

AMENDED IN SENATE JULY 7, 2015
AMENDED IN ASSEMBLY JUNE 1, 2015
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, 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, 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 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) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. 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

1 Protection Agency, is a science-based tool that identifies the
2 California communities most burdened by pollution from multiple
3 sources and most vulnerable to its effects.

4 (2) Using CalEnviroScreen, the California Environmental
5 Protection Agency has identified the top 25 percent highest-scoring
6 census tracts in the state based on geographic, socioeconomic,
7 public health, and environmental hazard criteria and has designated
8 these most impacted regions of the state as disadvantaged
9 communities.

10 (3) A significant number of the total identified top 25 percent
11 highest-scoring census tracts of disadvantaged communities are
12 located in the San Joaquin Valley, which is impacted by heavy
13 freight traffic moving along the Interstate 5 and Highway 99
14 corridors and along Interstate 710, which runs 18 miles from the
15 Ports of Long Beach and Los Angeles to the Pomona Freeway
16 (SR-60) in east Los Angeles and encompasses 15 cities and
17 unincorporated areas in Los Angeles County adjacent to the
18 freeway corridor.

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

23 (5) Medium- and heavy-duty diesel vehicles operating on
24 petroleum diesel fuel and traveling along these heavy freight
25 corridors, which are located adjacent to or within many of the
26 state's most environmentally impacted disadvantaged communities,
27 are a significant contributor to emissions from greenhouse gases
28 and criteria pollutants.

29 (6) However, the majority of diesel motor vehicles on the state's
30 roads today can immediately reduce their emissions of greenhouse
31 gases, oxides of nitrogen, particulate matter, and other emissions
32 of concern by using low-carbon alternative and renewable
33 biomass-based diesel fuels, such as renewable hydrocarbon diesel
34 and ~~low blends of~~ biodiesel.

35 (7) The state's policymakers can facilitate immediate and
36 tangible reductions of greenhouse gas emissions and criteria
37 pollution and amplify near-term health cobenefits to the state's
38 most impacted and disadvantaged communities by funding the
39 development and deployment of alternative and renewable fueling

1 infrastructure to facilitate greater access to these advanced
2 low-carbon diesel fuels.

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

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

11
12 CHAPTER 8.8. ADVANCED LOW-CARBON DIESEL FUELS ACCESS
13 PROGRAM
14

15 44269. For purposes of this chapter, the following terms have
16 the following meanings:

17 (a) “Commission” means the State Energy Resources
18 Conservation and Development Commission.

19 (b) “Disproportionately impacted by environmental hazards”
20 means public health or environmental effects from the emission
21 or discharge of substances in a geographic area, including
22 environmental pollution for all sources whether in a single medium
23 or in multiple media, routinely, accidentally, or otherwise released
24 into the environment, taking into account sensitive populations
25 and socioeconomic factors, where applicable and to the extent data
26 is available.

27 (c) “Low-carbon diesel fuel” means a biomass-based diesel fuel
28 that is used in diesel engines and meets all of the following criteria:
29 *the definition of low-carbon diesel fuel pursuant to the Low Carbon
30 Fuel Standard regulation (Subarticle 7 (commencing with Section
31 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3
32 of Title 17 of the California Code of Regulations).*

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

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

39 ~~(3) Complies with the Commercialization of Alternative Diesel
40 Fuels regulation (Subarticle 2 (commencing with Section 2293)~~

1 of Article 3 of Chapter 5 of Division 3 of Title 13 of the California
2 Code of Regulations), once that regulation becomes final.

3 ~~(4) Has a recognized carbon intensity under the Low Carbon
4 Fuel Standard regulation (Subarticle 7 (commencing with Section
5 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3
6 of Title 17 of the California Code of Regulations) of at least 50
7 percent lower than the petroleum diesel baseline carbon intensity
8 valuation.~~

9 ~~(5) Does not produce higher levels of oxides of nitrogen or
10 particulate matter than petroleum diesel fuel.~~

11 (d) “Low-carbon diesel fueling infrastructure” means the
12 equipment used to store and dispense low-carbon diesel fuel to
13 motor vehicles according to industry codes and standards and that
14 is open to the public. Types of eligible equipment include, but are
15 not limited to, storage, *loading rack components*, tanks, piping,
16 fittings, fuel dispensers, signage, point-of-sale systems, and their
17 associated construction.

