

AMENDED IN ASSEMBLY APRIL 20, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1176

Introduced by Assembly Member Perea

February 27, 2015

An act to amend Section 44272 of, to add Section 44271.3 to, and to add Chapter 8.8 (commencing with Section 44269) to Part 5 of Division 26 of, the Health and Safety Code, relating to vehicular air pollution, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1176, as amended, Perea. Vehicular air pollution.

(1) Existing law establishes the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007, which includes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission, and the Air Quality Improvement Program, administered by the State Air Resources Board. Existing law requires the emphasis of the Alternative and Renewable Fuel and Vehicle Technology Program to be to develop and deploy technology and alternative and renewable fuels in the marketplace, without adopting any one preferred fuel or technology. Existing law requires the primary purpose of the Air Quality Improvement Program to be the funding of projects to reduce criteria air pollutants, to improve air quality, and to fund research to determine and improve the air quality impacts of alternative transportation fuels and vehicles, vessels, and equipment technologies.

This bill would establish the Advanced Low-Carbon Diesel Fuels Access Program, to be administered by *the commission, in consultation with* the state board, for the purpose of reducing *the* greenhouse gas emissions of diesel motor vehicles by providing capital assistance for projects that expand advanced low-carbon diesel fueling infrastructure in communities that are disproportionately impacted by environmental hazards and additionally where the greatest air quality impacts can be identified.

This bill would require the commission and the state board to allocate no less than 50% of the available moneys under the Alternative and Renewable Fuel and Vehicle Technology Program and the Air Quality Improvement Program to projects that provide direct benefits to or serve or are located in disadvantaged communities.

This bill would authorize the commission as part of the Alternative and Renewable Fuel and Vehicle Technology Program, to amend a contract, grant, loan, or other agreement or award to extend the terms of that contract, grant, loan, or other agreement or award by 2 years if the moneys are reprioritized by the commission to apply toward a project that provides benefits to disadvantaged communities.

(2) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund.

This bill would appropriate \$35,000,000 from the fund to the state board to implement the Advanced Low-Carbon Diesel Fuels Access Program.

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

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

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

1 SECTION 1. (a) It is the intent of the Legislature that the
2 California Alternative and Renewable Fuel, Vehicle Technology,
3 Clean Air, and Carbon Reduction Act of 2007 (Chapter 8.9
4 (commencing with Section 44270) of Part 5 of Division 26 of the
5 Health and Safety Code) continue the state's implementation of
6 Assembly Bill 118 (Chapter ~~750~~; 750 of the Statutes of 2007) by
7 directing resources to the state's most impacted and disadvantaged
8 communities to ensure activities taken pursuant to that authority
9 will provide economic and health benefits to these communities
10 as well.

11 (b) The Legislature further finds and declares all of the
12 following:

13 (1) The California Communities Environmental Health
14 Screening Tool, also known as CalEnviroScreen, which was
15 developed by the Office of Environmental Health Hazard
16 Assessment at the request of the California Environmental
17 Protection Agency, is a science-based tool that identifies the
18 California communities most burdened by pollution from multiple
19 sources and most vulnerable to its effects.

20 (2) Using CalEnviroScreen, the California Environmental
21 Protection Agency has identified the top 25 percent highest-scoring
22 census tracts in the state based on geographic, socioeconomic,
23 public health, and environmental hazard criteria and has designated
24 these most impacted regions of the state as disadvantaged
25 communities.

26 (3) A significant number of the total identified top 25 percent
27 highest-scoring census tracts of disadvantaged communities are
28 located in the San Joaquin Valley, which is impacted by heavy
29 freight traffic moving along the Interstate 5 and Highway 99
30 ~~corridors~~; *corridors* and along Interstate 710, which runs 18 miles
31 from the Ports of Long Beach and Los Angeles to the Pomona
32 Freeway (SR-60) in east Los Angeles and encompasses 15 cities
33 and unincorporated areas in Los Angeles County adjacent to the
34 freeway corridor.

