



Clean Transportation Policy Update

November 17, 2022 – January 18, 2023

Key State Activities

ADMINISTRATION ACTIVITIES

CLIMATE AND TRANSPORTATION HIGHLIGHTS FROM GOVERNOR'S DRAFT 2023-24 STATE BUDGET

Governor Newsom released his proposed \$297 billion FY 2023-24 state budget on January 10. There is a projected shortfall of \$22.5 billion, so the proposed budget plans to make cuts to some of the previous years' funding allocations. The 2021 and 2022 Budget Acts allocated approximately \$54 billion over five years to advance the state's climate goals. The proposed budget maintains about \$48 billion of these investments. It also states that if there is sufficient funding in the General Fund in January 2024, most of the funding will be restored.

With respect to zero-emission vehicles (ZEVs), the 2021 and 2022 Budget Acts committed \$10 billion over five years. The proposed budget maintains \$8.9 billion of this funding (89 percent). It also includes \$2.5 billion of General Fund reductions across various ZEV programs, which will be offset partially by approximately \$1.4 billion in funding shifts to cap-and-trade funds. The state will also pursue additional federal funding to help offset the decrease in state funds. Significant ZEV budget adjustments include:

- **Equitable zero-emission vehicles and infrastructure** – a reduction of \$745 million in General Funds, which is partially offset by a shift of \$535 million to the Greenhouse Gas Reduction Fund (GGRF). This maintains about \$2.1 billion (91 percent) for programs that expand affordable and convenient ZEV infrastructure access in low-income communities.
- **Heavy-duty zero-emission vehicles and supporting infrastructure** – a reduction of \$1.5 billion in General Funds, which is partially offset by a shift of \$839 million to the GGRF. This

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maintains approximately \$5.3 billion (89 percent) for programs that support drayage, transit and school buses, and port ZEVs and infrastructure.

- **Zero-emission mobility** – a reduction of \$184 million in General Funds, which is partially offset by a shift of \$25 million to the GGRF. This maintains approximately \$180 million (53 percent) for sustainable community-based transportation equity projects that increase access to zero-emission mobility in low-income communities.
- **Emerging opportunities and federal programs** – a reduction of \$133 million in General Funds, which is partially offset by a shift of \$40 million to the GGRF. This maintains about \$1.3 billion (93 percent) to invest in demonstration and pilot projects in high carbon-emitting sectors, such as maritime, aviation, rail, and other off-road applications, as well as support for hydrogen infrastructure and vehicle grid integration.

To achieve the state’s climate and clean transportation goals, the 2022 Budget Act called for \$13.8 billion in funding for transportation projects. The proposed budget includes \$2.7 billion in General Fund reductions, partially mitigated by an additional \$500 million from state transportation funds, to maintain \$11.6 billion (84 percent) of these investments. Significant budget adjustments include:

- **Transit and Intercity Rail Capital Program** – a reduction of planned funding in 2023 and 2024 from \$2 billion each year to \$1 billion in 2023-24 and \$500 million in 2024-25 and 2025-26. This maintains approximate \$5.7 billion (74 percent) of the original \$7.7 billion planned additional funds for local transit capital infrastructure projects.
- **Active Transportation Program** – a reduction of \$500 million in General Funds, with \$300 million of the reduction being restored from the State Highway Account funds, for a net reduction of \$200 million. This will allow the program to sustain all of the programming capacity approved in the 2023 programming cycle.
- **Climate Adaptation Program** – a shift of \$200 million in General Funds with \$200 million in State Highway Account funding, which will not impact the project funding that has been allocated.

The Legislature will hold budget hearings in the coming months and the Governor will issue a revised budget in May.

