

AMENDED IN SENATE AUGUST 17, 2010

AMENDED IN SENATE AUGUST 3, 2010

AMENDED IN SENATE JULY 15, 2010

AMENDED IN SENATE JULY 15, 2009

AMENDED IN SENATE JUNE 25, 2009

AMENDED IN ASSEMBLY MAY 6, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

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**ASSEMBLY BILL**

**No. 1106**

**Introduced by Assembly Member Fuentes**  
(Coauthors: Senators Price and Padilla)

February 27, 2009

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An act to amend Section 44272 of the Health and Safety Code, relating to alternative and renewable fuel and vehicle technology, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1106, as amended, Fuentes. Alternative and renewable fuel and vehicle technology.

The California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 establishes the Alternative and Renewable Fuel and Vehicle Technology Program, which is administered by the State Energy Resources Conservation and Development Commission. The program is required to provide, upon appropriation by the Legislature, competitive grants, revolving loans, loan guarantees, or other appropriate funding measures to public agencies, vehicle and technology entities, businesses and projects,

public-private partnerships, workforce training partnerships and collaboratives, fleet owners, consumers, recreational boaters, and academic institutions to develop and deploy innovative technologies that transform the state’s fuel and vehicle types to help attain the state’s climate change policies. The commission is authorized, until January 1, 2012, to contract with the Treasurer to expend funds through programs implemented by the Treasurer, if that expenditure is consistent with all of the requirements of the act.

This bill would *extend this authorization to contract with the Treasurer indefinitely, and would also authorize the commission, until January 1, 2012,* to contract with small business financial development corporations established by the Business, Transportation and Housing Agency to expend funds through the Small Business Loan Guarantee Program, if the expenditure is consistent with all of the requirements of the program ~~and the act.~~

*This bill would incorporate additional changes to Section 44272 of the Health and Safety Code proposed by SB 1340 that would become operative only if SB 1340 is enacted and this bill is enacted after SB 1340.*

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 44272 of the Health and Safety Code is  
 2 amended to read:  
 3 44272. (a) The Alternative and Renewable Fuel and Vehicle  
 4 Technology Program is hereby created. The program shall be  
 5 administered by the commission. The commission shall implement  
 6 the program by regulation pursuant to the requirements of Chapter  
 7 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
 8 Title 2 of the Government Code. The program shall provide, upon  
 9 appropriation by the Legislature, competitive grants, revolving  
 10 loans, loan guarantees, loans, or other appropriate funding  
 11 measures, to public agencies, vehicle and technology entities,  
 12 businesses and projects, public-private partnerships, workforce  
 13 training partnerships and collaboratives, fleet owners, consumers,  
 14 recreational boaters, and academic institutions to develop and

1 deploy innovative technologies that transform California’s fuel  
2 and vehicle types to help attain the state’s climate change policies.  
3 The emphasis of this program shall be to develop and deploy  
4 technology and alternative and renewable fuels in the marketplace,  
5 without adopting any one preferred fuel or technology.

6 (b) A project funded by the commission shall be approved at a  
7 noticed public hearing of the commission and shall be consistent  
8 with the priorities established by the investment plan adopted  
9 pursuant to Section 44272.5.

10 (c) The commission shall provide preferences to those projects  
11 that maximize the goals of the Alternative and Renewable Fuel  
12 and Vehicle Technology Program, based on the following criteria,  
13 as applicable:

14 (1) The project’s ability to provide a measurable transition from  
15 the nearly exclusive use of petroleum fuels to a diverse portfolio  
16 of viable alternative fuels that meet petroleum reduction and  
17 alternative fuel use goals.

18 (2) The project’s consistency with existing and future state  
19 climate change policy and low-carbon fuel standards.

20 (3) The project’s ability to reduce criteria air pollutants and air  
21 toxics and reduce or avoid multimedia environmental impacts.