35 (4) Both regions consistently rate in the top 25 most polluted
36 locations in the United States and frequently exceed by significant
37 amounts the National Ambient Air Quality Standards for ozone
38 and fine particulate matter.

1 (5) Medium- and heavy-duty diesel vehicles operating on
2 petroleum diesel fuel and traveling along these heavy freight
3 corridors, which are located adjacent to or within many of the
4 state’s most environmentally impacted disadvantaged communities,
5 are a significant contributor to emissions from greenhouse gases
6 and criteria pollutants.

7 (6) However, the majority of diesel motor vehicles on the state’s
8 roads today can immediately reduce their emissions of greenhouse
9 gases, oxides of nitrogen, particulate matter, and other emissions
10 of concern by using low-carbon alternative and renewable
11 biomass-based diesel fuels, such as renewable hydrocarbon diesel
12 and low blends of biodiesel.

13 (7) The state’s policymakers can facilitate immediate and
14 tangible reductions of greenhouse gas emissions and criteria
15 pollution and amplify near-term health cobenefits to the state’s
16 most impacted and disadvantaged communities by funding the
17 development and deployment of alternative and renewable fueling
18 infrastructure to facilitate greater access to these advanced
19 low-carbon diesel fuels.

20 (8) It is the intent of the Legislature to provide the state’s most
21 impacted and disadvantaged communities with reasonable and
22 cost-effective opportunities to proactively participate in the state’s
23 greenhouse gas emissions reduction strategies, which can provide
24 immediate benefits in air quality, public health, the environment,
25 and the economy.

26 SEC. 2. Chapter 8.8 (commencing with Section 44269) is added
27 to Part 5 of Division 26 of the Health and Safety Code, to read:

28
29 CHAPTER 8.8. ADVANCED LOW-CARBON DIESEL FUELS ACCESS
30 PROGRAM
31

32 44269. For purposes of this chapter, the following terms have
33 the following meanings:

34 ~~(a) “Biomass-based diesel fuel” means a diesel fuel that is an~~
35 ~~“alternative fuel,” as defined in Section 43867.~~

36 (a) “Commission” means the *State Energy Resources*
37 *Conservation and Development Commission.*

38 (b) “Disproportionately impacted by environmental hazards”
39 means public health or environmental effects from the emission
40 or discharge of substances in a geographic area, including

1 environmental pollution for all sources whether in a single medium
2 or in multiple media, routinely, accidentally, or otherwise released
3 into the environment, taking into account sensitive populations
4 and socioeconomic factors, where applicable and to the extent data
5 is available.

6 (c) “Low-carbon diesel fuel” means a biomass-based diesel
7 fuel that is used in diesel engines and meets all of the following
8 criteria:

9 (1) Meets the definition of low-carbon diesel fuel pursuant to
10 the Low Carbon Fuel Standard regulation (Subarticle 7
11 (commencing with Section 95480) of Article 4 of Subchapter 10
12 of Chapter 1 of Division 3 of Title 17 of the California Code of
13 Regulations).

14 (2) Contains a minimum of 21 percent biomass-based content.

15 (3) Complies with the Commercialization of Alternative Diesel
16 Fuels regulation (Subarticle 2 (commencing with Section 2293)
17 of Article 3 of Chapter 5 of Division 3 of Title 13 of the California
18 Code of Regulations), once that regulation becomes final.

19 (4) Has a recognized carbon intensity under the Low Carbon
20 Fuel Standard regulation (Subarticle 7 (commencing with Section
21 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3
22 of Title 17 of the California Code of Regulations) of at least 50
23 percent lower than the petroleum diesel baseline carbon intensity
24 valuation.

25 (5) Does not produce higher levels of oxides of nitrogen or
26 particulate matter than petroleum diesel fuel.

