AMENDED IN ASSEMBLY APRIL 12, 2016

AMENDED IN ASSEMBLY MARCH 16, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

# ASSEMBLY BILL No. 1697

**Introduced by Assembly Member Bonilla**

January 21, 2016

An act to amend Section 44272 of the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1697, as amended, Bonilla. Alternative and Renewable Fuel and Vehicle Technology Program.

Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission. Existing law requires the program to provide funding measures to certain entities to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies. Existing law requires the commission to provide preferences to projects that maximize the goals of the program based on certain criteria, including the project's ability to provide economic benefits for California by promoting California-based technology firms, jobs, and businesses.

This bill would add a project's ability to provide a path for trained workers to transition to jobs in the clean technology and renewable fuels sectors and a project's ability to promote employment of trained workers in those sectors as additional criteria on which preference under the program shall be provided.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

*SECTION 1. The Legislature finds and declares all of the following:*

*(a) The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) requires California to reduce the emissions of greenhouse gases to 1990 levels by 2020.*

*(b) In January 2015, Governor Brown issued an executive order declaring a statewide goal of reducing petroleum use by 50 percent by 2030 in order to reduce the emissions of greenhouse gases.*

*(c) To address the long-term goals of reducing the emissions of greenhouse gases in California, the Legislature enacted the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air and Carbon Reduction Act of 2007 (Chapter 8.9 (commencing with Section 44270) of Part 5 of Division 26 of the Health and Safety Code) that established the Alternative and Renewable Fuel and Vehicle Technology Program to provide up to $100 million in grants each year to help California establish and expand alternative and renewable fuel production and infrastructure.*

*(d) As policies that reduce the emissions of greenhouse gases and petroleum use go into effect, the job market will inevitably change, resulting in a greater emphasis on green jobs.*

*(e) To ensure that the skills and technical training in existing industries are integrated into the new green economy, it is incumbent on the state to foster earn-and-learn pathways and additional training opportunities to transition workers from the carbon-based economy to jobs focused on alternative and renewable fuels to match growing demand.*

~~SECTION 1.~~

*SEC. 2.* Section 44272 of the Health and Safety Code is amended to read:

44272. (a) The Alternative and Renewable Fuel and Vehicle Technology Program is hereby created. The program shall be administered by the commission. The commission shall implement the program by regulation pursuant to the requirements of Chapter

3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The program shall provide, upon appropriation by the Legislature, competitive grants, revolving loans, loan guarantees, loans, or other appropriate funding measures to public agencies, vehicle and technology entities, businesses and projects, public-private partnerships, workforce training partnerships and collaboratives, fleet owners, consumers, recreational boaters, and academic institutions to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies. The emphasis of this program shall be to develop and deploy technology and alternative and renewable fuels in the marketplace, without adopting any one preferred fuel or technology.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(12) The project's ability to provide a path for trained workers to transition to jobs in the clean technology and renewable fuels sectors.

(13) The project's ability to promote employment of trained workers in the clean technology and renewable fuels sectors.

(d) The commission shall rank applications for projects proposed for funding awards based on solicitation criteria developed in

accordance with subdivision (c), and shall give additional preference to funding those projects with higher benefit-cost scores.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

vehicle charging station. In establishing this program, the commission shall consider funding criteria to maximize the public benefit of the program.

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

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

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

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

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

(A) A public entity.

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

(C) An administrator of a block grant program.

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