22 (4) The project’s ability to decrease, on a life cycle basis, the  
23 discharge of water pollutants or any other substances known to  
24 damage human health or the environment, in comparison to the  
25 production and use of California Phase 2 Reformulated Gasoline  
26 or diesel fuel produced and sold pursuant to California diesel fuel  
27 regulations set forth in Article 2 (commencing with Section 2280)  
28 of Chapter 5 of Division 3 of Title 13 of the California Code of  
29 Regulations.

30 (5) The project does not adversely impact the sustainability of  
31 the state’s natural resources, especially state and federal lands.

32 (6) The project provides nonstate matching funds.

33 (7) The project provides economic benefits for California by  
34 promoting California-based technology firms, jobs, and businesses.

35 (8) The project uses existing or proposed fueling infrastructure  
36 to maximize the outcome of the project.

37 (9) The project’s ability to reduce on a life cycle assessment  
38 greenhouse gas emissions by at least 10 percent, and higher  
39 percentages in the future, from current reformulated gasoline and  
40 diesel fuel standards established by the state board.

1 (10) The project's use of alternative fuel blends of at least 20  
2 percent, and higher blend ratios in the future, with a preference  
3 for projects with higher blends.

4 (11) The project drives new technology advancement for  
5 vehicles, vessels, engines, and other equipment, and promotes the  
6 deployment of that technology in the marketplace.

7 (d) Only the following shall be eligible for funding:

8 (1) Alternative and renewable fuel projects to develop and  
9 improve alternative and renewable low-carbon fuels, including  
10 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,  
11 hydrogen, and biomethane, among others, and their feedstocks  
12 that have high potential for long-term or short-term  
13 commercialization, including projects that lead to sustainable  
14 feedstocks.

15 (2) Demonstration and deployment projects that optimize  
16 alternative and renewable fuels for existing and developing engine  
17 technologies.

18 (3) Projects to produce alternative and renewable low-carbon  
19 fuels in California.

20 (4) Projects to decrease the overall impact of an alternative and  
21 renewable fuel's life cycle carbon footprint and increase  
22 sustainability.

23 (5) Alternative and renewable fuel infrastructure, fueling  
24 stations, and equipment. The preference in paragraph (10) of  
25 subdivision (c) shall not apply to renewable diesel or biodiesel  
26 infrastructure, fueling stations, and equipment used solely for  
27 renewable diesel or biodiesel fuel.

28 (6) Projects to develop and improve light-, medium-, and  
29 heavy-duty vehicle technologies that provide for better fuel  
30 efficiency and lower greenhouse gas emissions, alternative fuel  
31 usage and storage, or emission reductions, including propulsion  
32 systems, advanced internal combustion engines with a 40 percent  
33 or better efficiency level over the current market standard,  
34 light-weight materials, energy storage, control systems and system  
35 integration, physical measurement and metering systems and  
36 software, development of design standards and testing and  
37 certification protocols, battery recycling and reuse, engine and fuel  
38 optimization electronic and electrified components, hybrid  
39 technology, plug-in hybrid technology, battery electric vehicle  
40 technology, fuel cell technology, and conversions of hybrid

1 technology to plug-in technology through the installation of safety  
2 certified supplemental battery modules.

3 (7) Programs and projects that accelerate the commercialization  
4 of vehicles and alternative and renewable fuels including buy-down  
5 programs through near-market and market-path deployments,  
6 advanced technology warranty or replacement insurance,  
7 development of market niches, supply-chain development, and  
8 research related to the pedestrian safety impacts of vehicle  
9 technologies and alternative and renewable fuels.

10 (8) Programs and projects to retrofit medium- and heavy-duty  
11 on-road and nonroad vehicle fleets with technologies that create  
12 higher fuel efficiencies, including alternative and renewable fuel  
13 vehicles and technologies, idle management technology, and  
14 aerodynamic retrofits that decrease fuel consumption.

15 (9) Infrastructure projects that promote alternative and renewable  
16 fuel infrastructure development connected with existing fleets,  
17 public transit, and existing transportation corridors, including  
18 physical measurement or metering equipment and truck stop  
19 electrification.

