



# Clean Transportation Policy Update

November 18, 2021– January 19, 2022

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## Key State Activities

### ADMINISTRATION ACTIVITIES

#### CLIMATE AND TRANSPORTATION HIGHLIGHTS FROM GOVERNOR'S DRAFT 2022-23 STATE BUDGET

Governor Newsom released his proposed FY 2022-23 state budget on January 10. To achieve the state's climate and clean transportation goals, the budget calls for an additional \$6.1 billion from the General Fund (\$3.5 billion), Prop. 98 (\$1.5 billion), Greenhouse Gas Reduction Fund (\$676 million), and federal funds (\$383 million) over five years, building on last year's \$3.9 billion zero-emission vehicle (ZEV) transportation package, for a total of \$10 billion. These multi-year investments are allocated as follows:

- **Passenger vehicles - \$2.38 billion**
  - o Clean Vehicle Rebate Project - \$525 million (2021 budget ZEV package multi-year investment); \$0 (2022 budget ZEV package multi-year investment); ZEV package total of \$525 million
  - o Clean Cars 4 All and other equity projects - \$400 million (2021); \$256 million (2022); ZEV package total of \$656 million
  - o ZEV fueling infrastructure grants - \$300 million (2021); \$600 million (2022); ZEV package total of \$900 million
  - o Equitable at-home charging - \$0 (2021); \$300 million (2022); ZEV package total of \$300 million
- **Heavy-Duty ZEVs - \$5.96 billion**
  - o Drayage trucks and infrastructure - \$470 million (2021); \$475 million (2022); ZEV package total of \$945 million
  - o Drayage Trucks and Infrastructure Pilot Project - \$65 million (2021); \$0 (2022); ZEV package total of \$65 million
  - o Transit buses and infrastructure - \$290 million (2021); \$460 million (2022); ZEV package total of \$750 million
  - o School buses and infrastructure - \$450 million (2021); \$1.5 billion (2022); ZEV package total of \$1.95 billion

- o Clean trucks, buses and off-road equipment - \$700 million (2021); \$1.1 billion (2022); ZEV package total of \$1.8 billion
- o Ports - \$0 (2021); \$400 million (2022); ZEV package total of \$400 million
- o Near-zero heavy-duty trucks - \$45 million (2021); \$0 (2022); ZEV package total of \$45 million
- **Other funding - \$1.66 billion**
  - o ZEV consumer awareness - \$5 million (2021); \$0 (2022); ZEV package total of \$5 million
  - o ZEV manufacturing grants - \$250 million (2021); \$0 (2022); ZEV package total of \$250 million
  - o Community-based plans, projects and support/Sustainable Communities Strategies - \$0 (2021); \$419 million (2022); ZEV package total of \$419 million
  - o Emerging opportunities – \$0 (2021); \$200 million (2022); ZEV package total of \$200 million
  - o Transportation package ZEV - \$407 million (2021); \$383 million (2022); ZEV package total of \$790 million

The federal **Infrastructure Investment and Jobs Act (IIJA)** will bring to California approximately \$40 billion of formula-based transportation funding for the following programs over the next five years:

- Existing surface transportation, safety, and highway performance apportioned programs
- A new bridge replacement, rehabilitation, preservation, protection and construction program
- A new program that will support the expansion of an EV charging network
- A new program to help states improve the resiliency of transportation infrastructure
- Improving public transportation options, with increase formula funding for transit

In addition to the new formula-based funding, the IIJA will provide more than \$100 billion in new competitive grants or augmentations to existing programs nationwide over five years for a variety of highway, safety, transit, rail, energy, and other activities. The budget analysis shows that California is uniquely positioned to take advantage of these funding opportunities based on its clean transportation leadership and ongoing funding commitments.

