



Clean Transportation Policy Update

October 20, 2018 - November 14, 2018

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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

ARB CONSIDERED CLEAN TRANSPORTATION REGULATIONS AT SEPTEMBER MEETING

On September 28, the California Air Resources Board (ARB) adopted the deemed to comply language changes to its clean cars standards clarifying that California only intended to harmonize its standards with the robust 2012 federal clean cars standard and not with any weakened federal rollback. The Board's action paved the way for at least 12 other states, constituting more than one-third of the U.S. auto market, to also benefit from California's current clean car standards.

Additionally, ARB discussed the proposed Innovative Clean Transit Rule, calling for a transition to a zero emission bus (ZEB) statewide transit fleet by 2040. Staff noted in its presentation that there will be two additional proposed changes to the rule that will be included in the 15-day changes document. The fleet size definition will be modified so that large transit agencies will be defined now as those with more than 100 peak buses if serving populations with more than 200,000 people, or with more than 65 peak buses in the South Coast or the San Joaquin Valley. Additionally, to satisfy the early compliance provision, the first target to be met by 2023 will be lowered from 1,000 to 850 ZEBs, and the second target to be met by 2024 will be raised from 1,150 to 1,250 ZEBs. This change was made based on a recent survey that ARB conducted of transit agencies.

Public comments on the proposed rule lasted more than three hours; speakers represented bus and battery manufacturers, air districts, utilities, environmental and business groups, labor unions and transit

agencies. The 15-day changes were released on November 9. ARB will vote on final adoption of the rule in January 2019.

The previous day, ARB adopted the final amendments to the Low Carbon Fuel Standard (LCFS). The amendments, effective January 1, 2019, extend the program to 2030 and incorporate a variety of provisions, including crediting for zero-emission fast refueling infrastructure based on station capacity, inclusion of alternative jet fuel, third-party verification, and carbon capture and storage. An LCFS workshop will be held on November 28 to discuss: implementation of the fuel pathways application and certification process; implementation of the carbon capture sequestration protocol; the reporting of fuel and credit transactions; the application process for ZEV fueling infrastructure crediting; and implementation of third-party verification.

More information is available at

<https://ww2.arb.ca.gov/ma092718>

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 (ARB)

ARB approved the final funding plan for FY 2018-19 for low carbon transportation investments and the Air Quality Improvement Program at its October 25 meeting. The plan allocates \$455 million for low carbon transportation investments and \$28.6 million for the Air Quality Improvement Program.

For more information about the Low Carbon Transportation Program, please visit

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

Transit and Intercity Rail Capital Program (CalSTA)

The call for the next round of the five-year Transit and Intercity Rail Capital Program (TIRCP) has not yet been released; the projects are not slated for approval until April 2020. For FY 2018-19, it is projected that \$123 million in cap-and-trade proceeds will be generated for the TIRCP.

More information can be found at

<http://www.dot.ca.gov/drrmt/sptirpc.html>

Low Carbon Transit Operations Program (Caltrans)

The process for the next funding cycle for the Low Carbon Transit Operations Program (LCTOP) is scheduled to begin at the end of the year with the publication of the FY 2018-19 LCTOP guidelines. It is projected that \$123 million in cap-and-trade proceeds will be generated in FY 2018-19 for the LCTOP.

For more information, please visit

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

Affordable Housing and Sustainable Communities Program (SGC)

On October 29, the Strategic Growth Council (SGC) released the round 4 Notice of Funding Availability and Application for the Affordable Housing and Sustainable Communities Program. There is approximately \$395 million in funding available to invest in projects that include affordable housing and transportation improvements to encourage walking, bicycling, and transit use resulting in fewer passenger vehicle miles travelled. The schedule for the AHSC program is as follows:

- November – SGC to hold six statewide workshops to provide an overview of the finalized 2017-18 Guidelines, Quantification Methodology, Application and NOFA, as well as conduct individual appointments with potential applicants to review proposed projects
- February 11, 2019 – Applications due
- Mid-February-May 2019 – Review applications
- June 2019 – Present award recommendations to SGC for final approval

More information is available at

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

TRANSPORTATION PLANNING GRANTS

More than \$40 million is available from Caltrans for FY 2019-20 transportation planning grants, mostly funded through SB 1. The grants are designed to support local agencies' efforts to plan more sustainable communities, reduce transportation-related GHGs and adapt to the effects of climate change. The available transportation planning grants include:

- \$29.5 million in sustainable communities grants to encourage local and regional planning that furthers state climate goals
- \$4.5 million in strategic partnership grants to identify transportation deficiencies on the state highway system and funds projects that address multimodal deficiencies with a focus on transit
- \$6 million in adaptation planning grants to support planning activities at local and regional levels that advance efforts to ensure the transportation system is resilient to respond to climate change and extreme weather events

Applications are due by November 30.

