Assembly Bill No. 1314

CHAPTER 487

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

[Approved by Governor October 5, 2011. Filed with Secretary of State October 6, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1314, 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.

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

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

44272. (a) The Alternative and Renewable Fuel and Vehicle Technology Program is hereby created. The program shall be administered by the commission. The commission shall implement the program by regulation pursuant to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The program shall provide, upon appropriation by the Legislature, competitive grants, revolving loans, loan guarantees, loans, 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 California's fuel and vehicle types to help attain the state's climate change policies. The emphasis of this program shall be to develop and deploy technology and alternative and renewable fuels in the marketplace, without adopting any one preferred fuel or technology.

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

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

(2) 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) Block grants or incentive programs 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 commission may adopt guidelines for implementing the block grant or incentive program, which shall be approved at a noticed public meeting of the commission.

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

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

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

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

(f) The commission may do all of the following:

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

(2) 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 this article and Article 1 (commencing with Section 44270).

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

(A) A public entity.

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

(C) An administrator of a block grant program.

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

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

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

(c) Subsequent to the approval of the investment plan update pursuant to subdivision (c) of Section 44272.5, the commission shall, within 30 days, notify the Joint Legislative Budget Committee and all relevant policy and fiscal committees of the Legislature if a significant modification to the final investment plan update is approved. For purposes of this subdivision, "significant modification" means an augmentation or reduction the value of which individually exceeds 50 percent of the commission-approved

allocation to an investment plan subcategory or is at least two million dollars ($2,000,000). For other modifications that do not meet this definition, the commission shall notify the Joint Legislative Budget Committee and all relevant policy and fiscal committees of the Legislature within 90 days, or at such earlier time as the aggregate total of unreported modifications equals five million dollars ($5,000,000) or more.

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

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

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

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