20 (10) Workforce training programs related to alternative and  
21 renewable fuel feedstock production and extraction, renewable  
22 fuel production, distribution, transport, and storage,  
23 high-performance and low-emission vehicle technology and high  
24 tower electronics, automotive computer systems, mass transit fleet  
25 conversion, servicing, and maintenance, and other sectors or  
26 occupations related to the purposes of this chapter.

27 (11) Block grants administered by not-for-profit technology  
28 entities for multiple projects, education and program promotion  
29 within California, and development of alternative and renewable  
30 fuel and vehicle technology centers.

31 (12) Life cycle and multimedia analyses, sustainability and  
32 environmental impact evaluations, and market, financial, and  
33 technology assessments performed by a state agency to determine  
34 the impacts of increasing the use of low-carbon transportation fuels  
35 and technologies, and to assist in the preparation of the investment  
36 plan and program implementation.

37 (e) The commission may make a single source or sole source  
38 award pursuant to this section for applied research. The same  
39 requirements set forth in Section 25620.5 of the Public Resources  
40 Code shall apply to awards made on a single source basis or a sole

1 source basis. This subdivision does not authorize the commission  
2 to make a single source or sole source award for a project or  
3 activity other than for applied research.

4 (f) ~~Until January 1, 2012, the~~ *The* commission may do both of  
5 the following:

6 (1) Contract with the Treasurer to expend funds through  
7 programs implemented by the Treasurer, if the expenditure is  
8 consistent with all of the requirements of this ~~chapter~~ *article and*  
9 *Article 1 (commencing with Section 44270).*

10 (2) Contract with small business financial development  
11 corporations established by the Business, Transportation and  
12 Housing Agency to expend funds through the Small Business Loan  
13 Guarantee Program if the expenditure is consistent with all of the  
14 requirements of ~~the program and this chapter~~ *this article and Article*  
15 *1 (commencing with Section 44270).*

16 *SEC. 1.5. Section 44272 of the Health and Safety Code is*  
17 *amended to read:*

18 44272. (a) The Alternative and Renewable Fuel and Vehicle  
19 Technology Program is hereby created. The program shall be  
20 administered by the commission. The commission shall implement  
21 the program by regulation pursuant to the requirements of Chapter  
22 3.5 (commencing with Section 11340) of *Part 1 of Division 3 of*  
23 *Title 2 of the Government Code.* The program shall provide, upon  
24 appropriation by the Legislature, competitive grants, revolving  
25 loans, loan guarantees, loans, or other appropriate funding  
26 measures, to public agencies, vehicle and technology entities,  
27 businesses and projects, public-private partnerships, workforce  
28 training partnerships and collaboratives, fleet owners, consumers,  
29 recreational boaters, and academic institutions to develop and  
30 deploy innovative technologies that transform California’s fuel  
31 and vehicle types to help attain the state’s climate change policies.  
32 The emphasis of this program shall be to develop and deploy  
33 technology and alternative and renewable fuels in the marketplace,  
34 without adopting any one preferred fuel or technology.

35 (b) A project funded by the commission shall be approved at a  
36 noticed public hearing of the commission and shall be consistent  
37 with the priorities established by the investment plan adopted  
38 pursuant to Section 44272.5.

39 (c) The commission shall provide preferences to those projects  
40 that maximize the goals of the Alternative and Renewable Fuel

1 and Vehicle Technology Program, based on the following criteria,  
2 as applicable:

3 (1) The project’s ability to provide a measurable transition from  
4 the nearly exclusive use of petroleum fuels to a diverse portfolio  
5 of viable alternative fuels that meet petroleum reduction and  
6 alternative fuel use goals.

7 (2) The project’s consistency with existing and future state  
8 climate change policy and low-carbon fuel standards.

9 (3) The project’s ability to reduce criteria air pollutants and air  
10 toxics and reduce or avoid multimedia environmental impacts.

