

AMENDED IN SENATE AUGUST 29, 2011

AMENDED IN SENATE JUNE 28, 2011

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1314

Introduced by Assembly Member Wieckowski
(Principal coauthors: Senators Corbett and Lieu)

February 18, 2011

An act to amend Sections 44272 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.

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, *including block grants administered by public entities or not-for-profit technology entities for multiple projects, education and program promotion within California, and development of alternative and renewable fuel and vehicle technology centers*. The Energy Commission is required to develop and adopt an investment plan to determine priorities and

opportunities for the program. *Existing law authorizes the commission to contract with the Treasurer and small business financial development corporations established by the Business, Transportation and Housing Agency to expend funds, as specified, if the expenditure is consistent with certain existing law relating to the program.*

This bill would authorize the commission to delegate to the executive director, or his or her designee, the authority to approve a contract, grant, loan, or other agreement or award that receives \$75,000 or less in funds from the commission, or to approve amendments to a contract, grant, loan, or other agreement or award, as long as the amendments do not increase the amount of the award, change the scope of the project, or modify the purpose of the agreement. The bill would authorize costs incurred from the date a proposed award is noticed to be counted as nonstate matching funds. The bill would expand eligibility for funding to include block grants or incentive programs administered by public entities or not-for-profit technology entities, and would authorize the commission to adopt guidelines for implementing those programs. The bill would also authorize the commission to advance funds to certain entities.

The bill would revise provisions relating to the investment plan for the program by making these provisions applicable only to investment plan updates.

Vote: majority. 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,

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

7 (b) A project ~~funded by~~ *that receives more than seventy-five*
8 *thousand dollars (\$75,000) in funds from the commission shall be*
9 *approved at a noticed public hearing meeting of the commission*
10 *and shall be consistent with the priorities established by the*
11 *investment plan adopted pursuant to Section 44272.5. Under this*
12 *article, the commission may delegate to the commission’s executive*
13 *director, or his or her designee, the authority to approve either of*
14 *the following:*

15 (1) *A contract, grant, loan, or other agreement or award that*
16 *receives seventy-five thousand dollars (\$75,000) or less in funds*
17 *from the commission.*

18 (2) *Amendments to a contract, grant, loan, or other agreement*
19 *or award as long as the amendments do not increase the amount*
20 *of the award, change the scope of the project, or modify the*
21 *purpose of the agreement.*

22 (c) The commission shall provide preferences to those projects
23 that maximize the goals of the Alternative and Renewable Fuel
24 and Vehicle Technology Program, based on the following criteria,
25 as applicable:

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

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

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

34 (4) The project’s ability to decrease, on a life cycle basis, the
35 discharge of water pollutants or any other substances known to
36 damage human health or the environment, in comparison to the
37 production and use of California Phase 2 Reformulated Gasoline
38 or diesel fuel produced and sold pursuant to California diesel fuel
39 regulations set forth in Article 2 (commencing with Section 2280)

1 of Chapter 5 of Division 3 of Title 13 of the California Code of
2 Regulations.

3 (5) The project does not adversely impact the sustainability of
4 the state's natural resources, especially state and federal lands.

5 (6) The project provides nonstate matching funds. Costs incurred
6 from the date a proposed award is noticed may be counted as
7 nonstate matching funds. The commission may adopt further
8 requirements for the purposes of this paragraph. The commission
9 is not liable for costs incurred pursuant to this paragraph if the
10 commission does not give final approval for the project or the
11 proposed recipient does not meet requirements adopted by the
12 commission pursuant to this paragraph.

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

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

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

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

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

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

28 (1) Alternative and renewable fuel projects to develop and
29 improve alternative and renewable low-carbon fuels, including
30 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,
31 hydrogen, and biomethane, among others, and their feedstocks
32 that have high potential for long-term or short-term
33 commercialization, including projects that lead to sustainable
34 feedstocks.

35 (2) Demonstration and deployment projects that optimize
36 alternative and renewable fuels for existing and developing engine
37 technologies.

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

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

4 (5) Alternative and renewable fuel infrastructure, fueling
5 stations, and equipment. The preference in paragraph (10) of
6 subdivision (c) shall not apply to renewable diesel or biodiesel
7 infrastructure, fueling stations, and equipment used solely for
8 renewable diesel or biodiesel fuel.

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

24 (7) Programs and projects that accelerate the commercialization
25 of vehicles and alternative and renewable fuels including buy-down
26 programs through near-market and market-path deployments,
27 advanced technology warranty or replacement insurance,
28 development of market niches, supply-chain development, and
29 research related to the pedestrian safety impacts of vehicle
30 technologies and alternative and renewable fuels.

31 (8) Programs and projects to retrofit medium- and heavy-duty
32 on-road and nonroad vehicle fleets with technologies that create
33 higher fuel efficiencies, including alternative and renewable fuel
34 vehicles and technologies, idle management technology, and
35 aerodynamic retrofits that decrease fuel consumption.

