



Clean Transportation Policy Update

October 15 – November 18, 2020

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This issue of the Clean Transportation Policy Update focuses exclusively on regulatory and policy activities related to clean transportation matters. Last month's update contains a summary of the second half of the 2019-2020 California legislative session.

Key State Activities

REGULATORY ACTIVITIES

DRAFT MOBILE SOURCE STRATEGY RELEASED

The California Air Resources Board (CARB) has released a discussion draft of the 2020 Mobile Source Strategy, an update to the 2016 strategy. The strategy provides a multi-pollutant planning approach for the pathways needed by the various mobile sectors to achieve California's emissions goals over the next 30 years. These sectors include light-, medium-, and heavy-duty vehicles, as well as a wide range of off-road equipment. During the October 7 public workshop webinar, staff presented the discussion draft; outlined the state's climate, air quality, and community risk reduction goals; discussed the progress made on implementing the 2016 Mobile Source Strategy; and presented the draft scenarios of the technology mixes needed in each mobile sector to meet the state's goals and the programmatic concepts staff have identified to help achieve the targets. The 2020 strategy must be finalized by January 1, 2021.

More information is available at

https://ww2.arb.ca.gov/sites/default/files/2020-09/Workshop_Discussion_Draft_2020_Mobile_Source_Strategy.pdf

CLEAN MILES STANDARD WORKSHOP

On November 19, CARB will hold an online workshop to receive public input on the Clean Miles Standard, which will be designed to reduce greenhouse gas (GHG) emissions from transportation network company services, like Uber and Lyft. The proposed regulation allows for a variety of options to achieve GHG goals through the increased use of zero-emission vehicles, increased pooling, improving efficiency, as well as connecting passengers to mass transit. Staff will present updated GHG and electric vehicle miles traveled (eVMT) targets and flexibilities. Public comments are due by December 11.

For more information, please visit

<https://content.govdelivery.com/accounts/CARB/bulletins/2a9ec2f>

CARB HEARING ON SOUTH COAST PM2.5 SIP

On December 10, CARB will consider approval of the Proposed South Coast PM2.5 State Implementation Plan (SIP) Revision, slated to be submitted to U.S. EPA as a revision to the California SIP. California is required to submit a new SIP by December 31, 2020, demonstrating that the South Coast will attain the 35 µg/m³ 24-hour PM2.5 standard as soon as practicable. The plan demonstrates that the South Coast will attain the standard by December 31, 2023, and meet other Clean Air Act requirements.

More information can be found at

<https://ww3.arb.ca.gov/regact/nonreg/2020/southcoastpm2.5sip2020.pdf>

LATEST CA GHG EMISSIONS DATA AVAILABLE

On October 19, CARB released the latest GHG emissions data for 2018 showing that the state continues to stay below its 2020 target for emissions. The data show that emissions remain below 1990 levels, but are essentially flat compared to the previous year, while the economy grew by 4.3 percent. There was a slight increase in overall emissions from 2017, but a slight decline in emissions from transportation. This is the first year-over-year decrease in transportation emissions since 2013.

Additional information can be found at

https://ww3.arb.ca.gov/cc/inventory/pubs/reports/2000_2018/ghg_inventory_trends_00-18.pdf

JOINT AGENCY MEETING DISCUSSES TRANSPORTATION, AIR QUALITY, AND HOUSING

On November 4, CARB hosted a joint public meeting with the California Transportation Commission and the California Department of Housing and Community Development to coordinate interagency implementation of policies that impact transportation, air quality and housing issues. Topics included:

- Recommendations for how state agencies can better align their programs and policies to achieve transportation, housing, air quality, and climate goals

- The development of an interagency Climate Action Plan on Transportation Infrastructure
- Near-term state actions that integrate housing, transportation, air quality, and climate change programs/policies

There was general agreement among the agencies that a change in investment priorities is needed in order to better align their work. For example, investments need to move away from programs that continue to encourage reliance on single-occupancy vehicles and fossil fuels. Furthermore, state investments can no longer be business as usual and instead must shift to equitable, sustainable projects.

Additional information is available at

<https://ww2.arb.ca.gov/ma110420>

HD VEHICLE INSPECTION & MAINTENANCE PROGRAM WORKGROUP MEETING

On November 16, CARB held a Heavy-Duty Vehicle Inspection and Maintenance Program (HD I/M) Work Group Meeting. Staff discussed pilot program activities to support the state's future HD I/M program, as well as a draft onboard diagnostics data collection and submission specifications document. The document details the technical requirements for all systems and tools to be used to collect and submit OBD data in California's HD I/M program.

