



Clean Transportation Policy Update

February 17 – March 16, 2022

Key State Activities

REGULATORY ACTIVITIES

FEBRUARY CAP-AND-TRADE AUCTION RESULTS

The February 16 auction was the 30th joint California-Quebec cap-and-trade auction. All of the current 58,527,697 allowances were sold, clearing at the settlement price of \$29.15. Of the vintage allowances, 7,079,000 of the 7,942,750 were sold at a settlement price of \$19.70. The February auction generated more than \$1.8 billion for the California Climate Investments Program. The next auction is May 18. For more information, please visit

https://ww2.arb.ca.gov/sites/default/files/2022-02/nc-feb_2022_summary_results_report.pdf

CA TRANSPORTATION ASSESSMENT REPORT

On February 18, the Strategic Growth Council (SGC) published the “California Transportation Assessment Report,” which offers an analysis of how transportation planning and funding in California supports long-term common goals. Such goals include building and maintaining a transportation system that advances state climate goals and meets the transportation needs of all residents. The Assessment summarizes findings and recommendations across five working papers – Transportation History, Statewide Transportation Plans, Metropolitan Planning Organizations (MPOs), Funding Programs, and Flexibility and Implication of Funding Programs. Key findings include:

- There is a gap between the vision for a more climate friendly and equitable transportation system and actions and infrastructure spending decisions;
- Transportation projects in the pipeline are rarely reevaluated to assess their alignment with current state priorities;

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- The institutional structure for transportation is complicated and decision-making levers can be disparate or hard to pinpoint;
- Institutions (such as MPOs, among others) that have been given key responsibilities for meeting climate and equity goals do not necessarily have the appropriate levers to fulfill those responsibilities;
- Critical work is underway to align transportation funding with state climate and equity goals, namely the Climate Action Plan for Transportation Infrastructure (CAPTI) and some of the regional plans, including MTC's Plan Bay Area 2050 and SANDAG's San Diego Forward.

On April 20, the SGC will host a webinar to discuss the report's findings and policy recommendations.

The report is available at

https://sgc.ca.gov/resources/docs/20220218-AB_285_REPORT.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 March 15, the California Air Resources Board (CARB) held a workshop for the FY 2022-23 Funding Plan for Clean Transportation Incentives. Topics discussed included: the long-term plan for light-duty vehicles and clean transportation equity investments, as well as related projects; the long term heavy-duty investment strategy; and heavy-duty vehicle and off-road equipment investments.

On March 22, CARB will hold a public workgroup meeting seeking stakeholder input on heavy-duty vehicle and off-road equipment investments as part of the FY 2022-23 Funding Plan for Clean Transportation Incentives. This work group meeting will include a discussion of priorities for heavy-duty investments, as well as potential heavy-duty demonstration and pilot project categories, and potential changes to the Clean Truck and Bus Voucher Project (HVIP), Clean Off Road Equipment Voucher Incentive Project (CORE), and Truck Loan Assistance Program.

On March 30, CARB will host a second public workshop on the FY 2022-23 Update to the Three-Year Plan for Light-Duty Vehicles and Clean Transportation Equity Investments. At the workshop, staff will discuss the definition of a sustainable ZEV market, provide updates on identified metrics to track progress toward a sustainable ZEV market, and discuss additional metrics to include in the analysis. Staff also will present and seek input on methods to ensure an equitable transition to electric vehicles and how CARB's light-duty vehicle purchase

incentives can help to overcome longstanding inequities. These vehicle purchase incentives include CVRP; Clean Cars 4 All (CC4A); 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)

Final FY 2021-22 Low Carbon Transit Operations Program allocation request submittals are due March 25. Allocation request workshops have been prerecorded and are available online.

For more information, please visit

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

Transit and Intercity Rail Capital Program (CalSTA)

Project applications for the 2022 Transit and Intercity Rail Capital Program (TIRCP) were due March 3. CalSTA is slated to announce the awards in June.