36 (9) Infrastructure projects that promote alternative and renewable
37 fuel infrastructure development connected with existing fleets,
38 public transit, and existing transportation corridors, including
39 physical measurement or metering equipment and truck stop
40 electrification.

1 (10) Workforce training programs related to alternative and
2 renewable fuel feedstock production and extraction, renewable
3 fuel production, distribution, transport, and storage,
4 high-performance and low-emission vehicle technology and high
5 tower electronics, automotive computer systems, mass transit fleet
6 conversion, servicing, and maintenance, and other sectors or
7 occupations related to the purposes of this chapter.

8 (11) Block grants—~~administered by~~ or *incentive programs*
9 *administered by public entities* or not-for-profit technology entities
10 for multiple projects, education and program promotion within
11 California, and development of alternative and renewable fuel and
12 vehicle technology centers. *The commission may adopt guidelines*
13 *for implementing the block grant or incentive program, which*
14 *shall be approved at a noticed public meeting of the commission.*

15 (12) Life cycle and multimedia analyses, sustainability and
16 environmental impact evaluations, and market, financial, and
17 technology assessments performed by a state agency to determine
18 the impacts of increasing the use of low-carbon transportation fuels
19 and technologies, and to assist in the preparation of the investment
20 plan and program implementation.

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

27 (e) The commission may make a single source or sole source
28 award pursuant to this section for applied research. The same
29 requirements set forth in Section 25620.5 of the Public Resources
30 Code shall apply to awards made on a single source basis or a sole
31 source basis. This subdivision does not authorize the commission
32 to make a single source or sole source award for a project or
33 activity other than for applied research.

34 (f) The commission may do ~~both~~ *all* of the following:

35 (1) Contract with the Treasurer to expend funds through
36 programs implemented by the Treasurer, if the expenditure is
37 consistent with all of the requirements of this article and Article
38 1 (commencing with Section 44270).

39 (2) Contract with small business financial development
40 corporations established by the Business, Transportation and

1 Housing Agency to expend funds through the Small Business Loan
2 Guarantee Program if the expenditure is consistent with all of the
3 requirements of this article and Article 1 (commencing with Section
4 44270).

5 *(3) Advance funds, pursuant to an agreement with the*
6 *commission, to any of the following:*

7 *(A) A public entity.*

8 *(B) A recipient to enable it to make advance payments to a*
9 *public entity that is a subrecipient of the funds and under a binding*
10 *and enforceable subagreement with the recipient.*

11 *(C) An administrator of a block grant program.*

12 SEC. 2. Section 44272.7 of the Health and Safety Code is
13 amended to read:

14 44272.7. (a) On or before March 15, 2011, and each January
15 thereafter concurrent with the submittal of the Governor’s Budget,
16 the commission shall submit a draft update to the investment plan,
17 as developed in accordance with Section 44272.5, for the upcoming
18 fiscal year to the Joint Legislative Budget Committee and all
19 relevant policy and fiscal committees of the Legislature.

20 (b) Beginning with the investment plan update for the 2012–13
21 fiscal year, the commission shall submit the final investment plan
22 update for the ensuing fiscal year, as developed in accordance with
23 Section 44272.5, to the Joint Legislative Budget Committee and
24 all relevant policy and fiscal committees of the Legislature each
25 May concurrent with the submittal of the Governor’s May Revision
26 to the budget.

27 (c) Subsequent to the approval of the investment plan update
28 pursuant to subdivision (c) of Section 44272.5, the commission
29 shall, within 30 days, notify the Joint Legislative Budget
30 Committee and all relevant policy and fiscal committees of the
31 Legislature if a significant modification to the final investment
32 plan update is approved. For purposes of this subdivision,
33 “significant modification” means an augmentation or reduction
34 the value of which individually exceeds 50 percent of the
35 commission-approved allocation to an investment plan subcategory
36 or is at least two million dollars (\$2,000,000). For other
37 modifications that do not meet this definition, the commission
38 shall notify the Joint Legislative Budget Committee and all relevant
39 policy and fiscal committees of the Legislature within 90 days, or

1 at such earlier time as the aggregate total of unreported
2 modifications equals five million dollars (\$5,000,000) or more.

3 (d) (1) It is the intent of the Legislature that the investment
4 plan, including updates to the plan, communicate the commission's
5 strategic vision and priorities with respect to the development of
6 alternative and renewable fuel and vehicle technologies, and will
7 provide an analytical rationale for all proposed expenditures that
8 aligns with the commission's broader strategic goals for the
9 program.

10 (2) It is also the intent of the Legislature that the investment
11 plan update highlight and explain the rationale for any
12 year-over-year changes to the commission's program strategy and
13 priorities, particularly with respect to specific technologies or
14 policy initiatives.

15 (3) Additionally, it is the intent of the Legislature that
16 submission of the draft update to the investment plan concurrent
17 with the Governor's Budget, along with timely notification of
18 significant modifications to the investment plan update thereafter,
19 will improve legislative oversight of the program and provide the
20 Legislature with all of the necessary information to fully understand
21 how and why funds are to be allocated and prioritized within the
22 program.