



# Clean Transportation Policy Update

October 19, 2017- November 15, 2017

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This issue of the *Clean Transportation Policy Update* focuses exclusively on regulatory and policy activities related to clean transportation matters. A summary of the recently concluded California legislative session can be found in last month's update.

## Key State Activities

### REGULATORY ACTIVITIES

#### SB 375 FINAL REPORT ISSUED

On October 13, ARB released the final Proposed Update to the SB 375 Greenhouse Gas Emission Reduction Targets. The report details ARB staff's recommendations for the updated targets and the technical and policy rationale supporting the recommendations. For the SCAG region, ARB recommends a target stronger than SCAG proposed during the target setting process. ARB is recommending that the 2035 target for the MPO be a 21 percent reduction in GHG emissions, while SCAG proposed that its target be an 18 percent reduction. ARB's higher target is based on a review of the analysis submitted by SCAG and ARB staff's approach of applying the midpoint of the identified reduction range (3 percent) to what the region has achieved in its currently adopted Sustainable Communities Strategy. Differences between ARB and MPO staff's approaches include quantification of the rebound effect (increased overall driving due to increasing vehicle fuel efficiency because fuel costs per mile decreases) and the potential for additional land use and transportation strategies. The Board was supposed to consider the final report at its November meeting; however, staff is now trying to get the process finalized in time for the December meeting.

The update is available at

[https://www.arb.ca.gov/cc/sb375/final\\_staff\\_proposal\\_sb375\\_target\\_update\\_october\\_2017.pdf](https://www.arb.ca.gov/cc/sb375/final_staff_proposal_sb375_target_update_october_2017.pdf)

  
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## SCOPING PLAN UPDATE

On October 12, ARB held a workshop to discuss the 2017 Scoping Plan Update. The workshop discussion focused on updated modeling results reflecting provisions of AB 398, updated economic refinements to the modeling, and a discussion of how AB 617 activities will complement the plan. A revised draft of the Scoping Plan was released on October 27. A final plan will be released prior to the December ARB meeting, when the Board will consider adoption of the final plan.

The plan is available at

<https://www.arb.ca.gov/cc/scopingplan/revised2017spu.pdf>

## LCFS UPDATE

On November 6, ARB held a workshop to discuss the development of program amendments to the Low Carbon Fuel Standard (LCFS). Topics included: the protocol for carbon capture and sequestration projects; crediting provisions for refineries; renewable electricity and hydrogen crediting provisions; an update to the life cycle analysis modeling tool; and credit trading provisions. The first Board hearing on the proposed amendments likely will be in February or March of 2018. Once finalized, the regulatory amendments will become effective January 1, 2019.

Information about the workshops can be found at

[https://www.arb.ca.gov/fuels/lcfs/lcfs\\_meetings/lcfs\\_meetings.htm](https://www.arb.ca.gov/fuels/lcfs/lcfs_meetings/lcfs_meetings.htm)

## 2018 CA RAIL PLAN RELEASED

On October 11, Caltrans released the 2018 California State Rail Plan, which provides a framework for rail network planning for the next 20 years and beyond. The plan identifies service goals, capital costs and a phased strategy for achieving state investment in an efficient and effective passenger rail system. In Southern California, there was an open house in Los Angeles at Metro Headquarters on November 15 to review the plan, provide comments, explore an interactive mapping tool and talk with project staff. Public comments are due by December 11.

The plan can be found at

<http://www.dot.ca.gov/californiarail/>

**UPDATE ON VW SETTLEMENT ENVIRONMENTAL MITIGATION TRUST**

At the October 26 ARB meeting, staff updated the Board on California's allocation of the Volkswagen Environmental Mitigation Trust, which provides approximately \$423 million for the state to mitigate excess NOx emissions caused by VW's use of illegal emissions software in some of its diesel vehicles. The trust provides funding opportunities for specified "scrap and replace" projects for the heavy-duty sector, including on-road freight trucks, transit and shuttle buses, school buses, forklifts and port cargo handling equipment, commercial marine vessels, and freight switcher locomotives. Part of the presentation highlighted the potential for funding/mitigation. The requirements for eligible bus projects are as follows: 1992-2012 engine model year; Class 4-8 (GVWR > 14,000 lbs); repowers and replacements; and that existing bus and/or engine must be scrapped. Charging infrastructure for electric buses would be eligible as well. ARB is proposing to use up to 15 percent of the Appendix D funds for light-duty electric vehicle supply equipment, which would enable transit agencies to seek funding for EV chargers at Park and Ride lots. Funds are expected to be available in fall of 2018.