18 44269.2. (a) The Advanced Low-Carbon Diesel Fuels Access
19 Program is hereby established. The commission, in consultation
20 with the state board, shall administer the program for the purpose
21 of reducing the greenhouse gas emissions of diesel motor vehicles
22 by providing capital assistance for projects that expand advanced
23 low-carbon diesel fueling infrastructure in communities that are
24 disproportionately impacted by environmental hazards and where
25 additionally the greatest air quality impacts can be identified.

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

30 44269.4. On or before March 1, 2016, the commission shall
31 do both of the following:

32 (a) Develop guidelines for the implementation of this chapter.
33 The guidelines shall ensure that the program is focused on
34 ~~communities both of the following:~~

35 ~~(1) Communities that are disproportionately impacted by
36 environmental hazards and where the greatest vehicular air
37 pollution impact is identified.~~

38 ~~(2) Low-carbon diesel fuels that have approved fuel pathways
39 under the Low Carbon Fuel Standard regulations (Subarticle 7
40 (commencing with Section 95480) of Article 4 of Subchapter 10~~

1 *of Chapter 1 of Division 3 of Title 17 of the California Code of*
2 *Regulations).*

3 (b) Select, in consultation with the California Environmental
4 Protection Agency, the disadvantaged communities identified
5 pursuant to Section 39711.

6 44269.6. (a) In evaluating projects to be allocated moneys
7 pursuant to this chapter, the commission shall give priority to a
8 project with all of the following characteristics:

9 (1) Occurs in or near communities identified pursuant to Section
10 39711.

11 (2) Demonstrates the potential for cobenefits or multibenefit
12 attributes, including reducing significant emissions of criteria
13 pollutants or toxic air contaminants.

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

16 (4) Demonstrates the ability to leverage additional public or
17 private funding.

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

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

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

23 SEC. 3. Section 44272 of the Health and Safety Code is
24 amended to read:

25 44272. (a) The Alternative and Renewable Fuel and Vehicle
26 Technology Program is hereby created. The program shall be
27 administered by the commission. The commission shall implement
28 the program by regulation pursuant to the requirements of Chapter
29 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
30 Title 2 of the Government Code. The program shall provide, upon
31 appropriation by the Legislature, competitive grants, revolving
32 loans, loan guarantees, loans, or other appropriate funding
33 measures, to public agencies, vehicle and technology entities,
34 businesses and projects, public-private partnerships, workforce
35 training partnerships and collaboratives, fleet owners, consumers,
36 recreational boaters, and academic institutions to develop and
37 deploy innovative technologies that transform California's fuel
38 and vehicle types to help attain the state's climate change policies.
39 The emphasis of this program shall be to develop and deploy

1 technology and alternative and renewable fuels in the marketplace,
2 without adopting any one preferred fuel or technology.

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

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

14 (2) Amendments to a contract, grant, loan, or other agreement
15 or award as long as the amendments do not increase the amount
16 of the award, change the scope of the project, or modify the purpose
17 of the agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (e) 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 lightweight materials, intelligent transportation systems, energy
16 storage, control systems and system integration, physical
17 measurement and metering systems and software, development of
18 design standards and testing and certification protocols, battery
19 recycling and reuse, engine and fuel optimization electronic and
20 electrified components, hybrid technology, plug-in hybrid
21 technology, battery electric vehicle technology, fuel cell
22 technology, and conversions of hybrid technology to plug-in
23 technology through the installation of safety certified supplemental
24 battery modules.

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

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

37 (9) Infrastructure projects that promote alternative and renewable
38 fuel infrastructure development connected with existing fleets,
39 public transit, and existing transportation corridors, including

1 physical measurement or metering equipment and truck stop
2 electrification.

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

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

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

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

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

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

37 (1) Contract with the Treasurer to expend funds through
38 programs implemented by the Treasurer, if the expenditure is
39 consistent with all of the requirements of this article and Article
40 1 (commencing with Section 44270).

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

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

9 (A) A public entity.

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

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

14 (4) Amend a contract, grant, loan, or other agreement or award
15 to extend the terms of that contract, grant, loan, or other agreement
16 or award by two years if the moneys are reprioritized by the
17 commission to apply toward a project that ~~complies with Section~~
18 ~~44271.3.~~ *benefits communities identified pursuant to Section 39711.*

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

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