For the state's transportation infrastructure package, the budget allocates \$9.1 billion (\$4.9 billion General Fund and \$4.2 billion Prop. 1A bond funds) to support high-speed rail, regional transit and rail projects, bicycle and pedestrian projects, and climate adaptation projects, with a focus on aligning the state's transportation system with its climate goals. This includes:

- High-speed rail - \$4.2 billion
- Statewide transit and rail projects - \$2 billion
- Southern California transit and rail projects - \$1.25 billion
- Active transportation and projects to connect communities - \$750 million
  - o \$500 million for active transportation program projects
  - o \$150 million to establish the Reconnecting Communities; Highways to Boulevards Pilot Program
  - o \$100 million for bicycle and pedestrian safety projects

- High priority grade separation projects - \$500 million
- Climate adaptation projects - \$400 million

Additional General Fund allocations include \$1.2 billion for improvements to the state's port, freight and goods movement infrastructure, and \$1.1 billion for other related areas, including workforce training and ZEV equipment and infrastructure related to the supply chain.

The proposed budget is available at

<https://ebudget.ca.gov/budget/2022-23/#/Home>

## REGULATORY ACTIVITIES

### ZERO-EMISSION VEHICLE INFRASTRUCTURE PLAN WORKSHOP

On January 20, the California Energy Commission (CEC) will hold a workshop to collect stakeholder feedback on the Zero-Emission Vehicle Infrastructure Plan (ZIP). The ZIP will be designed to support the ZEV Market Development Strategy developed by the Governor's Office of Business and Economic Development to address the infrastructure "pillar" of that strategy. The ZIP will further describe the state's pathway to deploying the ZEV infrastructure necessary to support the level of ZEV adoption needed to meet the state's climate and clean energy goals. An outline of the ZIP will be released prior to the workshop.

For more information, please visit

<https://www.energy.ca.gov/event/workshop/2022-01/workshop-zero-emission-vehicle-infrastructure-plan>

### HOME CHARGING SURVEY REPORT

On January 7, the CEC released, "Home Charging Access in California," which documents the survey results from the National Renewable Energy Laboratory on parking options, parking behavior, access to electricity and other data points for home charging. The survey results show that residents of single-family homes have greater access to home charging than residents of multifamily homes. Higher-income respondents reported greater access, and additional disparities were observed among race and ethnicity groupings, with those who identified as White having the greatest access. Access is limited in all scenarios, and if infrastructure and parking conditions remain business as usual, access does not surpass 33 percent.

The report is available at

<https://www.energy.ca.gov/publications/2022/home-charging-access-california>

### CARB DECEMBER MEETING HIGHLIGHTS

On December 9, CARB adopted the Heavy-Duty Inspection and Maintenance Regulation. The regulation requires twice-a-year testing of heavy-duty vehicles including trucks and

buses operating in the state to ensure their emissions control systems are functioning properly. This regulation applies to non-gasoline heavy-duty vehicles (greater than 14,000 pounds) operating in California. Although these vehicles account for only 3 percent of all vehicles on California's roadways (approximately 1 million vehicles), they are responsible for more than 50 percent of the NOx and diesel particulate matter in the state.

For more information, please visit

<https://ww2.arb.ca.gov/our-work/programs/heavy-duty-inspection-and-maintenance-program>

## **ZEV DATA RELEASED**

In late December, CARB released 2020 vehicle production data which shows how large and intermediate volume manufacturers are complying with the state's ZEV regulation. This information includes credits earned, ZEV credit balances, and ZEV credit transfers as of August 31, 2021. Per the ZEV regulation, manufacturers are required to produce a certain number of ZEVs and ZEV-enabling technologies each year.

For more information, please visit

<https://ww2.arb.ca.gov/our-work/programs/advanced-clean-cars-program/zev-program/zero-emission-vehicle-credit-balances>

## **ANNUAL REPORT ON FUEL CELL VEHICLES IN CA**

CARB released its "2021 Annual Evaluation of Fuel Cell Electric Vehicle Deployment & Hydrogen Fuel Station Network Development." The report provides CARB's analysis of the current status and near-term projections of the technology development and deployment and the actions necessary to maintain progress and enable continued future expansion. It also outlines recommendations to the CEC regarding future station development co-funding through AB 8 that ensures positive retail customer experiences and supports further fuel cell vehicle deployment. CARB estimates that the state will have more than 176 open retail hydrogen fueling stations by 2026 and may meet the goal of 100 stations by the end of 2023. By 2026, the total hydrogen fueling capacity in California would be sufficient to support about 250,000 fuel cell vehicles.

