

AMENDED IN ASSEMBLY APRIL 23, 2015

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~~ *commission* 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 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 and along Interstate 710, which runs 18 miles from the
31 Ports of Long Beach and Los Angeles to the Pomona Freeway
32 (SR-60) in east Los Angeles and encompasses 15 cities and
33 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) “Commission” means the State Energy Resources
35 Conservation and Development Commission.

36 (b) “Disproportionately impacted by environmental hazards”
37 means public health or environmental effects from the emission
38 or discharge of substances in a geographic area, including
39 environmental pollution for all sources whether in a single medium
40 or in multiple media, routinely, accidentally, or otherwise released

1 into the environment, taking into account sensitive populations
2 and socioeconomic factors, where applicable and to the extent data
3 is available.

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

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

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

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

16 (4) Has a recognized carbon intensity under the Low Carbon
17 Fuel Standard regulation (Subarticle 7 (commencing with Section
18 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3
19 of Title 17 of the California Code of Regulations) of at least 50
20 percent lower than the petroleum diesel baseline carbon intensity
21 valuation.

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

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

30 44269.2. (a) The Advanced Low-Carbon Diesel Fuels Access
31 Program is hereby established. The commission, in consultation
32 with the state board, shall administer the program for the purpose
33 of reducing the greenhouse gas emissions of diesel motor vehicles
34 by providing capital assistance for projects that expand advanced
35 low-carbon diesel fueling infrastructure in communities that are
36 disproportionately impacted by environmental hazards and where
37 additionally the greatest air quality impacts can be identified.

38 (b) Moneys shall be available, upon appropriation by the
39 Legislature, from the Greenhouse Gas Reduction Fund, created

1 pursuant to Section 16428.8 of the Government Code, for the
2 purposes of carrying out this chapter.

3 44269.4. On or before March 1, 2016, the commission shall
4 do both of the following:

5 (a) Develop guidelines for the implementation of this chapter.
6 The guidelines shall ensure that the program is focused on
7 communities that are disproportionately impacted by environmental
8 hazards and where the greatest vehicular air pollution impact is
9 identified.

10 (b) Select, in consultation with the California Environmental
11 Protection Agency, the disadvantaged communities identified
12 pursuant to Section 39711.

13 44269.6. (a) In evaluating projects to be allocated moneys
14 pursuant to this chapter, the commission shall give priority to a
15 project with all of the following characteristics:

16 (1) Occurs in or near communities identified pursuant to Section
17 39711.

18 (2) Demonstrates the potential for cobenefits or multibenefit
19 attributes, including reducing significant emissions of criteria
20 pollutants or toxic air contaminants.

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

23 (4) Demonstrates the ability to leverage additional public or
24 private funding.

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

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

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

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

32 44271.3. The commission and the state board shall allocate no
33 less than 50 percent of the moneys available pursuant to this
34 chapter to projects that meet either of the following criteria:

35 (a) Provide direct benefits to communities identified pursuant
36 to Section 39711.

37 (b) Serve or are located within communities described in Section
38 39711.

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

1 44272. (a) The Alternative and Renewable Fuel and Vehicle
2 Technology Program is hereby created. The program shall be
3 administered by the commission. The commission shall implement
4 the program by regulation pursuant to the requirements of Chapter
5 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
6 Title 2 of the Government Code. The program shall provide, upon
7 appropriation by the Legislature, competitive grants, revolving
8 loans, loan guarantees, loans, or other appropriate funding
9 measures, to public agencies, vehicle and technology entities,
10 businesses and projects, public-private partnerships, workforce
11 training partnerships and collaboratives, fleet owners, consumers,
12 recreational boaters, and academic institutions to develop and
13 deploy innovative technologies that transform California's fuel
14 and vehicle types to help attain the state's climate change policies.
15 The emphasis of this program shall be to develop and deploy
16 technology and alternative and renewable fuels in the marketplace,
17 without adopting any one preferred fuel or technology.

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

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

29 (2) Amendments to a contract, grant, loan, or other agreement
30 or award as long as the amendments do not increase the amount
31 of the award, change the scope of the project, or modify the purpose
32 of the agreement.

