

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1314**

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**Introduced by Assembly Member Wieckowski**

February 18, 2011

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An act to amend ~~Section 44272~~ *Sections 44272.5 and 44272.7* of the Health and Safety Code, relating to air resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1314, as amended, Wieckowski. Air resources: Alternative and Renewable Fuel and Vehicle Technology ~~Program~~. *Program: investment plan.*

Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission (Energy Commission), to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. Existing law specifies that only certain projects or programs are eligible for funding. *The Energy Commission is required to develop and adopt an investment plan to determine priorities and opportunities for the program.*

~~This bill would make technical, nonsubstantive changes in the provision that establishes the Alternative and Renewable Fuel and Vehicle Technology Program.~~

*This bill would revise and recast the provisions relating to this investment plan. These changes would include requiring the commission to adopt an investment plan every two years.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

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

1     SECTION 1. Section 44272.5 of the Health and Safety Code  
2     is amended to read:  
3     44272.5. (a) The commission shall develop and adopt every  
4     two years, consistent with the schedule described in Section  
5     44272.7, an investment plan to determine priorities and  
6     opportunities for the Alternative and Renewable Fuel and Vehicle  
7     Technology Program created pursuant to this chapter. The  
8     investment plan shall establish priorities for investment of funds  
9     and technologies to achieve the goals of this chapter and describe  
10    how funding will complement existing public and private  
11    investments, including existing state programs that further the  
12    goals of this chapter. ~~The~~  
13    (b) (1) ~~The~~ commission shall create ~~and consult with~~ an  
14    advisory body ~~as it develops the investment plan.~~ *The advisory*  
15    *body shall provide information to the commission that will assist*  
16    *the commission in its development of each investment plan,*  
17    *including, but not limited to, all relevant technology advancements,*  
18    *assessments of government and private investment patterns,*  
19    *environmental assessments of fuels and vehicles in relation to*  
20    *existing fleets, and barriers to developing new fuels and vehicles.*  
21    The advisory body is subject to the Bagley-Keene Open Meeting  
22    Act (Article 9 (commencing with Section 11120) of Chapter 1 of  
23    Part 1 of Division 3 of Title 2 of the Government Code). ~~The~~  
24    ~~commission shall, at a minimum, hold one public hearing on the~~  
25    ~~advisory body's recommendations prior to approving the~~  
26    ~~investment plan.~~  
27    ~~(b)~~  
28    (2) Membership of the advisory body created pursuant to *this*  
29    subdivision ~~(a)~~ shall include, but is not limited to, representatives  
30    of fuel and vehicle technology entities, labor organizations,  
31    environmental organizations, community-based justice and public  
32    health organizations, recreational boaters, consumer advocates,  
33    academic institutions, workforce training groups, and private  
34    industry. The advisory body shall also include representatives from  
35    the *Natural Resources Agency, the Business, Transportation and*

1 Housing Agency, the Labor and Workforce Development Agency,  
2 and the California Environmental Protection Agency.

3 (c) The commission shall hold at least three public workshops  
4 in different regions of the state and one public hearing prior to  
5 ~~approving the adopting each final~~ investment plan. ~~The~~  
6 ~~commission shall annually update and approve the plan. The~~  
7 ~~commission shall reconvene and consult with the advisory body~~  
8 ~~created pursuant to subdivision (a) prior to annually updating and~~  
9 ~~approving the plan. The commission may update a final investment~~  
10 ~~plan before the end of the two-year period, if the requirements of~~  
11 ~~subdivision (c) of Section 44272.7 are met and the commission~~  
12 ~~presents its proposed changes to the advisory body prior to~~  
13 ~~adopting the updated plan.~~

14 *SEC. 2. Section 44272.7 of the Health and Safety Code is*  
15 *amended to read:*

16 44272.7. (a) ~~On or before March 15, 2011, and each January~~  
17 ~~thereafter Beginning in January of 2012, and every two years~~  
18 ~~thereafter,~~ concurrent with the submittal of the Governor’s Budget,  
19 the commission shall submit a draft investment plan, as developed  
20 in accordance with Section 44272.5, ~~for the upcoming fiscal year~~  
21 to the Joint Legislative Budget Committee and all relevant policy  
22 and fiscal committees of the Legislature.

23 (b) ~~Beginning with the investment plan for the 2012–13 fiscal~~  
24 ~~year Upon adoption of each final investment plan in accordance~~  
25 ~~with the requirements of subdivision (c) of Section 44272.5, the~~  
26 commission shall submit the final investment plan ~~for the ensuing~~  
27 ~~fiscal year, as developed in accordance with Section 44272.5, to~~  
28 the Joint Legislative Budget Committee and all relevant policy  
29 and fiscal committees of the Legislature ~~each May concurrent with~~  
30 ~~the submittal of the Governor’s May Revision to the budget.~~

31 (c) Subsequent to the ~~approval adoption of the each final~~  
32 ~~investment plan pursuant to subdivision (c) of Section 44272.5,~~  
33 the commission shall, within 30 days, notify the Joint Legislative  
34 Budget Committee and all relevant policy and fiscal committees  
35 of the Legislature if a significant modification ~~to the final from~~  
36 ~~the draft investment plan submitted pursuant to subdivision (a) is~~  
37 ~~approved proposed.~~ For purposes of this subdivision, “significant  
38 modification” means an augmentation or reduction, the value of  
39 which individually exceeds 50 percent of the commission-approved  
40 allocation to an investment plan subcategory or is at least two

1 million dollars (\$2,000,000). For other modifications that do not  
2 meet this definition, the commission shall notify the Joint  
3 Legislative Budget Committee and all relevant policy and fiscal  
4 committees of the Legislature within 90 days, or at ~~such an~~ earlier  
5 time ~~as if~~ the aggregate total of unreported modifications equals  
6 five million dollars (\$5,000,000) or more.