For more information, please visit

<http://www.dot.ca.gov/hq/tpp/grants.html>

CLEAN FREIGHT GRANTS

At the end of September, ARB announced that approximately \$205 million in grants from the Zero and Near Zero Emission Freight Facility Program were awarded to 11 projects designed to accelerate the adoption of clean freight technologies and reduce air pollution from goods movement in California. In the South Coast region, the following projects will receive funding:

- Volvo Low-Impact Green Heavy Transport Solutions (LIGHTS): The South Coast Air Quality Management District will receive \$44.8 million to deploy 23 Class 8 Volvo battery electric trucks and 24 zero-emission forklifts, along with 58 heavy-duty fast chargers and other related equipment in Ontario, Chino, Fontana and Placentia. There will be a partner match of \$45.9 million.

- Next Generation Fuel Cell Delivery Van Deployment: The Center for Transportation and the Environment will receive \$5.4 million to deploy four fuel cell hybrid electric delivery vans for UPS for a minimum 12-month demonstration project in Chino. There will be a partner match of \$5.8 million.
- Zero Emissions for California Ports: The Gas Technology Institute will receive \$8 million to demonstrate two fuel cell yard trucks at the Port of Los Angeles. There will be a partner match of \$6.3 million.
- Zero-Emission Freight “Shore to Store” Project: The Port of Los Angeles (POLA) will receive \$41.1 million to deploy ten Kenworth and Toyota fuel cell Class 8 trucks, build two new large-capacity hydrogen fueling stations in Wilmington and Ontario, and deploy two electric yard tractors at the Port of Hueneme and two zero-emission forklifts at Toyota’s POLA warehouse. There will be a partner match of \$41.4 million.
- Sustainable Terminals Accelerating Regional Transformation (START) Project Phase 1: The Port of Long Beach, as the lead applicant, will receive \$50 million for a project expected to benefit the Ports of Long Beach, Oakland and Stockton as part of a near-zero and zero-emission supply chain that will deploy 38 electric yard tractors, nine electric gantry cranes, 18 electric heavy lift forklifts, 15 zero emission Class 8 trucks, a hybrid tugboat, two ocean-going vessels with selective catalytic reduction installations, and other state-of-the-art port-related equipment. There will be a partner match of \$52.9 million.
- Zero-Emission Beverage Handling and Distribution at Scale: The Center for Transportation and the Environment will receive \$5.5 million to deploy 21 battery-electric Class 8 trucks at four Anheuser-Busch distribution facilities, and to commission solar generation at its Carson facility. There will be a partner match of \$5.8 million.
- Fuel Cell Hybrid Electric Delivery Van Deployment: The Center for Transportation and the Environment will receive \$4.3 million to expand a project with UPS in Ontario that will yield 15 new zero-emission vehicles. There will be a partner match of \$5.2 million.

More information is available at

<https://ww2.arb.ca.gov/news/carb-announces-more-200-million-new-funding-clean-freight-transportation>

ARB TO CONSIDER CAP-AND-TRADE INVESTMENT PLAN

ARB is slated to approve the FY 2019-22 Cap-and-Trade Auction Proceeds Third Investment Plan at its November meeting. The Department of Finance, in consultation with ARB and other state agencies, is required to submit the plan to the Legislature, which includes recommended appropriations for CCI programs over the next three annual budget cycles. The plan identifies future investment priorities and strategies to expand the scope and reach of the existing CCI. Priorities include: continued focus on GHG emission reductions, increased community-level projects and participation, greater funding certainty to allow longer-term planning, and an increased emphasis on additional economic, environmental, and public health benefits.

The plan is available at

<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/revised-draft-three-year-investment-plan-final.pdf>

VW SETTLEMENT FUNDS PLAN TO BE APPROVED BY ARB

At its November meeting, ARB will consider approval of the second cycle of the California Zero Emission Vehicle Investment Plan developed by Volkswagen's subsidiary Electrify America. The plan outlines how Electrify America will spend the second installment of \$200 million in California to expand the deployment of EVs and infrastructure throughout the state over the next 30 months. The following investments have been proposed:

- ZEV charging infrastructure - \$153 million
- ZEV public education campaign - \$17 million
- Boosting station utilization through marketing - \$10 million
- Operational expenses - \$20 million

More information is available at

https://www.arb.ca.gov/msprog/vw_info/vsi/vw-zevinvest/documents/c2zevplan_100318.pdf

WORKSHOP ON ARFVTP HELD

On November 8, the California Energy Commission (CEC) held a meeting and public workshop for the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP). Staff presented an overview of the proposed allocations in the 2019-2020 ARFVTP Investment Plan Update. Additionally, the ARFVTP Advisory Committee discussed the \$100 million available for the investment plan and received input from the public. Public comments on the document are due by November 21. The final plan is slated to be adopted next spring.