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

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

- 1 (2) The project’s consistency with existing and future state
2 climate change policy and low-carbon fuel standards.
- 3 (3) The project’s ability to reduce criteria air pollutants and air
4 toxics and reduce or avoid multimedia environmental impacts.
- 5 (4) The project’s ability to decrease, on a life-cycle basis, the
6 discharge of water pollutants or any other substances known to
7 damage human health or the environment, in comparison to the
8 production and use of California Phase 2 Reformulated Gasoline
9 or diesel fuel produced and sold pursuant to California diesel fuel
10 regulations set forth in Article 2 (commencing with Section 2280)
11 of Chapter 5 of Division 3 of Title 13 of the California Code of
12 Regulations.
- 13 (5) The project does not adversely impact the sustainability of
14 the state’s natural resources, especially state and federal lands.
- 15 (6) The project provides nonstate matching funds. Costs incurred
16 from the date a proposed award is noticed may be counted as
17 nonstate matching funds. The commission may adopt further
18 requirements for the purposes of this paragraph. The commission
19 is not liable for costs incurred pursuant to this paragraph if the
20 commission does not give final approval for the project or the
21 proposed recipient does not meet requirements adopted by the
22 commission pursuant to this paragraph.
- 23 (7) The project provides economic benefits for California by
24 promoting California-based technology firms, jobs, and businesses.
- 25 (8) The project uses existing or proposed fueling infrastructure
26 to maximize the outcome of the project.
- 27 (9) The project’s ability to reduce on a life-cycle assessment
28 greenhouse gas emissions by at least 10 percent, and higher
29 percentages in the future, from current reformulated gasoline and
30 diesel fuel standards established by the state board.
- 31 (10) The project’s use of alternative fuel blends of at least 20
32 percent, and higher blend ratios in the future, with a preference
33 for projects with higher blends.
- 34 (11) The project drives new technology advancement for
35 vehicles, vessels, engines, and other equipment, and promotes the
36 deployment of that technology in the marketplace.
- 37 (d) The commission shall rank applications for projects proposed
38 for funding awards based on solicitation criteria developed in
39 accordance with subdivision (c), and shall give additional
40 preference to funding those projects with higher benefit-cost scores.

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

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

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

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

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

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

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

38 (7) Programs and projects that accelerate the commercialization
39 of vehicles and alternative and renewable fuels including buy-down
40 programs through near-market and market-path deployments,

1 advanced technology warranty or replacement insurance,
2 development of market niches, supply-chain development, and
3 research related to the pedestrian safety impacts of vehicle
4 technologies and alternative and renewable fuels.

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

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

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

22 (11) Block grants or incentive programs administered by public
23 entities or not-for-profit technology entities for multiple projects,
24 education and program promotion within California, and
25 development of alternative and renewable fuel and vehicle
26 technology centers. The commission may adopt guidelines for
27 implementing the block grant or incentive program, which shall
28 be approved at a noticed public meeting of the commission.

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

35 (13) A program to provide funding for homeowners who
36 purchase a plug-in electric vehicle to offset costs associated with
37 modifying electrical sources to include a residential plug-in electric
38 vehicle charging station. In establishing this program, the
39 commission shall consider funding criteria to maximize the public
40 benefit of the program.

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

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

9 (1) Contract with the Treasurer to expend funds through
10 programs implemented by the Treasurer, if the expenditure is
11 consistent with all of the requirements of this article and Article
12 1 (commencing with Section 44270).

13 (2) Contract with small business financial development
14 corporations established by the Governor's Office of Business and
15 Economic Development to expend funds through the Small
16 Business Loan Guarantee Program if the expenditure is consistent
17 with all of the requirements of this article and Article 1
18 (commencing with Section 44270).

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

21 (A) A public entity.

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

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

26 (4) Amend a contract, grant, loan, or other agreement or award
27 to extend the terms of that contract, grant, loan, or other agreement
28 or award by two years if the moneys are reprioritized by the
29 commission to apply toward a project that complies with Section
30 44271.3.

31 SEC. 5. Notwithstanding Section 39718 of the Health and
32 Safety Code, the sum of thirty-five million dollars (\$35,000,000)
33 is hereby appropriated from the Greenhouse Gas Reduction Fund,
34 created pursuant to Section 16428.8 of the Government Code, to
35 the ~~State Air Resources Board~~ *State Energy Resources*
36 *Conservation and Development Commission* for the purpose of
37 implementing the Advanced Low-Carbon Diesel Fuels Access
38 Program (Chapter 8.8 (commencing with Section 44269) of Part
39 5 of Division 26 of the Health and Safety Code).

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

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

O