The proposed budget is available at

<https://ebudget.ca.gov/budget/2023-24/#/Home>

REGULATORY ACTIVITIES

CARB ADOPTS SCOPING PLAN

On December 15, the California Air Resources Board (CARB) unanimously approved the 2022 Scoping Plan, which provides the roadmap to put California on a path to cut greenhouse gas emissions (GHGs) by 85 percent and to achieving carbon neutrality by 2045. The plan addresses key sectors, including: transportation; a clean electricity grid; sustainable manufacturing and buildings; carbon dioxide removal and capture, short-lived climate

pollutants; and natural and working lands. By 2045, the shift away from fossil fuels will achieve the following goals:

- Reducing fossil fuel consumption to less than one-tenth of what we use today – a 94 percent reduction in demand
- Cutting GHGs by 85 percent below 1990 levels
- Reducing smog-forming air pollution by 71 percent
- Creating 4 million new jobs
- Saving Californians \$200 billion in health costs due to pollution in 2045

The Scoping Plan is available at

<https://ww2.arb.ca.gov/sites/default/files/2022-11/2022-sp.pdf>

WORKSHOP ON LIGHT-DUTY CHARGING PROJECTS

On January 26, the California Energy Commission (CEC) will host a workshop to discuss potential light-duty electric vehicle charging infrastructure projects. Staff will present concepts for future funding projects and will receive stakeholder input on ideas, concepts and proposals for funding projects.

Additional information is available at

<https://www.energy.ca.gov/event/workshop/2023-01/workshop-funding-allocations-light-duty-passenger-electric-vehicle-charging>

ZERO-EMISSION FORKLIFT RULEMAKING WORKSHOP

On January 24, CARB will hold a virtual workshop to discuss the regulatory proposal being developed to accelerate the transition of internal-combustion forklifts to zero-emission technology. At the workshop, staff will continue the discussion on the draft proposal and ask for feedback on the regulatory concepts presented. In addition, staff will provide an overview of CARB's process for preparing the Environmental Analysis, which will be released later in the year.

For more information, please visit

<https://content.govdelivery.com/accounts/CARB/bulletins/33b046b>

ZERO-EMISSION BUS WORKGROUP

On January 31, CARB will host a virtual workgroup meeting to discuss how to move toward a one hundred percent zero-emission bus fleet. Panelists will include California transit agencies, the Governor's Office of Business Administration and Economic Development (GO-Biz), Caltrans, the CEC, the California Public Utilities Commission, electric utilities, hydrogen

suppliers, and station builders. Panelists will present current successes and discuss challenges and solutions on the infrastructure needed for a full-scale conversion.

Additional information is available at

<https://content.govdelivery.com/accounts/CARB/bulletins/34127c9>

ANNUAL REPORT ON HYDROGEN STATIONS IN CA

In late December, the CEC and CARB issued its joint agency staff report, “2022 Annual Assessment of Time and Cost Needed to Attain 100 Hydrogen Refueling Stations in California.” As of November 11, 2022, 62 stations have opened for retail sales. Investments from the CEC’s Clean Transportation Program, the Volkswagen Mitigation Trust Fund, and the private sector, are expected to support 200 hydrogen refueling stations, which are scheduled to be open by 2027. The CEC estimates the network of 200 stations will have the capacity to serve nearly 274,000 light-duty fuel cell vehicles. At least 13 of these stations will have the capacity to serve medium- and heavy-duty vehicles.

To read the report, please visit

https://www.energy.ca.gov/publications/2022/joint-agency-staff-report-assembly-bill-8-2022-annual-assessment-time-and-cost?utm_medium=email&utm_source=govdelivery

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 January 6, the Implementation Work Group held a virtual meeting to discuss the joint grant solicitation for financing assistance and the Statewide Clean Cars 4 All Projects. The solicitation is scheduled to be released in the second half of January and will be open for 30 days. CARB will review applications by mid-March, and announce selected grantees in late March or early April.

On January 6, the Pre-Solicitation Work Group for the FY 2021-2022 Adult Education and Vocational Schools ZEV Workforce Training Project held a virtual meeting to discuss the \$1.5 million program. The solicitation is expected to be released in February, with a May deadline to submit applications. Notice of Awards will be made in July.

On January 18, the Implementation Work Group will hold its second virtual public meeting to discuss planning and capacity building for Clean Mobility in Schools, and the Sustainable Transportation Equity Project. The meeting will focus on the technical assistance and administrator solicitation, funding priorities, and scoring criteria.