More information is available at

[https://www.arb.ca.gov/msprog/vw\\_info/vsi/vw-mititrust/vw-mititrust.htm?utm\\_medium=email&utm\\_source=govdelivery](https://www.arb.ca.gov/msprog/vw_info/vsi/vw-mititrust/vw-mititrust.htm?utm_medium=email&utm_source=govdelivery)

**FUNDING ACTIVITIES****CA CLIMATE INVESTMENTS ACTIVITIES**

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

Low Carbon Transportation Program (ARB)

This program has several ongoing projects including the Clean Vehicle Rebate Project (CVRP) for zero-emission or plug-in hybrid light-duty vehicles, and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). On November 9, ARB released the FY 2017-18 Funding Plan for Clean Transportation Incentives, which the Board will consider at its December meeting.

For more information, please visit

<https://www.arb.ca.gov/msprog/aqip/aqip.htm>

Transit and Intercity Rail Capital Program (CalSTA)

On October 13, CalSTA released the 2018 call for projects and the 2018 Guidelines for the Transit and Intercity Rail Capital Program. On November 8 and 9, CalSTA and Caltrans held optional pre-application meetings to

discuss project concepts for Southern California applicants by appointment. Applications are due by January 12, 2018. By July 1 of next year, CalSTA will approve the initial five-year program of projects for the program and additional five-year programs will be approved by April 1 of each even-numbered year after that.

More information can be found at

<http://www.dot.ca.gov/dgmt/sptircp.html>

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

Caltrans held two workshops on the draft guidelines for the 2017-18 Low Carbon Transit Operations Program – one of which will be held in Ontario on November 16. Comments on the guidelines are due by November 22. The tentative program schedule is as follows:

- December 2017 – Caltrans releases the final FY 2017-18 LCTOP Guidelines
- January 2018 – State Controller’s Office (SCO) notifies agencies of available funding for the fiscal year
- March 2018 – Transit agencies submit allocation requests to Caltrans
- May 2018 – Caltrans and ARB approve list of projects and submit list to SCO
- By June 30, 2018 – SCO releases approved project amounts to recipients

For more information, please visit

<http://www.dot.ca.gov/dgmt/splctop.html>

#### Affordable Housing and Sustainable Communities Program (SGC)

The 2016-17 Notice of Funding Availability (NOFA) and application for the 2016-17 Affordable Housing and Sustainable Communities Program were released on October 2. Applications are due by January 16, 2018, and awards will be announced in June 2018.

The NOFA is available at

<http://www.hcd.ca.gov/grants-funding/active-funding/docs/AHSC-Round-3-NOFA.pdf>

#### Transformative Climate Communities Program (SGC)

Several applicants for the 2016-17 Transformative Climate Communities Program (TCCP) program that were invited to submit full implementation grant proposals are located in the South Coast Air District:

- Green Together: Northeast Valley, City of Los Angeles, Trust for Public Land (lead applicant)
- Watts Rising Collaborative: Housing Authority of the City of Los Angeles (lead applicant)

- South LA Transformative Climate Communities GHG Reduction Project: City of Los Angeles, LA Metro (lead applicant)
- Ontario Connects – People Places Prosperity: City of Ontario (lead applicant)

SGC received seven concept proposals for implementation grants, and six were invited to submit full applications. The deadline to submit full applications for implementation grant proposals and for planning grant proposals is November 30. Award recipients will be announced in January 2018.