27 (e)

28 (d) “Low-carbon diesel fueling infrastructure” means the
29 equipment used to store and dispense ~~biomass-based~~ low-carbon
30 diesel fuel to motor vehicles according to industry codes and
31 standards and that is open to the public. *Types of eligible equipment*
32 *include, but are not limited to, storage, tanks, piping, fittings, fuel*
33 *dispensers, signage, point-of-sale systems, and their associated*
34 *construction.*

35 44269.2. (a) The Advanced Low-Carbon Diesel Fuels Access
36 Program is hereby established. The *commission, in consultation*
37 *with the state ~~board~~ board*, shall administer the program for the
38 purpose of reducing *the* greenhouse gas emissions of diesel motor
39 vehicles by providing capital assistance for projects that expand
40 advanced low-carbon diesel fueling infrastructure in communities

1 that are disproportionately impacted by environmental hazards
2 and where additionally the greatest air quality impacts can be
3 identified.

4 (b) Moneys shall be available, upon appropriation by the
5 Legislature, from the Greenhouse Gas Reduction Fund, created
6 pursuant to Section 16428.8 of the Government Code, for the
7 purposes of carrying out this chapter.

8 44269.4. On or before March 1, 2016, the ~~state board~~
9 *commission* shall do both of the following:

10 (a) Develop guidelines for the implementation of this chapter.
11 The guidelines shall ensure that the program is focused on
12 communities that are disproportionately impacted by environmental
13 hazards and where the greatest vehicular air pollution impact is
14 identified.

15 (b) Select, in consultation with the California Environmental
16 Protection Agency, the disadvantaged communities identified
17 pursuant to Section 39711.

18 44269.6. (a) In evaluating projects to be allocated moneys
19 pursuant to this chapter, the ~~state board~~ *commission* shall give
20 priority to a project with all of the following characteristics:

21 (1) Occurs in or near communities identified pursuant to Section
22 39711.

23 (2) Demonstrates the potential for cobenefits or multibenefit
24 attributes, including reducing significant emissions of criteria
25 pollutants or toxic air contaminants.

26 (3) Quantifies and measures cost-effectiveness and impacts on
27 disadvantaged and low-income populations.

28 (4) Demonstrates the ability to leverage additional public or
29 private funding.

30 (5) Demonstrates the ability to obtain immediate benefits.

31 (6) Includes marketing and education outreach strategies
32 designed to increase the effectiveness of the program's goals.

33 (b) A project required to be undertaken pursuant to state, federal,
34 or local laws shall not be allocated moneys pursuant to this chapter.

35 SEC. 3. Section 44271.3 is added to the Health and Safety
36 Code, to read:

37 44271.3. The commission and the state board shall allocate no
38 less than 50 percent of the moneys available pursuant to this
39 chapter to projects that meet either of the following criteria:

1 (a) Provide direct benefits to communities identified pursuant
2 to Section 39711.

3 (b) Serve or are located within communities described in Section
4 39711.

5 SEC. 4. Section 44272 of the Health and Safety Code is
6 amended to read:

7 44272. (a) The Alternative and Renewable Fuel and Vehicle
8 Technology Program is hereby created. The program shall be
9 administered by the commission. The commission shall implement
10 the program by regulation pursuant to the requirements of Chapter
11 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
12 Title 2 of the Government Code. The program shall provide, upon
13 appropriation by the Legislature, competitive grants, revolving
14 loans, loan guarantees, loans, or other appropriate funding
15 measures, to public agencies, vehicle and technology entities,
16 businesses and projects, public-private partnerships, workforce
17 training partnerships and collaboratives, fleet owners, consumers,
18 recreational boaters, and academic institutions to develop and
19 deploy innovative technologies that transform California's fuel
20 and vehicle types to help attain the state's climate change policies.
21 The emphasis of this program shall be to develop and deploy
22 technology and alternative and renewable fuels in the marketplace,
23 without adopting any one preferred fuel or technology.

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

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

35 (2) Amendments to a contract, grant, loan, or other agreement
36 or award as long as the amendments do not increase the amount
37 of the award, change the scope of the project, or modify the purpose
38 of the agreement.