11 (4) The project’s ability to decrease, on a ~~life-cycle~~ *life cycle*  
12 basis, the discharge of water pollutants or any other substances  
13 known to damage human health or the environment, in comparison  
14 to the production and use of California Phase 2 Reformulated  
15 Gasoline or diesel fuel produced and sold pursuant to California  
16 diesel fuel regulations set forth in Article 2 (commencing with  
17 Section 2280) of Chapter 5 of Division 3 of Title 13 of the  
18 California Code of Regulations.

19 (5) The project does not adversely impact the sustainability of  
20 the state’s natural resources, especially state and federal lands.

21 (6) The project provides nonstate matching funds.

22 (7) The project provides economic benefits for California by  
23 promoting California-based technology firms, jobs, and businesses.

24 (8) The project uses existing or proposed fueling infrastructure  
25 to maximize the outcome of the project.

26 (9) The project’s ability to reduce on a ~~life-cycle~~ *life cycle*  
27 assessment greenhouse gas emissions by at least 10 percent, and  
28 higher percentages in the future, from current reformulated gasoline  
29 and diesel fuel standards established by the state board.

30 (10) The project’s use of alternative fuel blends of at least 20  
31 percent, and higher blend ratios in the future, with a preference  
32 for projects with higher blends.

33 (11) The project drives new technology advancement for  
34 vehicles, vessels, engines, and other equipment, and promotes the  
35 deployment of that technology in the marketplace.

36 (d) Only the following shall be eligible for funding:

37 (1) Alternative and renewable fuel projects to develop and  
38 improve alternative and renewable low-carbon fuels, including  
39 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,  
40 hydrogen, and biomethane, among others, and their feedstocks

1 that have high potential for long-term or short-term  
2 commercialization, including projects that lead to sustainable  
3 feedstocks.

4 (2) Demonstration and deployment projects that optimize  
5 alternative and renewable fuels for existing and developing engine  
6 technologies.

7 (3) Projects to produce alternative and renewable low-carbon  
8 fuels in California.

9 (4) Projects to decrease the overall impact of an alternative and  
10 renewable fuel's life cycle carbon footprint and increase  
11 sustainability.

12 (5) Alternative and renewable fuel infrastructure, fueling  
13 stations, and equipment. The preference in paragraph (10) of  
14 subdivision (c) shall not apply to renewable diesel or biodiesel  
15 infrastructure, fueling stations, and equipment used solely for  
16 renewable diesel or biodiesel fuel.

17 (6) Projects to develop and improve light-, medium-, and  
18 heavy-duty vehicle technologies that provide for better fuel  
19 efficiency and lower greenhouse gas emissions, alternative fuel  
20 usage and storage, or emission reductions, including propulsion  
21 systems, advanced internal combustion engines with a 40 percent  
22 or better efficiency level over the current market standard,  
23 light-weight materials, energy storage, control systems and system  
24 integration, physical measurement and metering systems and  
25 software, development of design standards and testing and  
26 certification protocols, battery recycling and reuse, engine and fuel  
27 optimization electronic and electrified components, hybrid  
28 technology, plug-in hybrid technology, battery electric vehicle  
29 technology, fuel cell technology, and conversions of hybrid  
30 technology to plug-in technology through the installation of safety  
31 certified supplemental battery modules.

32 (7) Programs and projects that accelerate the commercialization  
33 of vehicles and alternative and renewable fuels including buy-down  
34 programs through near-market and market-path deployments,  
35 advanced technology warranty or replacement insurance,  
36 development of market niches, supply-chain development, and  
37 research related to the pedestrian safety impacts of vehicle  
38 technologies and alternative and renewable fuels.

39 (8) Programs and projects to retrofit medium- and heavy-duty  
40 on-road and nonroad vehicle fleets with technologies that create

1 higher fuel efficiencies, including alternative and renewable fuel  
2 vehicles and technologies, idle management technology, and  
3 aerodynamic retrofits that decrease fuel consumption.

