



Clean Transportation Policy Update

June 17 – September 15, 2021

Key State Activities

ADMINISTRATION ACTIVITIES

FY 2021-22 STATE BUDGET APPROVED

On June 14, the Legislature approved the state budget; however, many of the details were worked out in subsequent budget negotiations between the Legislature and the Governor's office. On June 28, a supplemental budget agreement, or "Budget Jr. Bill," was reached that expedited the allocation of the clean transportation funds. Over three years, the allocations are as follows:

- **1,000 transit buses and infrastructure** – \$200 million (California Air Resources Board - CARB), \$90 million (California Energy Commission - CEC) directed toward programs to support these investments
- **1,000 drayage trucks and infrastructure** – \$220 million (CARB), \$250 million (CEC) directed toward programs to support these investments
- **1,000 school buses and infrastructure** – \$400 million (CARB), \$50 million (CEC) directed toward programs to support these investments
- **Clean Trucks, Buses and Off-Road Program** – \$500 million (CARB)
- **Drayage Truck and Infrastructure Pilot Project** – \$40 million (CARB), \$25 million (CEC)
- **Clean Vehicle Rebate Project (CVRP)** – \$525 million (CARB)
- **Clean Cars 4 All and Transportation Equity Projects** – \$400 million (CARB)
- **Clean Transportation Program/ZEV Infrastructure** – \$500 million (CEC)

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Additional information can be found at

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB128

HEAVY-DUTY INSPECTION AND MAINTENANCE PROGRAM WORKSHOP

On August 3, CARB hosted a workshop to discuss the proposed regulatory text and findings of SB 210 pilot efforts for the Heavy-Duty Inspection and Maintenance (HD I/M) Program, which is under development. The purpose of this new program is to ensure heavy-duty vehicles have properly functioning emissions control systems and that emissions-related issues are repaired in a timely manner. SB 210 directed CARB to develop the HD I/M Program and to implement pilot program activities that develop and demonstrate technologies that show potential for readily bringing vehicles into the program. Under the legislation, CARB is to adopt and implement the HD I/M program within two years of completing the pilots. This was CARB's fifth public workshop on the program's development.

For more information, please visit

<https://content.govdelivery.com/accounts/CARB/bulletins/2e641ca>

FOURTH CAP-AND-TRADE INVESTMENT PLAN RELEASED

On August 19, the California Air Resources Board (CARB) released the Draft Cap-and-Trade Auction Proceeds Fourth Investment Plan, to help guide the Legislature's investment of cap-and-trade proceeds in fiscal years 2022-2023 and 2024-2025. The plan includes five recommended sector-specific investment priorities for the Greenhouse Gas Reduction Fund (GGRF):

- *Sustainable transportation and communities – This includes active transportation investments, zero-emission shared mobility options, transit and rail services, and zero-emission light-, medium-, and heavy-duty vehicles and equipment.*
- *Low carbon energy, buildings and industry*
- *Natural and working lands*
- *Livestock*
- *Waste diversion*

CARB hosted a workshop on September 2 to receive public input on the plan. Comments are due September 17.

For more information, please visit

https://ww2.arb.ca.gov/sites/default/files/2021-08/ip4_draft_cap-and-trade_auction_proceeds_fourth_investment_plan.pdf?utm_medium=email&utm_source=govdelivery

AUGUST CAP-AND-TRADE AUCTION RESULTS

The results from the August 18 joint California-Quebec cap-and-trade auction set records. All of the current 71,261,536 allowances were sold, clearing at the settlement price of \$23.30. All of the 8,306,250 advanced vintage allowances were sold, as well, at a settlement price of \$23.69. The August auction generated more than \$1 billion for the California Climate Investments Program. The next auction will be conducted on November 17.

Additional information can be found at

https://ww2.arb.ca.gov/sites/default/files/2021-08/nc-aug_2021_summary_results_report_0.pdf

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 August 26, the second public workshop for the Clean Vehicle Rebate Project for FY 2021-22 was held. Staff provided an analysis of the program changes and held a discussion about program changes under consideration.

On August 24, CARB hosted a workshop on the guidelines for the Clean Cars 4 All program. Staff discussed potential modifications to allow for statewide expansion of the program and received public input on the changes.

On July 28, CARB held a work group meeting for the FY 2021-22 Long-Term Heavy-Duty Investment Strategy. Topics included updates on technology status, metrics of success and a three-year funding priorities table. This strategy eventually will be incorporated into the upcoming FY 2021-22 Funding Plan for Clean Transportation Incentives.

More information is available at

<https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program/low-0>

Affordable Housing and Sustainable Communities Program (Strategic Growth Council)

Awards for the 2019-20 Affordable Housing and Sustainable Communities (AHSC) Program are scheduled to be announced on October 28.