For more information, please visit

<https://www.energy.ca.gov/altfuels/2018-ALT-01/documents/>

OTHER NEWS

PROP. 6 DEFEATED

On November 6, Proposition 6, which would have repealed the gas tax passed in 2017, was defeated by a vote of 55.1% to 44.9%. This result will leave SB 1 (the Road Repair and Accountability Act) in place. SB 1 generates approximately \$5.4 billion annually from taxes on gasoline, diesel and an increase in vehicle registration fees for road, highway and bridge repair, as well as more transit services.

More information about SB 1 is available at

<http://rebuildingca.ca.gov/>

CALIFORNIA LEGISLATIVE ACTIVITIES

The 2019-20 Legislature returns on December 3 for an organizing session.

Key Federal Activities

FEDERAL ADMINISTRATION ACTIVITIES

PRESIDENT SIGNS CONTINUING RESOLUTION WHICH CONTINUES FEDERAL TRANSPORTATION FUNDING

On September 28, the President signed a Continuing Resolution that will continue to fund many federal agencies, including the U.S. Department of Transportation, until December 7, 2018. While this will delay the deadline to avoid a lapse of funding, the House and Senate Appropriations Committees will continue to work to resolve differences in their respective versions of the Transportation, Housing and Urban Development funding bills for FY 2019.

For more information, please visit

<https://www.appropriations.senate.gov/news/president-signs-defense-package-into-law-enacts-most-on-time-spending-bills-in-two-decades>

PRESIDENT ORDERS RULEMAKING FOR EXPANDING E15 WAIVERS

On October 11, the President directed U.S. EPA to initiate a rulemaking to expand the waiver for E15 and allow gasoline containing 15% ethanol to be sold all year instead of only eight months, thus allowing it to be sold during the summer when ozone levels are highest. EPA said it will release its proposal by February to have the final rule in place by June 1, 2019.

Additional information can be found at

<https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-expanding-waivers-e15-increasing-transparency-in-market/>

FEDERAL ADMINISTRATIVE ACTIVITIES

CLEAN CARS NPRM COMMENT PERIOD CLOSES

On October 26, the public comment period closed for the Notice of Proposed Rulemaking (NPRM) for the Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for Model Years 2021-2026 Passenger Cars and Light Trucks. ARB submitted a 400-page response to the Administration's attempt to roll back federal clean cars standards. The comments submitted included a letter from 21 attorneys general and the cities of Oakland, Los Angeles, San Francisco and New York. More than 595,000 were submitted prior to the deadline. Negotiations between the federal agencies and ARB have not progressed over the last few months, but a video conference meeting was scheduled for November 13.

To read ARB's comments, please visit

https://ww2.arb.ca.gov/carbs-comments-safe-proposal?utm_medium=email&utm_source=govdelivery

FEDERAL RESEARCH ACTIVITIES

REPORT ON FUTURE OF FLEET ELECTRIFICATION

A new report commissioned by UPS titled, "Curve Ahead: The Future of Fleet Electrification," documents industry stakeholders' main motivations and barriers to electrification, as well as strategies to move the commercial electric fleet into the mainstream. Key findings of the report include:

- The primary motivators for electrifying fleets are achieving sustainability goals (83% percent of respondents) and lowering total cost of ownership (64%)
- The top barriers are a prohibitive initial purchase price (55%), lack of EV charging infrastructure at facilities (44%) and lack of product availability (35%)
- Ninety-two percent of respondents indicated that their organization is not well equipped with onsite EV charging infrastructure for commercial vehicles.
- There is an opportunity for businesses to work together with suppliers, government and utilities - 70 % of survey respondents indicated that they collaborate with suppliers but less than half currently collaborate with government or with utilities.

To read the report, please visit

https://sustainability.ups.com/media/UPS_GreenBiz_Whitepaper_v2.pdf

STUDY ON EVs IN FREIGHT TRANSPORT

The Rocky Mountain Institute and the North American Council for Freight Efficiency have released a second study on electric trucks titled, “Guidance Report: Medium-Duty Electric Trucks - Cost of Ownership.” This guidance document is designed to help fleet owners understand the many factors to consider in selecting medium-duty, commercial battery-electric vehicles (CBEVs), including the costs and benefits to think about when estimating return on investment. The study’s key takeaways are:

- CBEVs have many unknowns because there is little long-term field history. However, the unknowns are not stopping fleets from buying CBEVs and getting firsthand operational data
- Daily, return-to-base urban cycles below 100 miles are well-suited for battery-electric drivetrains; and
- The primary justification of CBEVs is to meet zero-emissions objectives

For more information, please visit

<https://nacfe.org/future-technology/medium-duty-electric-trucks-cost-of-ownership/>