7 (d) (1) It is the intent of the Legislature that ~~the each~~ investment  
8 plan, including ~~periodic any~~ revisions to ~~the each~~ plan,  
9 communicate the commission's strategic vision and priorities with  
10 respect to the development of alternative and renewable fuel and  
11 vehicle technologies, and ~~will~~ provide an analytical rationale for  
12 all proposed expenditures that aligns with the commission's broader  
13 strategic goals for the program.

14 (2) It is also the intent of the Legislature that ~~the each~~ investment  
15 plan highlight and explain the rationale for any year-over-year  
16 changes to the commission's program strategy and priorities,  
17 particularly with respect to specific technologies or policy  
18 initiatives.

19 (3) Additionally, it is the intent of the Legislature that  
20 submission of ~~the each biennial~~ draft investment plan concurrent  
21 with the Governor's Budget, along with timely notification of  
22 significant modifications to the investment plan ~~thereafter before~~  
23 ~~the next biennial plan~~, will improve legislative oversight of the  
24 program and provide the Legislature with all of the necessary  
25 information to fully understand how and why funds are to be  
26 allocated and prioritized within the program.

27 ~~SECTION 1. Section 44272 of the Health and Safety Code is~~  
28 ~~amended to read:~~

29 ~~44272. (a) The Alternative and Renewable Fuel and Vehicle~~  
30 ~~Technology Program is hereby created. The program shall be~~  
31 ~~administered by the commission. The commission shall implement~~  
32 ~~the program by regulation pursuant to the requirements of Chapter~~  
33 ~~3.5 (commencing with Section 11340) of Part 1 of Division 3 of~~  
34 ~~Title 2 of the Government Code. The program shall provide, upon~~  
35 ~~appropriation by the Legislature, competitive grants, revolving~~  
36 ~~loans, loan guarantees, loans, or other appropriate funding~~  
37 ~~measures, to public agencies, vehicle and technology entities,~~  
38 ~~businesses and projects, public-private partnerships, workforce~~  
39 ~~training partnerships and collaboratives, fleet owners, consumers,~~  
40 ~~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 the development and~~  
4 ~~deployment of technologies and alternative and renewable fuels~~  
5 ~~in the marketplace, without adopting any one preferred fuel or~~  
6 ~~technology.~~

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

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

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

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

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

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

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

33 ~~(6) The project provides nonstate matching funds.~~

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

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

38 ~~(9) The project’s ability to reduce on a life cycle assessment~~  
39 ~~greenhouse gas emissions by at least 10 percent, and higher~~

1 percentages in the future, from current reformulated gasoline and  
2 diesel fuel standards established by the state board.

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

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

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

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

17 ~~(2) Demonstration and deployment projects that optimize~~  
18 ~~alternative and renewable fuels for existing and developing engine~~  
19 ~~technologies.~~

20 ~~(3) Projects to produce alternative and renewable low-carbon~~  
21 ~~fuels in California.~~

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

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

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

1 technology, plug-in hybrid technology, battery electric vehicle  
2 technology, fuel cell technology, and conversions of hybrid  
3 technology to plug-in technology through the installation of safety  
4 certified supplemental battery modules.

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

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

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

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

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

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

39 (13) A program to provide funding for homeowners who  
40 purchase a plug-in electric vehicle to offset costs associated with

1 modifying electrical sources to include a residential plug-in electric  
2 vehicle charging station. In establishing this program, the  
3 commission shall consider funding criteria to maximize the public  
4 benefit of the program.

5 (e) ~~The commission may make a single source or sole source~~  
6 ~~award pursuant to this section for applied research. The same~~  
7 ~~requirements set forth in Section 25620.5 of the Public Resources~~  
8 ~~Code shall apply to awards made on a single source basis or a sole~~  
9 ~~source basis. This subdivision does not authorize the commission~~  
10 ~~to make a single source or sole source award for a project or~~  
11 ~~activity other than for applied research.~~

12 (f) ~~The commission may do both of the following:~~

13 (1) ~~Contract with the Treasurer to expend funds through~~  
14 ~~programs implemented by the Treasurer, if the expenditure is~~  
15 ~~consistent with all of the requirements of this article and Article~~  
16 ~~1 (commencing with Section 44270).~~

17 (2) ~~Contract with small business financial development~~  
18 ~~corporations established by the Business, Transportation and~~  
19 ~~Housing Agency to expend funds through the Small Business Loan~~  
20 ~~Guarantee Program if the expenditure is consistent with all of the~~  
21 ~~requirements of this article and Article 1 (commencing with Section~~  
22 ~~44270).~~