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 basis, the
12 discharge of water pollutants or any other substances known to
13 damage human health or the environment, in comparison to the
14 production and use of California Phase 2 Reformulated Gasoline
15 or diesel fuel produced and sold pursuant to California diesel fuel
16 regulations set forth in Article 2 (commencing with Section 2280)
17 of Chapter 5 of Division 3 of Title 13 of the California Code of
18 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. Costs incurred
22 from the date a proposed award is noticed may be counted as
23 nonstate matching funds. The commission may adopt further
24 requirements for the purposes of this paragraph. The commission
25 is not liable for costs incurred pursuant to this paragraph if the
26 commission does not give final approval for the project or the
27 proposed recipient does not meet requirements adopted by the
28 commission pursuant to this paragraph.

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

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

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

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

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

4 (d) The commission shall rank applications for projects proposed
5 for funding awards based on solicitation criteria developed in
6 accordance with subdivision (c), and shall give additional
7 preference to funding those projects with higher benefit-cost scores.

8 (e) Only the following shall be eligible for funding:

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

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

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

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

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

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

1 technology, battery electric vehicle technology, fuel cell
2 technology, and conversions of hybrid technology to plug-in
3 technology through the installation of safety certified supplemental
4 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 onroad and nonroad 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 or incentive programs administered by public
30 entities or not-for-profit technology entities for multiple projects,
31 education and program promotion within California, and
32 development of alternative and renewable fuel and vehicle
33 technology centers. The commission may adopt guidelines for
34 implementing the block grant or incentive program, which shall
35 be approved at a noticed public meeting of the commission.

36 (12) Life cycle and multimedia analyses, sustainability and
37 environmental impact evaluations, and market, financial, and
38 technology assessments performed by a state agency to determine
39 the impacts of increasing the use of low-carbon transportation fuels

1 and technologies, and to assist in the preparation of the investment
2 plan and program implementation.

3 (13) A program to provide funding for homeowners who
4 purchase a plug-in electric vehicle to offset costs associated with
5 modifying electrical sources to include a residential plug-in electric
6 vehicle charging station. In establishing this program, the
7 commission shall consider funding criteria to maximize the public
8 benefit of the program.

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

16 (g) The commission may do all of the following:

17 (1) Contract with the Treasurer to expend funds through
18 programs implemented by the Treasurer, if the expenditure is
19 consistent with all of the requirements of this article and Article
20 1 (commencing with Section 44270).

21 (2) Contract with small business financial development
22 corporations established by the Governor’s Office of Business and
23 Economic Development to expend funds through the Small
24 Business Loan Guarantee Program if the expenditure is consistent
25 with all of the requirements of this article and Article 1
26 (commencing with Section 44270).

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

29 (A) A public entity.

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

33 (C) An administrator of a block grant program.

34 (4) Amend a contract, grant, loan, or other agreement or award
35 to extend the terms of that contract, grant, loan, or other agreement
36 or award by two years if the moneys are reprioritized by the
37 commission to apply toward a project that complies with Section
38 44271.3.

39 SEC. 5. Notwithstanding Section 39718 of the Health and
40 Safety Code, the sum of thirty-five million dollars (\$35,000,000)

1 is hereby appropriated from the Greenhouse Gas Reduction Fund,
2 created pursuant to Section 16428.8 of the Government Code, to
3 the State Air Resources Board for the purpose of implementing
4 the Advanced Low-Carbon Diesel Fuels Access Program (Chapter
5 8.8 (commencing with Section 44269) of Part 5 of Division 26 of
6 the Health and Safety Code).

7 SEC. 6. This act is an urgency statute necessary for the
8 immediate preservation of the public peace, health, or safety within
9 the meaning of Article IV of the Constitution and shall go into
10 immediate effect. The facts constituting the necessity are:

11 To ensure stable funding for programs to reduce vehicular air
12 pollution for the protection of the public health and safety, it is
13 necessary for this act to take effect immediately.