



Air Resources Board

Mary D. Nichols, Chairman


1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov



Edmund G. Brown Jr.
Governor

Matthew Rodriguez
Secretary for
Environmental Protection

TO: Jim McKinney
Program Manager
California Energy Commission

FROM: Lucina Negrete 
Branch Chief
Innovative Strategies Branch

DATE: February 13, 2014

SUBJECT: REVISED STAFF DRAFT 2014-15 INVESTMENT PLAN FOR THE
ALTERNATIVE AND RENEWABLE FUEL AND VEHICLE TECHNOLOGY
PROGRAM

California Energy Commission

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The staff of the Air Resources Board (ARB or Board) appreciates the opportunity to support the proposed investments in the 2014-15 Investment Plan for the Alternative and Renewable Fuel and Vehicle Technology Program, Revised Staff Draft (Investment Plan). I commend Energy Commission staff on the continued hard work and detailed analysis that went into producing the Investment Plan. It is worth noting that this is the first Investment Plan prepared after the successful collaborative effort that resulted in Assembly Bill 8 (Perea, Chapter 401, Statutes of 2013), which extended Assembly Bill 118 and related funding programs through January 1, 2024. Our continued agency collaboration at the staff, management, and Executive level continues to benefit our respective programs by assuring coordinated investments that help meet the State's long-term climate, air quality improvement, and petroleum dependency reduction goals and commitments.

ARB staff offers the following recommendations for Energy Commission consideration:

1. Electric Vehicle Charging Infrastructure: ARB supports the proposed funding allocation of \$15 million for electric vehicle charging infrastructure. We continue to recommend that new public funding be focused on Level II units, and that funding of chargers at multi-family housing and the workplace should receive priority over funding for single-family and other public charging. This is especially critical as such prioritization is key in helping break through the market barriers

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

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and widening the consumer base for plug-in vehicles (PEVs) where the ability to install a charger in a single-family home garage does not exist. To that end, demonstrating multi-family housing charger models and workplace charger models is an important next step.

We also encourage consideration of dedicated funding for residential charging infrastructure in disadvantaged communities and for lower-income households. ARB staff is evaluating potential opportunities to provide additional funding for both new and used PEVs in these communities and households, in coordination with the Enhanced Fleet Modernization Program, and through pilot projects such as carsharing and public fleet incentives. Providing an opportunity for infrastructure funding that complements vehicle funding can significantly help to overcome barriers to deployment of advanced clean vehicle technologies in disadvantaged communities.

2. Natural Gas Vehicles: The Investment Plan discusses ARB efforts to develop an optional reduced oxides of nitrogen (NOx) emission standard for heavy-duty vehicles, which would provide an opportunity for California certification of engines that are cleaner than the current NOx standard of 0.20 grams per brake horsepower-hour (g/bhp-hr). The Board approved the proposed optional NOx standard regulation in December, 2013, and it will take effect in 2014 once approved by the Office of Administrative Law. The approved regulation establishes the next generation of optional NOx emission standards for heavy-duty engines of 0.1 g/bhp-hr, 0.05 g/bhp-hr, and 0.02 g/bhp-hr (i.e., 50 percent, 75 percent, and 90 percent lower respectively than the current standard of 0.20 g/bhp-hr). The new optional NOx standard will only provide emission benefits and pave the way for future cleaner engines if manufacturers choose to certify engines to the optional standards. Therefore, we encourage the Energy Commission to consider eligibility criteria that would preferentially provide funding for natural gas vehicles that are certified to ARB's optional NOx standard. ARB staff is prepared to work with Energy Commission staff to identify appropriate timelines to implement such a funding preference.
3. Biofuels Strategy: The Investment Plan proposes an overall allocation of \$20 million for biofuel production and supply. Even though the Energy Commission has awarded \$35.9 million cumulatively to date for diesel substitute's production, we encourage the Energy Commission to continue to emphasize strategic investments in diesel substitutes because there are fewer known technology and fuels alternatives for diesel vehicles relative to gasoline vehicles. While we recognize that the volume of gasoline consumed in California currently is higher than the volume of diesel consumed—and therefore there is

significant opportunity for near-term benefits with gasoline substitutes—we nonetheless urge the Energy Commission to continue to fund diesel substitutes as a long-term technology pathway for diesel vehicles and other equipment.

4. Vehicle Deployment: ARB also supports the Investment Plan allocations to augment ARB's incentive funding for light-duty electric vehicle deployment in California. Demand for rebates through the Clean Vehicle Rebate Project (CVRP) is currently at unprecedented levels, reaching a new record of over 3,500 rebates in December, 2013. The Investment Plan proposal to provide up to \$5 million in funding for CVRP would help to support rebate funding during a critical year as ARB develops recommended policy changes to effectively support advanced clean car deployment within a sustainable budget. To that end, we appreciate the input your staff has provided on policy options such as vehicle retail price caps, consumer income caps, and reduced rebate amounts, among others.

As you know, the Governor's proposed budget for fiscal year 2014-15 includes \$200 million in Greenhouse Gas Reduction Fund investments for low carbon transportation, which is expected to support CVRP and the expansion of advanced clean truck incentives (through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project) and freight demonstration projects. Together, the demand for these and other low carbon transportation projects will be significant, and the strong demand in fiscal year 2014-15 highlights the critical need for complementary investments provided through the Investment Plan.

Thank you for the opportunity to comment on the staff draft Investment Plan. ARB looks forward to continuing our partnership to implement the AB 118 program with strategic investments that foster technology and fuel advancements to reduce greenhouse gas and criteria pollutant emissions. If you have any questions, please contact Mr. Peter Christensen, Manager of the Air Quality Improvement Program section, at (916) 322-1520 or pchrste@arb.ca.gov.

cc: Randy Roesser
Deputy Director
California Energy Commission

Peter Christensen, Manager
Air Quality Improvement Program
Mobile Source Control Division

