearing can be heard online at

<http://senate.ca.gov/dailyfile>

- January 17, 9:30 a.m. - The Senate Environmental Quality Committee and Budget Subcommittee No. 2 on Resources, Environmental Protection, Energy and Transportation will hold the oversight hearing, “California’s Cap and Trade Program: The Air Resources Board’s 2017 Scoping Plan”

LEGISLATION

CLEAN FUEL VEHICLES AND TECHNOLOGY**AB 33 (Quirk)****Summary**

This bill requires the CPUC, in consultation with ARB and CEC, to consider authorizing utilities to offer programs and investments in electric vehicle service equipment installed in residential garages.

This is a 2-year bill.

Complete Bill Information

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB33

AB 193 (Cervantes)**Summary**

This bill would require ARB to establish the Clean Reused Vehicle Rebate Project, as part of the Air Quality Improvement Program, to provide rebates for: the acquisition of eligible used vehicles (those eligible under the Clean Vehicle Rebate Project); the replacement or refurbishment of an electric battery and related components for an eligible used vehicle or a vehicle service contract for the battery or related components; or a vehicle service contract to cover unexpected vehicle repairs not covered by the manufacturer's warranty related to unique problems in eligible used vehicles.

This is a 2-year bill.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB193

AB 1745 (Ting)**Summary**

Beginning January 1, 2040, this bill would prohibit the Department of Motor Vehicles from registering a new motor vehicle unless it is a zero emission vehicle.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1745

AB 1184 (Ting)**Summary**

This bill requires ARB to report to the Legislature by January 1, 2019, the funding levels necessary to support continuous, year-round operation of each of its zero emission and near-zero emission vehicle incentive programs, as well as any changes necessary to these programs to increase the market penetration of ZEVs.

This is a 2-year bill.

Complete Bill Information

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1184

TRANSPORTATION OPERATIONS & FUNDING**AB 91 (Cervantes)****Summary**

Beginning July 1, 2018, this bill would prohibit a high-occupancy vehicle lane from being established in Riverside County unless that lane is established only during the hours of heavy commuter traffic. Any existing HOV lanes would be required to be modified to operate under these same conditions.

This is a 2-year bill.

Complete Bill Information

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB91

DEFENDING CALIFORNIA'S POLICIES**SB 49 (de León and Stern)****Summary**

This bill is called the California Environmental, Public Health, and Workers Defense Act of 2017, and would:

- Make current federal clean air, climate, clean water, worker safety, and endangered species standards enforceable under state law, even if the federal government rolls back and weakens those standards
- Direct state environmental, public health, and worker safety agencies to take all actions within their authorities to ensure standards in effect and being enforced today continue to remain in effect
- Because federal laws in these areas set “baselines” but allow states to adopt more stringent standards, this bill would ensure California does not backslide as a result of rollbacks by the federal Administration

This bill is part of the “Preserve California” legislative package designed to insulate the state from rollbacks in federal environmental regulations and public health protections.

This is a 2-year bill.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB49

Key Federal Activities

FEDERAL LEGISLATIVE ACTIVITIES

NEW TAX LAW MAINTAINS EV INCENTIVES

The final version of the tax bill (H.R. 1) signed by the President on December 22 maintains the \$7,500 electric vehicle tax credit (the credit amount is dependent upon the battery capacity). The House version of the bill eliminated the incentive, while the Senate version kept it. Availability of the credit is still capped at the first 200,000 qualifying vehicles sold by each manufacturer; no automaker has reached the cap yet.

More information about the tax credit is available at

<https://energy.gov/eere/electricvehicles/electric-vehicles-tax-credits-and-other-incentives>