Additional information is available at

<https://calsta.ca.gov/subject-areas/transit-intercity-rail-capital-prog>

HVIP TO RE-OPEN MARCH 30

The Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) will re-open to voucher requests starting at 10 a.m. on March 30. For FY 2021-22, \$196.6 million is available. The allocation for March is nearly \$60 million. Additionally, the following set-aside funds will be available:

- \$65.5 million for public transit buses
- Approximately \$46 million for Class 8 drayage tractors
- \$122 million for the Public School Bus Set-Aside for Small and Medium Air Districts

Please visit here for more information

<https://californiahvip.org/news/hvip-set-to-re-open-to-voucher-requests-march-30-2022-3-1-2022/>

UPDATES TO CARL MOYER

In late February, CARB released updates to the Carl Moyer Voucher Incentive Program (VIP). The program has traditionally supported the transition of small fleets (those with 10 or fewer vehicles) to the 2010 engine model-year emission standard, per the Truck and Bus Regulation. As the final implementation deadline approaches for the Truck and Bus Regulation, under this year's Carl Moyer Program update, CARB is expanding VIP to allow

additional funding for replacement vehicles that meet the zero-emission standard. The VIP will fund up to \$410,000 per heavy heavy-duty vehicle. Additionally, eligible fleets that transition to an engine that meets the 0.02 gram per brake-horsepower-hour (g/bhp-hr) oxides of nitrogen (NOx) standard or cleaner can receive up to the new CARB Board-approved funding caps, including up to \$160,000 per heavy-duty vehicle.

Additional information can be found at

https://ww2.arb.ca.gov/on-road-vip-funding-tables-2022?utm_medium=email&utm_source=govdelivery

OTHER NEWS

ONE MILLION EVs SOLD IN CA

In late February, California celebrated the one millionth EV sold in the state. Over the past 10 years, annual sales of plug-in EVs have gone from 7,000 in 2011 to more than 250,000 sold in 2021, making up more than 12 percent of all light-duty vehicle sales in 2021. California, with 10 percent of the nation's vehicles, now accounts for more than 40 percent of all zero-emission cars sold in the country.

For more information, please visit

https://www.gov.ca.gov/2022/02/25/california-leads-the-nations-zev-market-surpassing-1-million-electric-vehicles-sold/?mc_cid=287dc63740&mc_eid=f4ccda2dce

CALIFORNIA LEGISLATIVE ACTIVITIES

UPCOMING HEARINGS IN THE SENATE AND ASSEMBLY

Senate – The following hearing can be monitored online at:

<https://www.senate.ca.gov/calendar>

- March 22 – The Transportation Committee will hold a hearing on SB 942 (free or reduced fare transit programs)
- March 25 – The Select Committee on Hydrogen Energy will hold an informational hearing on the California Hydrogen Hub
- March 28 – The Environmental Quality Committee will hold a hearing on SB 922 (CEQA exemptions-transportation projects)

Assembly – None scheduled to date on relevant bills or topics.

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.

Because this bill failed to pass out of its House of Origin by the deadline, this bill is dead.

Complete Bill Information

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.

Because this bill failed to pass out of its House of Origin by the deadline, this bill is dead.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB365

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 benefitting 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

AB 2350 (Grayson)

Summary

This bill would require CARB to establish the Zero-Emission Aftermarket Conversion Project (ZACP) by allocating moneys, available upon appropriation by the Legislature in the annual Budget Act or other statute, to provide an applicant with a rebate for the aftermarket conversion of a motor vehicle into a zero-emission vehicle.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2350

AB 2554 (O'Donnell)

Summary

This bill relates to CARB's Medium- and Heavy-Duty Zero-Emission Vehicle Purchasing Assistance Program. It would require CARB to provide incentives for drayage trucks through existing programs, or to develop and implement the Zero-Emission Drayage Truck Financial Assistance Program, to assist entities serving the ports of the state by providing financial assistance to offset the cost for the purchase of zero-emission drayage trucks.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2554

AB 2562 (Bennett)

Summary

This bill relates to the CEC's Clean Transportation Program, and would require the CEC, if it awards funding to hydrogen-fueling station projects under the program, to provide preference to those projects that are located at a port and are publicly accessible, are co-located at a fueling station for medium- and heavy-duty trucks, or are located along a state highway designated as a freight corridor.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2562

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

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.