For more information, please visit

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

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 November 6, CARB released the proposed the FY 2020-21 Funding Plan for Clean Transportation Incentives. At the September 29 workshop, staff discussed the three categories of investments under this program and proposed changes: 1) the Clean Vehicle Rebate Program; 2) clean transportation equity investments, including Clean Cars 4 All and the Zero-Emission Assurance Pilot Project; and 3) heavy-duty vehicle and off-road equipment investments, including heavy-duty demonstration and pilot projects, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), the Clean Off-Road Equipment Voucher Incentive Project (CORE), and the Truck Loan Assistance Program. With respect to HVIP, staff is recommending allocating \$25 million from the Air Quality Improvement Program (AQIP) to HVIP since funding has been closed since 2019. Other potential changes to HVIP include:

- Reducing voucher amounts by up to 20 percent
- Lowering the fleet voucher caps by reducing the amount of vouchers a particular fleet can ask for from 200 per year to 20 per year

- Introducing rolling manufacturer voucher soft caps which would limit the number of active vouchers requested but not yet redeemed by the manufacturer
- Graduating all natural gas engines from the program
- Raising the minimum gross vehicle weight rating and modify transit bus distinctions

The funding plan is allocating money only from the AQIP appropriated through CARB through the 2020 Budget Act. CARB did not include allocations for Low Carbon Transportation Incentives as part of this funding plan because the Legislature deferred action on the FY 2020-21 Cap-and-Trade Expenditure Plan including Low Carbon Transportation. Staff will develop a more comprehensive plan for Low Carbon Transportation funds after they are appropriated, but is requesting that CARB's Executive Officer be granted authority to immediately allocate a portion of those funds to first-come, first-served vehicle purchase incentives to avoid project disruptions. The Board will consider adopting the plan at its December 10 meeting.

For more information, please visit

<https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program/low-1>

Low Carbon Transit Operations Program (Caltrans)

In early 2021, the State Controller's Office will announce the FY 2020-21 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>

Affordable Housing and Sustainable Communities Program (Strategic Growth Council)

The SGC has published the Round 6 Program Guidelines for the 2019-20 Affordable Housing and Sustainable Communities (AHSC) Program. The schedule for the program is as follows:

- November 17 – SGC will consider the final guidelines
- December 15 – Deadline to request technical assistance
- February 2021 – Applications will be due
- June 2021 – Awards will be made

More information is available at

<https://sgc.ca.gov/programs/ahsc/>

RESEARCH ACTIVITIES

SCAG REPORT ON LAST-MILE TRANSPORTATION

In October, the Southern California Association of Governments (SCAG) published the "Last-Mile Freight Delivery Study," which examines the relationship between last-mile access conditions, the delivery of goods, and the role of last-mile delivery in the overall transportation system. The last mile, or the final segment of shipment of goods, tends to be the most complicated as delivery vehicles compete for space with cars, transit vehicles, bicycles and

pedestrians, and therefore, last-mile costs can exceed 50 percent of the total delivery. Major recommendations of the report include:

- Develop regional strategies for off-peak deliveries
- Update building and zoning codes to require loading space
- Convert on-street parking to loading areas where ample off-street parking is available
- Incentivize the use of clean-air vehicles for deliveries

To read the report, please visit

http://www.scag.ca.gov/Documents/2958_LastMileFreightStudy-final.pdf

POLICY BRIEF ON INCREASING LOW-INCOME HOUSEHOLD'S ACCESS TO EVs

The UCLA Luskin Center for Innovation's new policy brief, "Supporting Lower-Income Households' Purchase of Clean Vehicles: Implications from California-Wide Survey Results," analyzes the research findings from a statewide survey of 1,604 low- and moderate-income households assessing barriers and strategies to improve clean vehicle access in these communities. The policy findings include:

- Design more comprehensive transportation affordability support policies modeled on other basic service sector programs offered at the federal or state level
- Further refine household upfront purchase incentive levels to effectively target public dollars for clean vehicle incentives
- Consider more flexible incentive approaches to enable lower-income households to purchase clean vehicles through their preferred dealerships and networks
- Allow higher loan interest rates to make a larger share of lower-income households eligible for subsidized loan programs to purchase clean vehicles
- Accelerate more targeted strategies for overcoming clean vehicle charging infrastructure barriers in multi-unit dwellings and workplaces
- Grow the focus on clean vehicle purchase assistance to support lower-income households transportation mode needs and preferences

The brief is available at

https://innovation.luskin.ucla.edu/wp-content/uploads/2020/08/Supporting_Lower-Income_Households_Purchase_of_Clean_Vehicles.pdf

OTHER NEWS

MILLIONS FOR EV EDUCATION INVESTMENTS IN DISADVANTAGED COMMUNITIES

Electrify America, the entity created by the VW emissions scandal settlement, announced that it is investing \$3 million in six California community-based organizations to provide education and awareness programs for low-income and disadvantaged communities throughout the state. The organizations' programs will highlight how EVs today can meet

many different consumer needs and will provide awareness regarding the economic benefits of driving a zero-emission vehicle.