The report is available at

[https://ww2.arb.ca.gov/sites/default/files/2021-09/2021\\_AB-8\\_FINAL.pdf](https://ww2.arb.ca.gov/sites/default/files/2021-09/2021_AB-8_FINAL.pdf)

## **NOVEMBER CAP-AND-TRADE AUCTION RESULTS**

The results from the November 17 joint California-Quebec cap-and-trade auction were strong. All of the current 68,598,217 allowances were sold, clearing at the settlement price of \$28.26; this was the fifth consecutive sold-out auction. All of the 8,306,250 advanced vintage allowances were sold, as well, at a settlement price of \$34.01. The November auction generated nearly \$1.3 billion for the California Climate Investments Program. The next auction will be held on February 16.

Additional information can be found at

[https://ww2.arb.ca.gov/sites/default/files/2021-11/nc-nov\\_2021\\_summary\\_results\\_report\\_2.pdf](https://ww2.arb.ca.gov/sites/default/files/2021-11/nc-nov_2021_summary_results_report_2.pdf)

## FUNDING ACTIVITIES

### CA CLIMATE INVESTMENTS ACTIVITIES

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

#### **Low Carbon Transportation Program (CARB)**

On January 13, a work group meeting was held to discuss implementation of the 2021-22 Clean Truck and Bus Voucher Incentive Program (HVIP). At the meeting, the project reopening was discussed and included the following topics: voucher request cap and disadvantaged community voucher plus up; limit on fleet size and ZEP Cert requirements; innovative small e-fleets; the rural school bus set aside; drayage and public transit bus set asides; infrastructure coordination; and class 2b vehicles.

On January 18, a work group meeting for the FY 2021-22 Clean Off-Road Equipment Voucher Incentive Program (CORE) was held. Topics included a program overview; funding sources; suggested updates to the implementation manual; how to participate; and a general timeline for the program.

On January 26, CARB will host a work group meeting to implement FY 2021-22 Clean Transportation Equity Project Safeguards for Cap-and-Trade Auction Revenue Uncertainty. At this meeting, CARB staff will present their proposal for implementing the following Clean Transportation Equity projects: Financing Assistance for Lower-Income Consumers, Clean Mobility Options, Clean Mobility in Schools, Sustainable Transportation Equity Project, Access Clean California, Technical Assistance, Capacity Building, and Workforce Training and Development to comply with Budget Act requirements.

On February 10, the first public workshop on the FY 2022-23 Update to the Three-Year Plan for Light-Duty Vehicles and Clean Transportation Investments will be held. Staff will present an overview and update on the zero-emission vehicle market and technology assessment, as well as provide updates on CARB's light-duty vehicle purchase incentive programs – CVRP; Clean Cars 4 All; Financing Assistance Programs, including the Clean Vehicle Assistance Program and the Drive Clean Assistance Program.

More information is available at

<https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program/low-0>

#### **Low Carbon Transit Operations Program (Caltrans)**

In early 2022, the State Controller's Office is slated to announce the FY 2021-22 Low Carbon Transit Operations Program eligibility list.

For more information, please visit

<https://dot.ca.gov/programs/rail-and-mass-transportation/low-carbon-transit-operations-program-lctop>

## CEC's 2021-23 INVESTMENT PLAN UPDATE FOR CLEAN TRANSPORTATION PROGRAM

On November 15, the CEC approved the 2021-23 Investment Plan Update for the Clean Transportation Program. The plan includes \$1.165 billion in General Fund money over three years in addition to the Clean Transportation Funding allocations (about \$100 million in the next two years and \$50 million in the final half-year of the program).