Because this bill failed to pass out of its House of Origin by the deadline, this bill is dead.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1547

AB 1919 (Holden)

Summary

This bill would state the intent of the Legislature to enact future legislation to ensure all public school students and all students attending the California State University, the University of California, and the California Community Colleges receive free access to student transit passes.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1919

AB 2563 (Quirk)

Summary

This bill would require air pollution control and air quality management districts to establish a mobile fueling on-demand tank vehicle uniform permit program for mobile fueling on-demand tank vehicle operations.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2563

AB 2703 (Muratsuchi)

Summary

This bill would require a person who receives state funding under the Clean Transportation Program or other incentives to deploy a zero-emission vehicle fueling station to agree, as a condition of receiving the incentive, to operate the station in compliance with reliability standards that would be developed by the CEC. The bill would also require the CEC, upon appropriation by the Legislature, to develop a program to provide financial assistance to low-income and disadvantaged community members to use zero-emission vehicle fueling stations, micromobility transportation options, and ridesharing services

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2703

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

SB 922 (Wiener)

Summary

This bill would permanently exempt from CEQA bicycle transportation plans for an urbanized area for restriping of streets and highways, bicycle parking and storage, signal timing to improve street and highway intersection operations, and related signage for bicycles, pedestrians, and vehicles under certain conditions.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB922

SB 942 (Newman)

Summary

This bill relates to the Low Carbon Transit Operations Program, and would authorize a transit agency that uses program money to fund a free or reduced fare transit program and that demonstrates compliance with certain requirements in its initial program application to continue to use those moneys to maintain that program on an ongoing basis without demonstrating continued compliance with those requirements.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB942

SB 1010 (Skinner)

Summary

This bill would, beginning December 31, 2035, require 100 percent of newly purchased vehicles with a gross vehicle weight of 19,000 pounds or more for the state vehicle fleet to be zero-emission vehicles. It also would require the Department of General Services, beginning no later than the 2029–30 fiscal year, to ensure that 100 percent of the light-duty vehicles purchased for the state vehicle fleet each fiscal year are zero-emission vehicles.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB1010

SB 1251 (Gonzalez)

Summary

This bill would create the Electric Vehicle Equity Ombudsperson in state government and would require the ombudsperson to coordinate activities among state agencies to advance light-, medium-, and heavy-duty zero-emission vehicles and zero-emission infrastructure deployment and to ensure related equity, workforce development, economic development, and other needs are addressed to grow and support the sector statewide.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1251

SB 1410 (Caballero)

Summary

This bill would roll back SB 743 (2013) and remove vehicle miles traveled (VMT) as the way to measure the significance of transportation impacts of a project in a CEQA analysis and reinstate Level of Service as the way to measure these impacts.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1410

SB 1482 (Allen)

Summary

This bill would require mandatory building standards for the installation of electric vehicle charging infrastructure for parking spaces in multifamily dwellings to require that each dwelling unit with access to a parking space have access to a 208/240 volt branch circuit of at least 20 amps.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB1482

Key Federal Activities

ADMINISTRATIVE ACTIVITIES

CA WAIVER REINSTATED

On March 9, U.S. EPA officially reinstated California's waiver of preemption for its vehicle GHG emission standards and ZEV sales mandate. The waiver enables California to set its own, more stringent tailpipe emission standards for passenger vehicles. The waiver was revoked in 2019. It also enables other states to adopt California's standards pursuant to Section 177 of the Clean Air Act. Thirteen states have already adopted California's vehicle standards.

