An act to amend Sections 43018.9, 44272, and 44272.5 of, and to repeal Section 44272.3 and 44272.4 of, the Health and Safety Code, relating to vehicular air pollution.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

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

(a) California has adopted ambitious climate goals, including reducing greenhouse gas emissions 40 percent below 1990 levels by 2030.

(b) Mobile sources, including cars, trucks, and other vehicles, contribute approximately 90 percent of diesel particulate matter emissions, 80 percent of smog-forming oxides of nitrogen emissions, and 50 percent of all greenhouse gas emissions.

(c) California is taking a portfolio approach to meet its climate goals by supporting a variety of strategies across the state to reduce emissions. The Alternative and Renewable Fuel and Vehicle Technology Program (Article 2 (commencing with Section 44272) of Chapter 8.9 of Part 5 of Division 26 of the Health and Safety Code) and the Clean Vehicle Rebate Project, established pursuant to Section 44274 of the Health and Safety Code, are key programs supporting a cleaner transportation sector.

(d) Focusing the investments of the Alternative and Renewable Fuel and Vehicle Technology Program on zero-emission vehicle infrastructure consistent with Executive Order B-48-18 will spur the accelerated development and deployment of zero-emission vehicles to help to meet these goals.

(e) The Clean Vehicle Rebate Program will complement the zero-emission vehicle infrastructure investments by providing a stable source of funding for clean vehicle incentives.

(f) It is the intent of the Legislature for all of the following:

(1) The Legislature appropriate $200 million from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code, annually to the State Air Resources Board to provide rebates to state residents for the purchase or lease of new light-duty zero-emission vehicles and plug-in hybrids.

(2) From the $200 million specified in paragraph (1), the State Air Resources Board allocate $25 million annually for incentives for low-income consumers.

(3) As part of the existing annual Air Quality Improvement Program (Article 3 (commencing with Section 44274) of Chapter 8.9 of Part 5 of Division 26 of the Health and Safety Code) funding plan process, the State Air Resources Board consider revising eligibility requirements with public input, as needed, and that those revisions include the program's income eligibility requirements to target moderate- and low-income consumers, as well as incorporate other market considerations.

SEC. 2. Section 43018.9 of the Health and Safety Code is amended to read:

43018.9. (a) For purposes of this section, the following terms have the following meanings:

(1) "Commission" means the State Energy Resources Conservation and Development Commission.

(2) "Publicly available hydrogen-fueling station" means the equipment used to store and dispense hydrogen fuel to vehicles according to industry codes and standards that is open to the public.

(b) Notwithstanding any other law, the state board shall have no authority to enforce any element of its existing clean fuels outlet regulation or of any other regulation that requires or has the effect of requiring that any supplier, as defined in Section 7338 of the Revenue and Taxation Code as in effect on May 22, 2013, construct, operate,

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or provide funding for the construction or operation of any publicly available hydrogen-fueling station.

(c) On or before June 30, 2014, and every year thereafter, the state board shall aggregate and make available all of the following:

(1) The number of hydrogen-fueled vehicles that motor vehicle manufacturers project to be sold or leased over the next three years as reported to the state board pursuant to the Low Emission Vehicle regulations, as currently established in Sections 1961 to 1961.2, inclusive, of Title 13 of the California Code of Regulations.

(2) The total number of hydrogen-fueled vehicles registered with the Department of Motor Vehicles through April 30.

(d) On or before June 30, 2014, and every year thereafter, the state board, based on the information made available pursuant to subdivision (c), shall do both of the following:

(1) Evaluate the need for additional publicly available hydrogen-fueling stations for the subsequent three years in terms of quantity of fuel needed for the actual and projected number of hydrogen-fueled vehicles, geographic areas where fuel will be needed, and station coverage.

(2) Report findings to the commission on the need for additional publicly available hydrogen-fueling stations in terms of number of stations, geographic areas where additional stations will be needed, and minimum operating standards, such as number of dispensers, filling protocols, and pressures.