- **Clean Transportation Program Zero-Emission Vehicles and Infrastructure - \$198 million**
  - Light-duty EV charging infrastructure and e-mobility - \$74 million
  - Medium- and heavy-duty zero-emission vehicles and infrastructure - \$74 million
  - Public hydrogen fueling infrastructure - \$50 million
- **Clean Transportation Program Alternative Fuel Production and Supply - \$25 million**
- **General Fund Zero-Emission Vehicles and Infrastructure - \$883.25 million**
  - Light-duty EV charging infrastructure - \$258 million
  - Medium- and heavy-duty ZEV vehicles and infrastructure - \$190 million
  - Drayage - \$245.75 million
  - Drayage and infrastructure pilot - \$25 million
  - Transit - \$88.5 million
  - School buses - \$49 million
  - Public hydrogen fueling infrastructure meeting 200-station goal: \$27 million
- **General Fund ZEV Manufacturing - \$243.75 million**
- **Clean Transportation Program Related Needs and Opportunities - \$15 million**

The plan can be found at

<https://www.energy.ca.gov/publications/2021/2021-2023-investment-plan-update-clean-transportation-program>

## CEC FUNDING 101 WORKSHOP HELD

On December 2, the CEC held a Clean Transportation Funding 101 workshop to introduce the Clean Transportation Program and provide resources for stakeholders and potential applicants. Topics included: background on the program; the CEC Investment Plan background and process; how to apply/participate; and resources for stakeholders.

The workshop was recorded and is available here:

[https://energy.zoom.us/rec/play/e-BGIKfvLBqeJCNELTYe3DCdLJoZI4O9TPTT0zyQng\\_Dc0gMiPAyd6RzMAjYl4ZAZPoli7BFSKk7SPBW.QmrXZyRzz4Wdo0DE?continueMode=true&\\_x\\_zm\\_rtaid=NkNOA-gYR3CHpHo1bepGRQ.1638803743218.a703250273d11bb36b3511ef4ec21ad5&\\_x\\_zm\\_rhtaid=907](https://energy.zoom.us/rec/play/e-BGIKfvLBqeJCNELTYe3DCdLJoZI4O9TPTT0zyQng_Dc0gMiPAyd6RzMAjYl4ZAZPoli7BFSKk7SPBW.QmrXZyRzz4Wdo0DE?continueMode=true&_x_zm_rtaid=NkNOA-gYR3CHpHo1bepGRQ.1638803743218.a703250273d11bb36b3511ef4ec21ad5&_x_zm_rhtaid=907)

## CALIFORNIA LEGISLATIVE ACTIVITIES

### UPCOMING HEARINGS IN THE SENATE AND ASSEMBLY

The Legislature reconvened on January 3.

Assembly Speaker Rendon appointed new Committee Chairs for the upcoming legislative session. Relevant Chair appointments include:

- Appropriations – Chris Holden (D-41)
- Utilities and Energy – Eduardo Garcia (D-56)

## LEGISLATION

### CLEAN FUEL VEHICLES POLICY AND INCENTIVES

#### **AB 113 (Boerner Horvath)**

##### **Summary**

This bill would allow a tax credit in amount equal to 40 percent of the amount paid or incurred in qualified costs for the installation of specified electric vehicle supply equipment in a covered multifamily dwelling or covered nonresidential building until December 1, 2026.

##### **Complete Bill Information**

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220AB113](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB113)

#### **AB 365 (O'Donnell)**

##### **Summary**

Beginning on January 1, 2023, this bill would exempt qualified zero-emission and near zero-emission drayage trucks from the sales and use tax for gross receipts.

##### **Complete Bill Information**

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220AB365](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB365)

#### **AB 1218 (McCarty)**

##### **Summary**

This bill would codify the Governor's Executive Order N-79-20 establishing the goal that 100 percent of in-state sales of new passenger car and trucks be zero-emission by 2035. It would require CARB to develop regulations requiring increasing volumes of new zero-emission vehicles sold toward the target of 100 percent of in-state sales by 2035.