More information is available at

<http://sgc.ca.gov/Grant-Programs/Transformative-Climate-Communities-Program.html>

### **DRAFT FY 2018-19 INVESTMENT PLAN FOR ARFVTP AVAILABLE**

On November 2, the California Energy Commission released the draft 2018-2019 Investment plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP). The plan proposes to invest \$95.2 million in the following categories:

- Alternative Fuel Production – Low carbon fuel production and supply = \$2 million
- Alternative Fuel Infrastructure = \$40 million (note: there is no funding allocated for natural gas fueling infrastructure as there had been in previous years)
  - Electric charging infrastructure = \$20 million
  - Hydrogen refueling infrastructure = \$20 million
- Alternative fuel and advanced technology vehicles – Advanced freight and fleet technologies = \$17.5 million (note there is no funding allocated for natural gas vehicles as there had been in previous years)
- Related needs and opportunities = \$12.7 million
  - Manufacturing = \$5 million
  - Emerging opportunities = \$4.2 million
  - Workforce training and development = \$3.5 million

Previous allocations were \$100 million per year; however, beginning with FY 2017-18, the ARFVTP is now required to fund program support costs from the annual appropriation, which reduces the amount of funding available for project allocations. A workshop was held on November 7 to receive public input on the plan. Comments are due by November 17.

The draft plan is available at

[http://docketpublic.energy.ca.gov/PublicDocuments/17-ALT-01/TN221664\\_20171102T105305\\_20182019\\_Investment\\_Plan\\_Update\\_for\\_the\\_Alternative\\_and\\_Renewable\\_Fuel\\_and\\_Vehicle\\_Technology\\_Program.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/17-ALT-01/TN221664_20171102T105305_20182019_Investment_Plan_Update_for_the_Alternative_and_Renewable_Fuel_and_Vehicle_Technology_Program.pdf)

**2019 ACTIVE TRANSPORTATION PROGRAM KICKS OFF**

On October 26, the CTC began the 2019 Active Transportation Program (ATP) process with a guidelines development workshop in Sacramento. Earlier in the month, the CTC published a guidelines discussion draft that covers fiscal years 2019-2023, and incorporates the new \$100 million in annual funding from the Road Maintenance and Rehabilitation Act Account thanks to SB 1. A workshop on the guidelines was held on November 9 in Los Angeles, and there is a workshop slated for the Inland Empire in December. The tentative schedule for the development and adoption of the 2019 ATP is as follows:

- January 31, 2018 – Draft ATP guidelines presented to CTC
- March 21, 2018 – CTC hearing and guidelines adoption
- March 21-22, 2018 – CTC adopts ATP fund estimate
- March 26, 2018 – Call for projects released
- May 30, 2018 – Project applications due to Caltrans
- October 30, 2018 – Staff recommendations for statewide and small urban and rural portions of the program released
- December 5-6 – CTC adopts staff recommendations; funding not programmed are distributed to large MPOs based on location
- March 2019 – Commission adopts MPO selected projects

More information is available at  
<http://www.catc.ca.gov/programs/ATP.htm>

**RESEARCH ACTIVITIES****REPORT FINDS RIDE-HAILING SERVICES MEAN LESS TRANSIT AND BIKING**

UC Davis' Institute of Transportation Studies released, "Disruptive Transportation: The Adoption, Utilization, and Impacts of Ride-Hailing in the United States," which examined the transit habits of more than 4,000 ride-hailing service users in Los Angeles, San Francisco, New York, Washington DC, Boston, Chicago and Seattle. The researchers found that companies like Lyft and Uber take away customers from public transit while increasing the number of car trips and vehicular miles in each city. Regular use of these services leads to a six percent reduction in bus use and a three percent reduction in light rail use; however, there was a three percent increase in the use of heavy-commuter rail (e.g., Caltrain). The top reason cited as to why these services are used instead of taking public transit was that public transportation is too slow. The report concludes that ride-hailing is likely to contribute to growth in VMT in these major cities.

More information is available at  
<https://its.ucdavis.edu/research/publications/>

## CALIFORNIA LEGISLATIVE ACTIVITIES

The Legislature is in recess until January 3, 2018.