More information is available at

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

WORKSHOP ON CLEAN TRANSPORTATION INCENTIVES

On August 4, CARB held a second public workshop on the FY 2021-22 Funding Plan for Clean Transportation Incentives, which outlines CARB's proposed investments for the \$1.5 billion zero-emission vehicle package and Air Quality Improvement Program included in the state budget. This funding includes:

- *\$838 million from the General Fund to support the Clean Vehicle Rebate Project (CVRP), clean trucks, buses and off-road equipment, and the deployment of drayage trucks, transit buses, and school buses*
- *\$565 million for Low Carbon Transportation investments with \$100 million specified for CVRP, \$150 million specified for clean transportation equity projects, and \$315 million specified for heavy-duty vehicle and off-road freight equipment*
- *A one-time investment of \$86.45 million from the Air Pollution Control Fund, originating from the Daimler and Fiat Chrysler Settlements, to support heavy-duty vehicle and off-road freight equipment*
- *\$48.64 million for the Air Quality Improvement Program*
- *\$45 million for the Carl Moyer Program*

Additional information can be found at

https://ww2.arb.ca.gov/sites/default/files/2021-07/discussiondoc_08042021.pdf

INVESTMENT PLAN UPDATE FOR CLEAN TRANSPORTATION PROGRAM

On September 8, the CEC released the 2021-2023 Investment Plan Update for the Clean Transportation Program. The total proposed \$95.2 million in funding for 2021-22, \$95.2 million for 2022-23, and \$47.6 million for 2023-24 (half of the fiscal year) would be allocated as follows:

- *Light-duty EV charging infrastructure and e-mobility - \$74 million*
- *Medium- and heavy-duty zero-emission vehicles and infrastructure - \$74 million*
- *Public hydrogen fueling infrastructure - \$50 million*
- *Zero- and near-zero carbon fuel production and supply - \$25 million*
- *Workforce training and development - \$15 million*

An Advisory Committee meeting will be held on September 16 to discuss the plan.

The plan is available here:

<https://www.energy.ca.gov/event/meeting/2021-09/clean-transportation-program-investment-plan-advisory-committee-meeting>

RESEARCH ACTIVITIES

REPORT ON EQUITABLE SITING OF EV CHARGERS

A new report by the American Council for an Energy Efficiency Economy titled, “Siting Electric Vehicle Supply Equipment (EVSE) with Equity in Mind,” presents insights into how equity is and can be included in utility EVSE planning to ensure that the benefits of transportation electrification can reach all communities. The report presents an overall picture of the state of equitable EVSE siting. It also describes state and public utility commission requirements for utilities to locate infrastructure in low and middle-income communities and the types of EV uses under consideration. The report also examines utility filings to describe their infrastructure investments and provides a discussion of community engagement efforts and best practices.

The report is available at

https://www.aceee.org/sites/default/files/pdfs/siting_evse_with_equity_final_3-30-21.pdf

OTHER NEWS

PROJECT 800 UPDATE

CARB’s Project 800 initiative is designed to get 800 zero-emission drayage truck orders to be placed in California this year. As of the end of August, 461 heavy-duty vehicles had been ordered. CARB has already started planning to continue the project’s momentum to have 1,000 additional trucks ordered in 2022.

To track the project’s progress, please visit

<https://californiahvip.org/impact/#project-800>

AQMP ADVISORY GROUP MEETINGS

On August 27, the South Coast Air Quality Management District’s Air Quality Management Plan (AQMP) Advisory Group held a meeting. Topics discussed included:

- the 2022 AQMP Reasonably Available Control Measures Demonstration Methodology for Stationary Sources;
- updates on the 2022 AQMP Emissions Inventory and air quality monitoring;
- the meteorological impact on high ozone episodes in the South Coast Air Basin;
- updates on the AQMP working groups

The next meeting will be held in October or November.

On September 24, the AQMP Mobile Source Working Group will hold a meeting on zero-emission infrastructure to solicit comments and feedback.

More information can be found at

<https://www.aqmd.gov/nav/about/groups-committees/aqmp-advisory-group>

CALIFORNIA LEGISLATIVE ACTIVITIES

The Legislature adjourned on September 10. The Governor has until October 10 to sign or veto bills passed by the Legislature.

LEGISLATION

CLEAN FUEL VEHICLES POLICY & INCENTIVES

AB 117 (Boerner Horvath)

Summary

This bill relates to the Clean Vehicle Rebate Project and would allow incentives for purchasing electric bikes to be eligible under the program.

This bill failed to pass out of committee by the deadline, so it has become a two-year bill.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB117

AB 363 (Medina)

Summary

This bill relates to the On-Road Heavy-Duty Voucher Incentive Program (VIP). It would require CARB, upon appropriation by the Legislature, to develop project grant criteria and guidelines for a new On-Road Heavy-Duty Vehicle Incentive Program (VIP2) that shall provide additional incentives for projects eligible for program funding that are deployed in disadvantaged communities. For purposes of the VIP2, the state would be authorized to allow existing engines or existing vehicles, as defined, regardless of model year, and all on-road heavy-duty vehicle types, regardless of vehicle type or application to participate in VIP2.