More information is available at

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

Low Carbon Transit Operations Program (Caltrans)

In early 2023, the State Controller's Office is slated to announce the FY 2022-23 Low Carbon Transit Operations Program eligibility list.

For more information, please visit

<https://dot.ca.gov/programs/rail-and-mass-transportation/low-carbon-transit-operations-program-lctop>

Transit and Intercity Rail Capital Program (CalSTA)

The Call for Projects for the 2023 Transit and Intercity Rail Capital Program was released in mid-November. Project applications are due on February 10. CalSTA anticipates making award announcements on April 24.

Additional information can be found at

<https://calsta.ca.gov/subject-areas/transit-intercity-rail-capital-prog>

MOYER AND "SOON" FUNDING AVAILABLE

Starting on January 10, the South Coast Air Quality Management District (SCAQMD) began accepting applications for the 2023 Carl Moyer Program, including the Surplus Off-Road Opt-In for NOx (SOON) Provision. Approximately \$51 million in funding is available. Eligible funding categories include:

- On-road heavy-duty vehicles, including transit fleet vehicles, drayage trucks, transportation refrigeration units (TRUs), solid waste vehicles, public agency/utility vehicles and emergency vehicles (fire apparatus)
- Off-road equipment, including:
 - Marine engine repowers and retrofits
 - Ship-side shore power (if the project is not subject to CARB's At-Berth Regulation)
 - Construction equipment
 - Agricultural mobile equipment (loaders, tractors, water pulls, etc.)
 - Locomotives
 - Cargo handling equipment
- Infrastructure to fuel a zero or near-zero emission heavy-duty vehicle or equipment, including but not limited to: on-road heavy-duty vehicles, cargo handling equipment, and marine vessels (shore power)

Applications are due by May 9.

For more information, please visit

[http://www.aqmd.gov/home/programs/business/carl-moyer-memorial-air-quality-standards-attainment-\(carl-moyer\)-program](http://www.aqmd.gov/home/programs/business/carl-moyer-memorial-air-quality-standards-attainment-(carl-moyer)-program)

CEC's 2022-23 INVESTMENT PLAN UPDATE FOR CLEAN TRANSPORTATION PROGRAM

On December 15, the CEC approved the 2022-23 Investment Plan Update for the Clean Transportation Program. The plan includes an unprecedented \$2.9 billion in funding to accelerate California's 2025 electric vehicle charging and hydrogen refueling goals. CEC staff estimates that the funding will result in 90,000 new EV chargers across the state. Combined with other funding from utilities and other programs, these investments are expected to help the state achieve its goal of deploying 250,000 chargers by 2025. New ZEV infrastructure funding for 2022-2026 includes:

- **Medium- and heavy-duty ZEV infrastructure** - \$1.7 billion
- **Light-duty EV charging infrastructure** - \$900 million
- **ZEV manufacturing** - \$118 million
- **Hydrogen refueling infrastructure** - \$90 million
- **Emerging opportunities, such as aviation, locomotive, marine vessels, and vehicle-grid integration** - \$97 million
- **Zero- and near-zero carbon fuel production and supply** - \$15 million
- **Low-carbon fuels** - \$15 million
- **Workforce development** - \$10 million

For more information, please visit

<https://www.energy.ca.gov/publications/2022/2022-2023-investment-plan-update-clean-transportation-program>

CALIFORNIA LEGISLATIVE ACTIVITIES

The Legislature reconvened on January 4.