Additional information can be found at

<https://www.epa.gov/regulations-emissions-vehicles-and-engines/notice-decision-reconsideration-previous-withdrawal>

HEAVY-DUTY VEHICLE RULE

In early March, U.S. EPA released a proposed rule that would set new, more stringent standards to reduce pollution from heavy-duty vehicles starting with MY 2027. The proposed standards would significantly reduce emissions of NOx from heavy-duty gasoline and diesel engines and set stronger GHG standards for certain heavy-duty vehicle categories. These categories include school buses, transit buses, commercial delivery trucks, and short-haul tractors. EPA is proposing two regulatory options and is requesting comments on both, as well as considering the full range of options between them. Proposed Option 1 would implement stronger NOx standards in two steps. The first increase in stringency would be in MY 2027, and the second would be in MY 2031; under this option the 2031 NOx standards

would be 90 percent lower than today's standards. Option 2 would immediately jump to full implementation of a NOx standard in MY 2027. Additionally, the proposed rule would further tighten the "Phase 2" GHG standards for MY 2027 for many types of heavy-duty vehicles. EPA intends to finalize the rule by the end of 2022.

For more information, please visit

<https://www.epa.gov/regulations-emissions-vehicles-and-engines/proposed-rule-and-related-materials-control-air-1#additional-resources>

FUNDING ACTIVITIES

GRANTS AVAILABLE FOR LOW-NO PROGRAM AND BUSES PROGRAM

On March 7, the Federal Transit Administration released a Notice of Funding Opportunity (NOFO) for approximately \$1.1 billion for the Low or No Emission Grant Program, and approximately \$372 million for the Buses and Bus Facilities Competitive Program. The FTA combined these two grant opportunities into one NOFO. The Low-No Program provides funding to state and local governmental authorities for the purchase or lease of zero-emission and low-emission transit buses, including acquisition, construction, and leasing of required supporting facilities. The purpose of the Buses and Bus Facilities Program is to assist in the financing of buses and bus facilities capital projects, including replacing, rehabilitating, purchasing or leasing buses or related equipment, and rehabilitating, purchasing, constructing or leasing bus-related facilities. Proposals for both programs must be submitted by May 31.

More information is available at

<https://www.transit.dot.gov/notices-funding/low-or-no-emission-and-grants-buses-and-bus-facilities-competitive-programs-fy2022>

PORT INFRASTRUCTURE FUNDING

On February 23, the U.S. Department of Transportation's Maritime Administration announced nearly \$450 million in available grant funding for port-related projects through the Port Infrastructure Development Program. To be considered, projects should align with the President's GHG reduction goals, incorporate electrification or zero-emission infrastructure for vehicles and locomotives that service a port, increase a port's resilience to climate-related hazards, reduce pollution from port operation, and address environmental justice concerns. Applications are due May 16.

The Notice of Funding Opportunity is available here

<https://www.maritime.dot.gov/sites/marad.dot.gov/files/2022-02/2022%20PIDP%20NOFO%20FINAL.pdf>

REPORT EXPLORES TRANSPORTATION ELECTRIFICATION OF CITIES

A report by the Institute for Transportation & Development Policy and UC Davis titled, “The Compact City Scenario – Electrified,” examines what would happen to GHG emissions if vehicle electrification was the only option pursued to reduce emissions from the transportation sector. The report explores four scenarios: business as usual; aggressive electrification of public and private fleets; policies that build compact cities focused on walking, bicycling and public transit; and electrification and modal shift combined. The report concludes that neither electrification nor modal shift by themselves will be enough to meet our climate goals; rather, the combination of these scenarios is necessary and could reduce emissions by a cumulative 9.5 gigatonnes, making it the only scenario consistent with limiting climate change to less than 1.5 degrees C.

The study is available here

<https://www.itdp.org/publication/the-compact-city-scenario-electrified/>