(e) (1) The commission shall allocate ~~twenty million dollars ($20,000,000) annually to fund the number of stations identified pursuant to subdivision (d), not to exceed 20 percent of the moneys appropriated by the Legislature~~ moneys from the Alternative and Renewable Fuel and Vehicle Technology Fund, established pursuant to Section 44273, until there are at least ~~100~~ 200 publicly available hydrogen-fueling stations in operation in ~~California.~~ the state.

(2) If the commission, in consultation with the state board, determines that the full amount identified in paragraph (1) is not needed to fund the number of stations identified by the state board pursuant to subdivision (d), the commission may allocate any remaining moneys to other projects, subject to the requirements of the Alternative and Renewable Fuel and Vehicle Technology Program pursuant to Article 2 (commencing with Section 44272) of Chapter 8.9.

(3) Allocations by the commission pursuant to this subdivision shall be subject to all of the requirements applicable to allocations from the Alternative and Renewable Fuel and Vehicle Technology Program pursuant to Article 2 (commencing with Section 44272) of Chapter 8.9.

(4) The commission, in consultation with the state board, shall award moneys allocated in paragraph (1) based on the best available data, including information made available pursuant to subdivision (d), and input from relevant stakeholders, including motor vehicle manufacturers that have planned deployments of hydrogen-fueled vehicles, according to a strategy that supports the deployment of an effective and efficient hydrogen-fueling station network in a way that maximizes benefits to the public while minimizing costs to the state.

(5) Notwithstanding paragraph (1), once the commission determines, in consultation with the state board, that the private sector is establishing publicly available

hydrogen-fueling stations without the need for government support, the commission may cease providing funding for those stations.

(6) On or before December 31, 2015, and annually thereafter, the commission and the state board shall jointly review and report on progress toward establishing a hydrogen-fueling network that provides the coverage and capacity to fuel vehicles requiring hydrogen fuel that are being placed into operation in the state. The commission and the state board shall consider the following, including, but not limited ~~to,~~ to: the available plans of automobile manufacturers to deploy hydrogen-fueled vehicles in California and their progress toward achieving those plans, the rate of deployment of hydrogen-fueled vehicles, the length of time required to permit and construct hydrogen-fueling stations, the coverage and capacity of the existing hydrogen-fueling station network, and the amount and timing of growth in the fueling network to ensure fuel is available to these vehicles. The review shall also determine the remaining cost and timing to establish a network of ~~100~~ 200 publicly available hydrogen-fueling stations and whether funding from the Alternative and Renewable Fuel and Vehicle Technology Program remains necessary to achieve this goal.

(f) To assist in the implementation of this section and maximize the ability to deploy fueling infrastructure as rapidly as possible with the assistance of private capital, the commission may design grants, loan incentive programs, revolving loan programs, and other forms of financial assistance. The commission also may enter into an agreement with the Treasurer to provide financial assistance to further the purposes of this section.

(g) Funds appropriated to the commission for the purposes of this section shall be available for encumbrance by the commission for up to four years from the date of the appropriation and for liquidation up to four years after expiration of the deadline to encumber.

(h) Notwithstanding any other law, the state board, in consultation with districts, no later than July 1, 2014, shall convene working groups to evaluate the policies and goals contained within the Carl Moyer Memorial Air Quality Standards Attainment Program, pursuant to Section 44280, and Assembly Bill 923 (Chapter 707 of the Statutes of 2004).

(i) This section shall remain in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2024, deletes or extends that date.

SEC. 3. 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.~~ in the marketplace to spur the accelerated development and deployment of zero-emission vehicles and its related infrastructure.

(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.~~

(1) The project's ability to spur the construction and installation of hydrogen fueling stations or electric vehicle chargers or related infrastructure.