For more information, please visit

<https://media.electrifyamerica.com/en-us/releases/116>

CALIFORNIA LEGISLATIVE ACTIVITIES

UPCOMING HEARINGS IN THE SENATE AND ASSEMBLY

The Legislature has adjourned until the beginning of December 2020, when it will reconvene for an organizational session.

Key Federal Activities

FEDERAL REGULATORY ACTIVITIES

CLEANER TRUCKS INITIATIVE DELAYED UNTIL 2021

In mid-October, U.S. EPA acknowledged that the proposed rule for the Cleaner Trucks Initiative would be released in the first quarter of 2021. The agency had hoped to publish the proposed rule in September, but the timeline has been delayed. The rule will update the NOx emissions standards for on-highway heavy-duty trucks. An advance Notice of Proposed Rule was published on January 6, 2020, soliciting pre-proposal comments on the rule.

More information can be found at

<https://www.epa.gov/regulations-emissions-vehicles-and-engines/cleaner-trucks-initiative>

FEDERAL LEGISLATIVE ACTIVITIES

ZEV SALES LEGISLATION INTRODUCED

On October 20, Senator Jeff Merkley (D-OR) and Representative Mike Levin (D-CA) introduced the Zero-Emission Vehicles Act of 2020 to centralize what is currently a patchwork of state-level vehicle rules to boost the market for battery electric and hydrogen fuel cell vehicles. The standard would require that by 2025, 50 percent of sales for new passenger vehicles are ZEVs, and ramp up 5 percent each year to 100 percent by 2035. The ZEV standard only would be applied to the sale of new cars.

The bill is available at

<https://www.merkley.senate.gov/imo/media/doc/FINAL%20ZEV.pdf>

FEDERAL FUNDING ACTIVITIES

SOUTH COAST RECEIVES MILLIONS IN DERA FUNDING

On September 28, the U.S. EPA announced more than \$50 million in national grants under the Diesel Emission Reduction Act (DERA). The South Coast Air Quality Management District received \$2.24 million to electrify transportation refrigeration trucks in grocery fleets. This project will replace 64 transport refrigeration units (TRUs) with 32 hybrid electric TRUs and 32 all electric TRUs.

More information is available at

<https://www.epa.gov/dera/national-dera-awarded-grants>

FEDERAL RESEARCH ACTIVITIES

STUDY SHOWS OWNERSHIP COSTS OF EVs ARE MUCH LESS THAN TRADITIONAL VEHICLES

A new Consumer Reports White Paper titled, “Electric Vehicle Ownership Costs: Today’s EVs Offer Big Savings for Consumers,” shows EV drivers will save thousands of dollars over a vehicle’s lifetime compared to traditional gasoline-fueled vehicles. The report finds that lifetime ownership costs for the most popular EVs on the market under \$50,000 are typically \$6,000 to \$10,000 less than the best gas-powered vehicles in their class. These savings can be attributed to EV drivers paying about half as much to repair and maintain their vehicles, spending approximately 60 percent less to power their vehicles with electricity instead of gasoline, and the fact that EVs with 200+ miles of range hold their value as well as comparable gas-powered cars.

The report is available at

<https://advocacy.consumerreports.org/wp-content/uploads/2020/10/EV-Ownership-Cost-Final-Report-1.pdf>

REPORT DETAILS AVAILABILITY OF ZERO-EMISSION TRUCKS AND BUSES

A report led by the Environmental Defense Fund, “Race to Zero: How Manufacturers are Positioned for Zero-Emission Commercial Trucks and Buses in North America,” shows that manufacturers are ready to meet demand for these vehicles in the United States and Canada. It documents the zero-emission models that are being prototyped or deployed commercially as of July 2020 – both by original equipment manufacturers and startup companies – and concludes that the era of uncertainty could soon be coming to an end because of the increasing number and diversity of zero-emission models that are commercially available. The report identifies that at least 125 zero-emission truck and bus models are in production, development or demonstration. Over the past five years, sales of zero-emission commercial vehicles have increased by nearly a factor of 10. There are models for each of the distinct

major segments of the heavy-duty vehicle market, including transit and school buses, delivery vans, box trucks and combination trucks. Every major truck and bus manufacturer is developing at least one all-electric vehicle model or is part of an industry collaboration to bring zero-emission vehicles to market.

To read the report, please visit

https://www.edf.org/sites/default/files/documents/Race%20to%20Zero-ICCT_EDF_PQ-FINAL.pdf