Senate President pro Tem Atkins appointed the Senate Committee Chairs for the 2023-24 legislation session. Relevant Chair appointments include:

- **Appropriations** – Anthony Portantino (D-25)
- **Budget** – Nancy Skinner (D-9)
- **Budget Subcommittee No. 2 on Resources, Environmental Protection and Energy** – Josh Becker (D-13)
- **Budget Subcommittee No. 5 on Corrections, Public Safety, Judiciary, Labor and Transportation** – Maria Elena Durazo (D-26)
- **Energy, Utilities and Communications** – Steven Bradford (D-35)
- **Environmental Quality** – Ben Allen (D-24)
- **Transportation** – Lena Gonzalez (D-33)

Assembly Speaker Rendon appointed the Assembly Committee Chairs for the upcoming legislative session. Relevant Chair appointments include:

- **Appropriations** – Chris Holden (D-41)
- **Budget** – Phil Ting (D-19)
- **Budget Subcommittee No. 3 on Climate Crisis, Resources, Energy, and Transportation** – Steve Bennett (D-38)
- **Transportation** – Laura Friedman (D-44)
- **Utilities and Energy** – Eduardo Garcia (D-56)

UPCOMING HEARINGS IN THE SENATE AND ASSEMBLY

Senate – None scheduled to date on relevant bills or topics.

Assembly – None scheduled to date on relevant bills or topics.

LEGISLATION

TRANSPORTATION PLANNING, OPERATIONS, AND FUNDING

AB 6 (Friedman)

Summary

This bill would state the intent of the Legislature to enact subsequent legislation that would require regional transportation agencies to prioritize and fund transportation projects, including those funded by a local sales tax measure, that significantly contribute towards the goals outlined in a region’s sustainable communities strategy and the state’s climate goals.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB6

AB 7 (Friedman)

Summary

This bill would state the intent of the Legislature to enact subsequent legislation that would eliminate single occupancy vehicle freeway capacity projects, and allow capacity projects only for bus rapid transit, rail, active transportation purposes, projects that significantly add safety, and projects that significantly reduce congestion, without interfering with existing maintenance and rehabilitation needs.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB7

AB 69 (Waldron)

Summary

This bill would authorize Greenhouse Gas Reduction Fund money to be allocated for an investment in a traffic signal synchronization component that is part of a roadway improvement project requiring multiple signals, including, but not limited to, multimodal redevelopment projects, rail trail projects, urban renewal projects, or a project near transit facilities, if the component is designed and implemented to achieve cost-effective reductions in GHG emissions and includes specific emissions reduction targets and metrics to evaluate the project's effect.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB69

SB 32 (Jones)

Summary

This bill would suspend the Low Carbon Fuel Standard regulations for one year. It also would suspend the imposition of the tax on motor vehicle fuels for one year. All the savings realized based on the suspension of these regulations would be passed on to the end consumer.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB32

CLIMATE CHANGE

AB 9 (Muratsuchi)

Summary

Existing law requires that statewide GHG emissions are reduced to at least 40 percent below the 1990 levels by December 31, 2030. This bill would instead require CARB to ensure that statewide GHG emissions are reduced to at least 55 percent below the 1990 level by December 31, 2030. This is a companion bill to SB 12.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB9

SB 12 (Stern)

Summary

Existing law requires that statewide GHG emissions are reduced to at least 40 percent below the 1990 levels by December 31, 2030. This bill would instead require CARB to ensure that statewide GHG emissions are reduced to at least 55 percent below the 1990 level by December 31, 2030. This is a companion bill to AB 9.

Complete Bill Information

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB12

Key Federal Activities

FEDERAL ADMINISTRATIVE ACTIVITIES

U.S. EPA ADOPTS HEAVY-DUTY VEHICLE RULE

On December 20, U.S. EPA adopted the final rule, “Control of Air Pollution from New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards,” that sets stronger emissions standards for heavy-duty vehicles and engines starting in 2027. In 2045, the rule will reduce nitrogen oxide (NOx) emissions from the in-use fleet of heavy-duty trucks by nearly 50 percent, and will provide health-related benefits for 2027 through 2045 of \$200 billion. This final rule is one of three major actions being taken under EPA’s “Clean Trucks Plan.” In 2023, the agency intends to propose two additional rulemakings: a proposal for the heavy-duty GHG standards “Phase 3” rule for model years 2027 and later; and the multipollutant standards proposal for light- and medium-duty vehicles for model years 2027 and later. EPA also intends to issue final decisions in 2023 regarding several California waiver requests for the state’s heavy-duty vehicle and engine emission standards.

More information is available at

<https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-and-related-materials-control-air-pollution>