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CARB approves \$533 million funding plan for clean transportation investments

Funding plays critical role in California's transition to cleanest trucks, cars to help state achieve clean air, climate and equity goals

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CONTACTS

Melanie Turner

Office of Communications

melanie.turner@arb.ca.gov

(916) 322-2990

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SACRAMENTO – The California Air Resources Board today approved a \$533 million plan to fund clean car rebates, zero-emission transit and school buses, clean trucks, and other innovative, clean transportation and mobility pilot projects.

The Fiscal Year 2019-20 Funding Plan for Clean Transportation Incentives, largely funded with cap-and-trade proceeds, is part of California's comprehensive strategy for improving air quality and reducing greenhouse gas emissions in the transportation sector, the state's largest source of air pollution and climate-changing gases. Of the \$533 million total, \$485 million comes from the cap-and-trade program; the remainder – \$48 million – is from the Air Quality Improvement Program. CARB uses this funding to accelerate development and early commercial deployment of the cleanest vehicle technologies and to improve access to clean transportation for all Californians.

“California is backing up our tough vehicle pollution regulations with money to help individuals and businesses access the newest, cleanest technologies. It will take a mix of incentives and mandates to meet public health and climate goals,” CARB Chair Mary D. Nichols said. “We need to speed up the pace of change, and these investments play an important role in assuring the state remains home to the nation's largest fleet of advanced vehicles.”

The plan serves as a blueprint for expending funds appropriated to CARB in budget bills passed this year by the Legislature and signed by the Governor, including \$485 million from cap-and-trade auction proceeds. The plan establishes priorities for the funding, describes the projects CARB intends to fund, and sets funding targets for each project.

Investments made in previous years' Funding Plans have been tremendously successful. As a result, two programs, the statewide Clean Vehicle Rebate (CVRP) and Hybrid and Zero-Emission Truck and Bus Voucher Incentive Projects (HVIP), have been oversubscribed. The plan includes changes to each to ensure these popular programs more effectively address the need to accelerate the cleanup and transformation of California's vehicle fleet. Changes to CVRP include a maximum base MSRP of \$60,000 for vehicle eligibility. The Board also took further action to limit plug-in hybrid electric vehicle eligibility to only those vehicles that achieve a minimum 35-mile electric range, as determined by CARB. The plan also graduates hybrid vehicles and 8.9-liter natural gas low-NO_x engines out of HVIP.

Building on previous years, the FY 2019-20 plan continues to prioritize environmental justice by addressing specific community needs and increasing awareness of, and access to, cleaner transportation and mobility options in disadvantaged and low-income communities. The plan also continues investments in heavy-duty zero-emission

demonstration and pilot projects in the freight sector, helping to spur innovation that is needed to meet California's clean air and climate goals.

Highlights of the FY 2019-20 Plan include:

- **\$238 million** for the Clean Vehicle Rebate Project (CVRP), with a stipulation that \$25 million be used to fund increased rebates for low-income consumers. CVRP promotes clean-vehicle adoption by offering rebates for the purchase or lease of new, eligible zero-emission vehicles, including electric, plug-in hybrid electric and fuel cell vehicles.
- **\$182 million** for clean trucks, buses and off-road freight equipment, including \$142 million for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and \$40 million for advanced technology demonstration and pilot projects in the heavy-duty sector.
- **\$65 million** for Clean Transportation Equity Projects to continue efforts to increase access to clean transportation and mobility options benefitting low-income communities and households. These include funding for existing projects such as Clean Cars 4 All, which provides incentives for lower-income drivers to scrap and replace older, high-polluting cars with zero- or near-zero-emission cars, and school bus replacements. Two new projects to increase outreach and support communities in their planning efforts also will receive funding.
- **\$48 million** in Air Quality Improvement Program funding to clean up heavy-duty truck emissions. Demand is expected to rise as a result of a new law that will only allow trucks that are compliant with California's Truck and Bus Regulation to be registered by the Department of Motor Vehicles.

More than 90 percent of funding for the plan, or \$485 million, comes from California Climate Investments, a statewide program that puts billions of cap-and-trade dollars to work reducing greenhouse gas emissions, strengthening the economy and improving public health and the environment — particularly in disadvantaged communities.

Over the past six years, the Legislature has appropriated more than \$2.2 billion for low-carbon transportation projects from the cap-and-trade program. These investments are an essential element in the state's transition to a low-carbon economy and meeting 2030 GHG emissions reductions targets of 40 percent below 1990 levels.

CARB's large-scale investments are helping to move the needle in advancing clean vehicle technologies. The state's \$770 million investment in consumer rebates for ZEV passenger vehicles, for example, has contributed to California leading the nation in ZEV deployment. One in 10 new car sales in California is a plug-in car; and half of all plug-in cars sold in the United States to date — almost 600,000 — are in California.

Funds also come from the Air Quality Improvement Program (AQIP) with an annual budget of about \$28 million. AQIP is an incentive program for mobile sources of air pollution. It has provided funding for CVRP, HVIP and projects that demonstrate advanced emission reduction vehicle technologies since 2009. In recent years, AQIP funding has been used exclusively to support CARB's truck loan program, which helps small trucking fleets purchase cleaner trucks.

By coordinating investment decisions across programs and fostering a comprehensive portfolio through additional sources such as AQIP and Volkswagen mitigation funds, CARB is able to maximize benefits and see transformative clean transportation pilot projects come to fruition in communities across the state.

Investments demonstrate continued support for emission reduction goals set forth in California's Climate Change Scoping Plan, Mobile Source Strategy, State Implementation Plans, and Sustainable Freight and Zero-Emission Vehicle Action Plans.

FY 2019-20 Funding Plan

CARB's mission is to promote and protect public health, welfare, and ecological resources through effective reduction of air pollutants while recognizing and considering effects on the economy. The CARB oversees all air

pollution control efforts in California to attain and maintain health based air quality standards.

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