This bill failed to pass out of committee by the deadline, so it has become a two-year bill.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB363

AB 1110 (Rivas)

Summary

This bill establishes the position of Clean Vehicle Ombudsperson within the Governor's Office of Business and Economic Development (GO-Biz), who would, among other things, consult with appropriate entities to increase participation in a statewide contract or leveraged procurement agreement, as specified. This bill requires the Strategic Growth Council (SGC) to review and make a recommendation on providing financial assistance to facilitate climate catalyst projects that consist of the acquisition of zero-emission fleet vehicles.

This bill failed to pass out of committee by the deadline, so it has become a two-year bill.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1110

AB 1389 (Reyes, Friedman, Rivas)

Summary

This bill relates to the Alternative and Renewable Fuel and Vehicle Technology Program. It would revise the list of projects that the CEC is required to make eligible for funding to include, among others, medium- and heavy-duty research, pilot, demonstration and deployment projects that reduce emissions and particulate matter from fleets in the goods movement and public transit sectors. At least 50 percent of the money appropriated to the program would be for projects located in and benefitting disadvantaged communities. Along with SB 726, this is one of the ZEV budget policy bills.

This has become a two-year bill.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1389

SB 372 (Leyva)

Summary

This bill would require the California Pollution Control Financing Authority to establish a program to make financing tools and nonfinancial support available to the operators of medium- and heavy-duty vehicle fleets to enable those operators to transition their fleets to zero-emission vehicles. It expands eligibility to include AB 617 communities, adds reporting requirements, and specifies funds that may be allocated to the program.

This bill was sent to the Governor on September 9.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB372

SB 551 (Stern)

Summary

This bill would establish the California Electric Vehicle Authority within the GO-Biz office to coordinate activities among state agencies to advance EVs and zero-emission charging infrastructure deployment, as well as ensure related equity, workforce development, economic development and other needs are addressed.

This bill failed to pass out of committee by the deadline, so it has become a two-year bill

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB551

TRANSPORTATION PLANNING, OPERATIONS AND FUNDING

AB 965 (Levine)

Summary

This bill would require the Department of Housing and Community Development and the Building Standards Commission to propose building standards regarding the installation of future electric vehicle charging infrastructure for existing multi-family unit dwellings and non-residential development by July 1, 2024, or the publication of the next interim California Building Code.

This bill failed to pass out of committee by the deadline, so it has become a two-year bill

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB965

SB 671 (Gonzalez)

Summary

This bill would establish the Clean Freight Corridor Efficiency Assessment to be developed by the California Transportation Commission. The Commission would be required to identify freight corridors throughout the state that would be priority candidates for the deployment of zero-emission medium- and heavy-duty vehicles.

This bill was sent to the Governor on September 9.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB671

SB 726 (Gonzalez)

Summary

This bill would update the CEC's Clean Transportation Program and would require the CEC and CARB to develop a Sustainable Transportation Strategy to identify plans, actions and required funding needed to meet California's GHG reduction and criteria pollutant reduction goals in a cost-effective and efficient manner. Along with AB 1389, this is one of the ZEV budget policy bills.

This has become a two-year bill.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB726

Key Federal Activities

FEDERAL LEGISLATIVE ACTIVITIES

E-BIKE LEGISLATION INTRODUCED

On July 22, Senator Brian Schatz (D-Hawaii) introduced the Electric Bike Incentive Kickstart for the Environment (E-BIKE) Act, to promote the use of e-bikes through a refundable consumer tax credit. The E-BIKE Act creates a tax credit that would: cover 30 percent of the cost of a class 1-3 e-bike, up to a \$1,500 credit; apply to new electric bicycles that cost less than \$8,000, including cargo e-bikes; be fully refundable, allowing lower-income riders to claim the credit; and includes electric tricycles which can be beneficial for people with disabilities.

For more information please visit

https://www.schatz.senate.gov/imo/media/doc/e-bike_act.pdf

FEDERAL RESEARCH ACTIVITIES

ANALYSIS ON LOW- AND ZERO-EMISSION ZONES

A new report by the Union of Concerned Scientists and the Greenlining Institute, “Low- and Zero-Emission Zones; Opportunities and Challenges in Designing Equitable Transportation Policies,” highlights Europe’s more than 250 low- and zero-emission zones and explores whether this could be a useful policy in the United States. It investigates whether zero-emission zones can be designed equitably and, if so, how such zones can be implemented in California while considering both the diverse needs of each community and regulatory constraints. The report recommends, where feasible, states should make regulatory changes to allow low-emission zones to be designed by cities such that specific needs of the communities are addressed, and encourage these zones to be developed with public oversight and stakeholder engagement. States should also provide cities with technical assistance, funding, and measurement, evaluation, and learning resources needed to make the most of pilot projects, especially in under-resourced communities.

For more information, please visit

<https://www.ucsusa.org/resources/low-and-zero-emissions-zones>