

AMENDED IN SENATE AUGUST 18, 2015

AMENDED IN SENATE JULY 7, 2015

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AMENDED IN ASSEMBLY APRIL 23, 2015

AMENDED IN ASSEMBLY APRIL 20, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

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**ASSEMBLY BILL**

**No. 1176**

**Introduced by Assembly Member Perea**

February 27, 2015

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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~~, *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

1 developed by the Office of Environmental Health Hazard  
2 Assessment at the request of the California Environmental  
3 Protection Agency, is a science-based tool that identifies the  
4 California communities most burdened by pollution from multiple  
5 sources and most vulnerable to its effects.

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

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

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

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

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

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

1 development and deployment of alternative and renewable fueling  
2 infrastructure to facilitate greater access to these advanced  
3 low-carbon diesel fuels.

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

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

12  
13 CHAPTER 8.8. ADVANCED LOW-CARBON DIESEL FUELS ACCESS  
14 PROGRAM  
15

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

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

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

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

34 (c) “Low-carbon diesel fuel” means a biomass-based diesel  
35 fuel that is used in diesel engines and meets both of the following  
36 requirements:

37 (1) *Has a recognized carbon intensity pursuant to the Low  
38 Carbon Fuel Standard regulation (Subarticle 7 (commencing with  
39 Section 95480) of Article 4 of Subchapter 10 of Chapter 1 of  
40 Division 3 of Title 17 of the California Code of Regulations) of at*

1 *least 50 percent lower than the petroleum diesel baseline carbon*  
2 *intensity value.*

3 (2) *Does not produce higher levels of oxides of nitrogen or*  
4 *particulate matter than petroleum diesel fuel.*

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

12 44269.2. (a) The Advanced Low-Carbon Diesel Fuels Access  
13 Program is hereby established. The commission, in consultation  
14 with the state board, shall administer the program for the purpose  
15 of reducing the greenhouse gas emissions of diesel motor vehicles  
16 by providing capital assistance for projects that expand advanced  
17 low-carbon diesel fueling infrastructure in communities that are  
18 disproportionately impacted by environmental hazards and where  
19 additionally the greatest air quality impacts can be identified.

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

24 44269.4. On or before March 1, 2016, the commission shall  
25 do both of the following:

26 (a) Develop guidelines for the implementation of this chapter.  
27 The guidelines shall ensure that the program is focused on both of  
28 the following:

29 (1) Communities that are disproportionately impacted by  
30 environmental hazards and where the greatest vehicular air  
31 pollution impact is identified.

32 (2) Low-carbon diesel fuels that have approved fuel pathways  
33 ~~under pursuant to the Low Carbon Fuel Standard regulations~~  
34 *regulation* (Subarticle 7 (commencing with Section 95480) of  
35 Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17  
36 of the California Code of Regulations).

37 (b) Select, in consultation with the California Environmental  
38 Protection Agency, the disadvantaged communities identified  
39 pursuant to Section 39711.

1 44269.6. (a) In evaluating projects to be allocated moneys  
2 pursuant to this chapter, the commission shall give priority to a  
3 project with all of the following characteristics:

4 (1) Occurs in or near communities identified pursuant to Section  
5 39711.

6 (2) Demonstrates the potential for cobenefits or multibenefit  
7 attributes, including reducing significant emissions of criteria  
8 pollutants or toxic air contaminants.

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

11 (4) Demonstrates the ability to leverage additional public or  
12 private funding.

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

14 (6) Includes marketing and education outreach strategies  
15 designed to increase the effectiveness of the program’s goals.

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

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

20 44272. (a) The Alternative and Renewable Fuel and Vehicle  
21 Technology Program is hereby created. The program shall be  
22 administered by the commission. The commission shall implement  
23 the program by regulation pursuant to the requirements of Chapter  
24 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
25 Title 2 of the Government Code. The program shall provide, upon  
26 appropriation by the Legislature, competitive grants, revolving  
27 loans, loan guarantees, loans, or other appropriate funding  
28 measures, to public agencies, vehicle and technology entities,  
29 businesses and projects, public-private partnerships, workforce  
30 training partnerships and collaboratives, fleet owners, consumers,  
31 recreational boaters, and academic institutions to develop and  
32 deploy innovative technologies that transform California’s fuel  
33 and vehicle types to help attain the state’s climate change policies.  
34 The emphasis of this program shall be to develop and deploy  
35 technology and alternative and renewable fuels in the marketplace,  
36 without adopting any one preferred fuel or technology.

37 (b) A project that receives more than seventy-five thousand  
38 dollars (\$75,000) in funds from the commission shall be approved  
39 at a noticed public meeting of the commission and shall be  
40 consistent with the priorities established by the investment plan

1 adopted pursuant to Section 44272.5. Under this article, the  
2 commission may delegate to the commission’s executive director,  
3 or his or her designee, the authority to approve either of the  
4 following:

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

8 (2) Amendments to a contract, grant, loan, or other agreement  
9 or award as long as the amendments do not increase the amount  
10 of the award, change the scope of the project, or modify the purpose  
11 of the agreement.

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

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

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

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

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

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

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

1 proposed recipient does not meet requirements adopted by the  
2 commission pursuant to this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

1 infrastructure, fueling stations, and equipment used solely for  
2 renewable diesel or biodiesel fuel.

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

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

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

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

36 (10) Workforce training programs related to alternative and  
37 renewable fuel feedstock production and extraction, renewable  
38 fuel production, distribution, transport, and storage,  
39 high-performance and low-emission vehicle technology and high  
40 tower electronics, automotive computer systems, mass transit fleet

1 conversion, servicing, and maintenance, and other sectors or  
2 occupations related to the purposes of this chapter.

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

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

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

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

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

30 (1) Contract with the Treasurer to expend funds through  
31 programs implemented by the Treasurer, if the expenditure is  
32 consistent with all of the requirements of this article and Article  
33 1 (commencing with Section 44270).

34 (2) Contract with small business financial development  
35 corporations established by the Governor's Office of Business and  
36 Economic Development to expend funds through the Small  
37 Business Loan Guarantee Program if the expenditure is consistent  
38 with all of the requirements of this article and Article 1  
39 (commencing with Section 44270).

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

3 (A) A public entity.

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

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

8 (4) Amend a contract, grant, loan, or other agreement or award  
9 to extend the terms of that contract, grant, loan, or other agreement  
10 or award by two years if the moneys are reprioritized by the  
11 commission to apply toward a project that benefits communities  
12 identified pursuant to Section 39711.

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

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