4 (9) Infrastructure projects that promote alternative and renewable  
5 fuel infrastructure development connected with existing fleets,  
6 public transit, and existing transportation corridors, including  
7 physical measurement or metering equipment and truck stop  
8 electrification.

9 (10) Workforce training programs related to alternative and  
10 renewable fuel feedstock production and extraction, renewable  
11 fuel production, distribution, transport, and storage,  
12 high-performance and low-emission vehicle technology and high  
13 tower electronics, automotive computer systems, mass transit fleet  
14 conversion, servicing, and maintenance, and other sectors or  
15 occupations related to the purposes of this chapter.

16 (11) Block grants administered by not-for-profit technology  
17 entities for multiple projects, education and program promotion  
18 within California, and development of alternative and renewable  
19 fuel and vehicle technology centers.

20 (12) ~~Life-cycle~~*Life cycle* and multimedia analyses, sustainability  
21 and environmental impact evaluations, and market, financial, and  
22 technology assessments performed by a state agency to determine  
23 the impacts of increasing the use of low-carbon transportation fuels  
24 and technologies, and to assist in the preparation of the investment  
25 plan and program implementation.

26 (13) *A program to provide funding for homeowners who*  
27 *purchase a plug-in electric vehicle to offset costs associated with*  
28 *modifying electrical sources to include a residential plug-in electric*  
29 *vehicle charging station. In establishing this program, the*  
30 *commission shall consider funding criteria to maximize the public*  
31 *benefit of the program.*

32 (e) The commission may make a single source or sole source  
33 award pursuant to this section for applied research. The same  
34 requirements set forth in Section 25620.5 of the Public Resources  
35 Code shall apply to awards made on a single source basis or a sole  
36 source basis. This subdivision does not authorize the commission  
37 to make a single source or sole source award for a project or  
38 activity other than for applied research. ~~The commission may~~  
39 ~~pursuant to this subdivision make a single source or sole source~~  
40 ~~award for the applied research to be conducted by the Quiet~~

1 ~~Motorized Road Vehicle and Safe Mobility Committee created~~  
2 ~~pursuant to Section 25227 of the Public Resources Code, if Senate~~  
3 ~~Bill 1174 of the 2007-08 Regular Session, which would add that~~  
4 ~~section, is enacted.~~

5 (f) ~~Until January 1, 2012, the~~*The* commission may contract do  
6 *both of the following:*

7 (1) *Contract with the Treasurer to expend funds through*  
8 *programs implemented by the Treasurer, if that expenditure is*  
9 *consistent with all of the requirements of this*~~chapter~~ *article and*  
10 *Article 1 (commencing with Section 44270).*

11 (2) *Contract with small business financial development*  
12 *corporations established by the Business, Transportation and*  
13 *Housing Agency to expend funds through the Small Business Loan*  
14 *Guarantee Program if the expenditure is consistent with all of the*  
15 *requirements of this article and Article 1 (commencing with Section*  
16 *44270).*

17 *SEC. 2. Section 1.5 of this bill incorporates amendments to*  
18 *Section 44272 of the Health and Safety Code proposed by both*  
19 *this bill and SB 1340. It shall only become operative if (1) both*  
20 *bills are enacted and become effective on or before January 1,*  
21 *2011, but this bill becomes operative first, (2) each bill amends*  
22 *Section 44272 of the Health and Safety Code, and (3) this bill is*  
23 *enacted after SB 1340, in which case Section 44272 of the Health*  
24 *and Safety Code, as amended by Section 1 of this bill, shall remain*  
25 *operative only until the operative date of SB 1340, at which time*  
26 *Section 1.5 of this bill shall become operative.*

27 ~~SEC. 2.~~

28 *SEC. 3. This act is an urgency statute necessary for the*  
29 *immediate preservation of the public peace, health, or safety within*  
30 *the meaning of Article IV of the Constitution and shall go into*  
31 *immediate effect. The facts constituting the necessity are:*

32 *In order that needed additional funding sources are made*  
33 *available for small business financial development corporations,*  
34 *it is necessary that this act take effect immediately.*