##### **Complete Bill Information**

[https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220AB1218](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1218)

## **AB 1389 (Reyes, Friedman, Rivas)**

### **Summary**

This bill relates to the Alternative and Renewable Fuel and Vehicle Technology Program. It would revise the list of projects that the CEC is required to make eligible for funding to include, among others, medium- and heavy-duty research, pilot, demonstration and deployment projects that reduce emissions and particulate matter from fleets in the goods movement and public transit sectors. At least 50 percent of the money appropriated to the program would be for projects located in and benefiting disadvantaged communities. Along with SB 726, this is one of the ZEV budget policy bills from last year.

### **Complete Bill Information**

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220AB1389](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1389)

## **SB 542 (Limon)**

### **Summary**

This bill would enact a state sales and use tax exemption for the purchase of qualified new medium- or heavy-duty zero-emission trucks.

### **Complete Bill Information**

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220SB542](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB542)

## **TRANSPORTATION PLANNING, OPERATIONS, AND FUNDING**

## **AB 1547 (Reyes)**

### **Summary**

This bill would prohibit local governments from allowing the siting of a warehouse development project where the distance between a project boundary site and sensitive land use is less than 3,000 yards. The bill would impose certain requirements on local governments before approving a warehouse development project, including requiring the project applicant to develop a community benefits agreement that addresses: zero-emission trucks, private shuttle services, regional delivery, last mile delivery, and waste hauling.

### **Complete Bill Information**

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220AB1547](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1547)

## **SB 726 (Gonzalez)**

### **Summary**

This bill would update the CEC's Clean Transportation Program and would require the CEC and CARB to develop a Sustainable Transportation Strategy to identify plans, actions and required funding needed to meet California's GHG reduction and criteria pollutant reduction goals in a cost-effective and efficient manner. Along with AB 1389, this is one of the ZEV budget policy bills from last year.

### **Complete Bill Information**

[https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220SB726](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB726)

## **Key Federal Activities**

### **FEDERAL ADMINISTRATIVE ACTIVITIES**

#### **U.S. EPA RULE ON GHG EMISSION STANDARDS**

In late December, the U.S. EPA issued its final rulemaking on GHG emission standards for passenger vehicles and light-duty trucks manufactured between 2023 and 2026, establishing a CAFE (Corporate Average Fuel Economy) standard of 55 miles per gallon for MY 2026 vehicles. The rule is expected to achieve about a 28 percent decrease in GHG emissions. The Union of Concerned Scientists estimates that the rule will reduce emissions by as much as 440 million metric tons over the lifetime of vehicles sold through 2026. In addition to the reduced impacts of climate change, other benefits include improved public health from lower pollution, and cost savings for vehicle owners through improved fuel efficiency. Drivers will save between \$210 billion and \$420 billion through 2050 on fuel costs. On average, over the lifetime of an individual MY 2026 vehicle, EPA estimates that the fuel savings will exceed the initial increase in vehicle costs by more than \$1,000 for consumers. The agency currently is working on standards for MY 2027 and beyond.

More information is available at

<https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-revise-existing-national-ghg-emissions#rule-summary>

### **FEDERAL LEGISLATIVE ACTIVITIES**

#### **CA TRANSPORTATION FUNDING IN INFRASTRUCTURE BILL**

According to experts, California is expected to receive more than \$44 billion from the Infrastructure Investment and Jobs Act. A further breakdown of the expected transportation funding is as follows:

- \$25.3 billion for federal-aid highway apportioned programs;
- \$4.2 billion for bridge replacement and repairs over five years;
- \$9.45 billion over five years to improve public transportation options across the state;
- \$384 million over five years to support the expansion of an electric vehicle charging network, with the opportunity to apply for the \$2.5 billion in grant funding dedicated to electric vehicle charging;

For more information, please visit

[https://www.whitehouse.gov/wp-content/uploads/2021/08/CALIFORNIA\\_The-Infrastructure-Investment-and-Jobs-Act-State-Fact-Sheet.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/08/CALIFORNIA_The-Infrastructure-Investment-and-Jobs-Act-State-Fact-Sheet.pdf)