Clean Transportation Funding from the MSRC
Mobile Source Air Pollution Reduction Review Committee



Clean Transportation Policy Update

October 20 – November 16, 2022

This issue of the Clean Transportation Policy Update focuses exclusively on regulatory and policy activities. Last month's update contains a summary of the second half of the 2021-2022 California legislative session.

IN THIS ISSUE:

Key State Activities

REGULATORY ACTIVITIES

ADVANCED CLEAN FLEETS HEARING

On October 27, the California Air Resources Board (CARB) held its first hearing on the Advanced Clean Fleets regulation. The regulation would require a phased-in transition of medium-, heavy-, and light-duty package-delivery fleet vehicles to zero-emission vehicles (ZEVs) from 2024 through 2042. It also would set an end date for sales of new combustion-powered fleet vehicles in the state by requiring all new medium- and heavy-duty vehicle sales to be ZEVs starting in 2040. More than 100 members of the public testified at the hearing, and the Chair directed staff to evaluate some changes to the rule and come back with an updated rule in early 2023. The final hearing is expected in the first half of 2023.

Additional information can be found at https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/acf22/notice.pdf?utm_medium=email&utm_source=govdelivery

LCFS WORKSHOP HELD

On November 9, CARB staff held a workshop to gather public input on potential changes to the Low Carbon Fuel Standard (LCFS). The workshop focused on options for increasing the stringency of the

carbon intensity targets for 2030 and beyond, the design of initial scenarios for modeling, describing the modeling approach, and soliciting alternatives. Stakeholder feedback is due by December 9, 2022.

For more information, please visit
https://ww2.arb.ca.gov/our-work/programs/low-carbon-fuel-standard/lcfs-meetings-and-workshops

HYDROGEN VEHICLES AND INFRASTRUCTURE REPORT

In late September, CARB released the 2022 Annual Hydrogen Evaluation Report that tracks fuel cell electric vehicle deployment and hydrogen fueling station development. California's hydrogen fueling network has expanded to 60 stations. If current projections are maintained, the state should have 98 open retail stations by the end of 2023 and the 100th station would be open in 2024. As of April 2022, CARB estimates that there are 11,134 fuel cell vehicles registered in the state. The report also provides CARB's analyses and recommendations for new station locations, capacities and other technical capabilities.

The report is available at
https://ww2.arb.ca.gov/sites/default/files/2022-09/AB-8-Report-2022-Final.pdf

REPORT DOCUMENTS PROGRESS ON CLEANING UP SCHOOL BUSES

CARB's 2022 SB 1403 School Bus Incentive Program Report shows the progress of the program to date and provides a blueprint for how CARB will invest the $1.8 billion appropriated by the State Legislature over the next five years. Over the past 20 years, a total of $1.2 billion has been invested in cleaning up school buses, including $255 million in the past year alone. Electric buses currently make up 2 percent of California's fleet of 23,800 school buses.

More information is available at
https://ww2.arb.ca.gov/news/new-report-shows-how-california-leading-nation-cleaning-school-buses

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 October 12, CARB released its FY 2022-23 Funding Plan for Clean Transportation Incentives, the roadmap for expending Low Carbon Transportation and Air Quality

Improvement Funds. The plan covers $2.6 billion appropriated in the Budget Act of 2022 and subsequent trailer bills. It includes:

- Vehicle purchase incentive programs (Clean Cars 4 All, Zero Emission Assurance Project) - $326 million
- Clean mobility investments - $55 million
- Zero-emission drayage trucks, school, and transit buses - $1.49 billion
- Clean trucks, buses, and off-road freight - $578 million
- Demonstration and pilot projects (advanced technology and commercial harbor craft) - $135 million
- Air Quality Improvement Program - $28.64 million

CARB is slated to approve the plan at its November 17 meeting.

Additionally, at the November meeting, CARB will consider proposed changes to the Carl Moyer Program related to the cost-effectiveness thresholds. Staff's proposal includes increasing the amount paid per weighted ton of pollution reduced.