## Key Federal Activities

## FEDERAL REGULATORY ACTIVITIES

**NEW CLIMATE REPORT FINDS CLIMATE CHANGE PRIMARILY CAUSED BY HUMAN ACTIVITY**

At the beginning of November, the U.S. Global Climate Change Research Program released the “Climate Science Special Report,” which provides a comprehensive assessment of climate change science, with a focus on the United States, to serve as the foundation for efforts to assess climate-related risks and to inform decision makers about how to best respond. The report concludes that it is extremely likely that human activities, especially emissions of greenhouse gases, are the dominant cause of the observed warming since the mid-20th century. It affirms that the United States is already experiencing more extreme heat and rainfall events and more large wildfires in the West, that more than 25 coastal U.S. cities already are experiencing more flooding, and that seas could rise by between 1 and 4 feet by the year 2100 (and maybe even more than that if Antarctica proves to be unstable). The research finds that even though the rate in emissions growth slowed as economic growth became less carbon intensive in 2014 and 2015, it is not yet at a rate that would limit global average temperature change to well below 3.6°F (2°C) above preindustrial levels.

The report is available here  
<https://science2017.globalchange.gov/>

## FEDERAL LEGISLATIVE ACTIVITIES

**NEW BILL WOULD WEAKEN FEDERAL FUEL ECONOMY STANDARDS**

On October 12, H.R. 4011 – the Fuel Economy Harmonization Act – was introduced by Representatives Fred Upton (R-MI) and Debbie Dingell (D-MI). The bill would relax the current standards in place, which were finalized in 2012, that require automakers to almost double the fuel economy of their vehicles to 54.5 MPG by 2025. This would lead to a cut in production of more fuel efficient and zero emission vehicles.

On a related note, U.S. EPA could come out with its recommendations on the Midterm Review of the 2025 target (which was deemed by the Obama Administration to be achievable) late in November or by mid-December. The National Highway Traffic Safety Administration announced plans for fuel economy regulations for MY2022-25, and is planning to conclude its rulemaking by the end of 2017. Should NHTSA adopt regulations that are

found to be in conflict with EPA standards, it would trigger a series of events that could jeopardize California's Clean Car standards.

The bill language can be found here

<https://www.congress.gov/bill/115th-congress/house-bill/4011?r=17>

### **HOUSE REPUBLICAN TAX PLAN IMPACTS CLEAN TRANSPORTATION**

The House federal tax plan – the Tax Cuts and Jobs Act - would have negative consequences for electric vehicles and transit. The plan released by the House Ways and Means Committee eliminates the \$7,500 electric vehicle tax credit that currently is available to the purchasers of the first 200,000 qualifying clean vehicles from each auto manufacturer, after the 2017 tax year. This could hurt the market because automakers have relied on this tax credit to help incentivize the purchase of these vehicles and grow the market. (It appears that the Senate's tax reform proposal would preserve the EV tax credit). Additionally, the tax proposal would remove the incentive for employers to offer commuter tax benefits to their employees. While employers would still be allowed to either give employees untaxed transportation money as a fringe benefit or to deduct it as pre-tax income from their paychecks, the employers themselves would not be able to write-off the expense. The cap for the transit and parking subsidies would remain \$260 per month for 2018.

More information can be found at

[https://waysandmeansforms.house.gov/uploadedfiles/tax\\_cuts\\_and\\_jobs\\_act\\_section\\_by\\_section\\_hr1.pdf](https://waysandmeansforms.house.gov/uploadedfiles/tax_cuts_and_jobs_act_section_by_section_hr1.pdf)

## **FEDERAL RESEARCH ACTIVITIES**

### **REPORT ON EV CHARGING INFRASTRUCTURE**

Ceres' new report, "Accelerating Investment in Electric Vehicle Charging," evaluates the need for EV infrastructure to accommodate plug-in electric vehicles in the 12 largest utility service territories in seven states, including California. These 12 utilities serve 60 percent of the residential customers in these states, with 41.8 million customers and nearly 80 million vehicles. The analysis found that an infrastructure investment of \$17.6 billion in these service territories would yield benefits of \$58 billion by 2035. After 2035, annual net benefits will increase faster than additional charging infrastructure investments, so cumulative net benefits would continue to increase over time. These investments would be aligned with the necessary regional, state and local goals to reduce greenhouse gas emissions by 80 percent by 2050.

The report is available at

<https://www.ceres.org/resources/reports/accelerating-investment-electric-vehicle-charging-infrastructure>