The plan is available at
https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program/low-1

ZERO-EMISSION BUS FUNDING

On October 31, CARB opened the second installment of the Zero-Emission Transit, School and Shuttle Bus Program, funded through the Volkswagen Mitigation Trust. The San Joaquin Air Pollution Control District is administering the $65 million in funding to replace internal combustion engines with zero-emission buses, with incentives of up to $400,000 per vehicle. Approximately $45 million has already been awarded through the program to date.

For more information, please visit
https://ww2.valleyair.org/grants/vw-mitigation-trust/

CEC 2022-23 REVISED INVESTMENT PLAN UPDATE

In late September, the California Energy Commission (CEC) published the Revised Staff Report for the 2022-2023 Investment Plan Update for its Clean Transportation Program. For 2022-23, the Clean Transportation Program will allocate:

- **Light-duty infrastructure -** $30.1 million
- **Medium- and heavy-duty infrastructure -** $30.1 million
- **Hydrogen infrastructure -** $20 million
- **Zero- and near zero-carbon fuel production and supply -** $10 million
- **Workforce training and development -** $5 million

Through FY 2025-26, the plan allocates approximately $900 million to support light-duty vehicle charging infrastructure, and almost $1.7 billion to support medium- and heavy-duty charging through both program and General Fund funding.

For more information, please visit
https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=22-ALT-01

CALIFORNIA LEGISLATIVE ACTIVITIES

The Legislature has adjourned until December 5, when it will reconvene for an organizational session. The Governor has also called for a special session of the Legislature at that time to examine gas prices and oil company profits.

Key Federal Activities

FUNDING ACTIVITIES

"SMART" FUNDING AVAILABLE

The bipartisan infrastructure law created the Strengthening Mobility and Revolutionizing Transportation (SMART) program, with $100 million appropriated annually for FY 2022-2026 under the U.S. Department of Transportation. The program is now accepting applications for projects that demonstrate how technology such as autonomous vehicles, roadside sensors, arial drones, a smart grid, and traffic signals can be incorporated into transportation systems to address problems such as traffic congestion, crashes, and other commuter issues. The funding will be released in two stages; the first will be a planning and prototyping phase, with awardees receiving approximately $2 million each. From that group, the Department will select the final grantees, with individual awards expected around $15 million to implement the projects. The application deadline is November 18, with awards expected to be announced early next year.

More information is available at
https://www.transportation.gov/grants/SMART

RESEARCH ACTIVITIES

HEALTH BENEFITS OF ZERO-EMISSION TRUCKS

A new report by the American Lung Association, "Delivering Clean Air: Health Benefits of Zero-Emission Trucks and Electricity," focuses on the health benefits zero-emission technologies can bring along major trucking routes in the United States. As of 2020, medium- and heavy-duty trucks represent approximately 6 percent of the on-road fleet yet generate 59 percent of the ozone- and particle-forming NOx emissions and 55 percent of the particle pollution. These vehicles also create 26 percent of the transportation-based GHG emissions. The research estimates that transitioning to zero-emission technologies by 2050 could bring

the following benefits: $735 billion in public health benefits from cleaner air; 66,800 fewer premature deaths, 1.75 million fewer asthma attacks; and 8.5 million fewer lost workdays.

The report is available at
https://www.lung.org/clean-air/electric-vehicle-report#truck

FLEET ELECTRIFICATION RESOURCE

Environmental Defense Fund has created an interactive resource called the Fleet Electrification Solutions Center, a digital guide to help fleet professionals with their transition to zero-emission technologies. Fleets can follow the step-by-step process to develop a project management strategy; identify the appropriate charging equipment; work with utilities on an installation timeframe; define which vehicles are best for each application; and launch new vehicle deployments. The guide also has an extensive resource library of reports and case studies.

The guide can be found at
https://www.electricfleet.org/