(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)~~

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

~~(6)~~

(5) 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)~~

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

~~(8)~~

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

~~(9)~~

(8) 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)~~

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

~~(12)~~

(10) The project's ability to transition workers to, or promote employment in, ~~the~~ zero-emission vehicle infrastructure and the alternative and renewable fuel and vehicle technology sector.

(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~~ 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.~~

(1) Projects that increase or enhance the construction and installation of hydrogen fueling stations or electric vehicle chargers or related infrastructure.

(2) Demonstration and deployment projects that optimize ~~alternative and renewable fuels for existing and developing engine technologies.~~ zero- and near-zero-emission vehicle technologies and infrastructure for zero-emission vehicles.

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

~~(4)~~

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

~~(5)~~

(4) 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)~~

(5) 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~~

(6) Infrastructure programs and projects that accelerate the commercialization of zero-emission 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, and supply-chain ~~development, and research related to the pedestrian safety impacts of vehicle technologies and alternative and renewable fuels.~~ development.

~~(8)~~

(7) 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~~ zero- and near-zero-emission vehicles and technologies, idle management technology, and aerodynamic retrofits that decrease fuel consumption.

~~(9)~~

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

~~(10)~~

(9) Workforce training programs related to the development and deployment of technologies that transform California's fuel and vehicle types and assist the state in implementing its climate change policies, ~~including, but not limited 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, including training programs to transition dislocated workers affected by the state's greenhouse gas emission policies, including those from fossil fuel sectors, or~~ including training programs for low-skilled workers to enter or continue in a career pathway that leads to middle skill, industry-recognized ~~credentials~~ credentials, or state-approved apprenticeship opportunities in occupations related to the purposes of this chapter.

~~(11)~~

(10) 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~~ projects that develop and deploy zero-emission vehicles and related infrastructure or zero-emission infrastructure 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)~~

(11) 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)~~

(12) 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.~~ section. 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.

~~(h) The commission shall collaborate with entities that have expertise in workforce development to implement the workforce development components of this section, including, but not limited to, the California Workforce Development Board, the Employment Training Panel, the Employment Development Department, and the Division of Apprenticeship Standards.~~

SEC. 4. Section 44272.3 of the Health and Safety Code is repealed.

~~44272.3. (a) It is the intent of the Legislature that, to the maximum extent feasible, loan moneys provided by the state to refiners of biofuels, also known as biorefiners, be awarded so as to increase the efficiency and environmental sustainability of biofuel production.~~

~~(b) In order to reduce the carbon-intensity equivalent value of the fuel that biorefiners produce, biorefiners receiving loans from the commission's California Ethanol Producer Incentive Program, established under the authority of this chapter, shall meet all of the following requirements:~~

~~(1) Within six months of acceptance to the program, biorefiners shall submit a draft plan to the commission that details one or more projects that can be undertaken at the biorefinery that are designed to achieve compliance with either of two biorefinery operational enhancement goals established by the commission.~~

~~(2) Within 12 months of acceptance to the program, biorefiners shall submit a detailed cost estimate for their target projects that can be undertaken at the biorefinery and that are designed to achieve compliance with the commission's enhancement goals.~~

~~(3) Within 24 months of acceptance to the program, biorefiners shall complete and obtain all of the necessary permits or negative declarations sufficient to allow the project to move forward with financing, major equipment purchases, and hiring if project approval is executed by the company's officers.~~

~~(4) Within 36 months of acceptance to the program, biorefiners shall obtain all of the necessary financing and initiate construction for their project associated with their elected enhancement goal pathway.~~

~~(5) Within 48 months of acceptance to the program, biorefiners shall complete all modifications to the facility and begin modified operations that achieve compliance with either of the enhancement goal pathways selected by the project applicant.~~

~~(c) This section does not limit the commission's ability to set more stringent guidelines for the California Ethanol Producer Incentive Program that further maximize the efficiency and environmental sustainability of biofuel production.~~

~~(d) This section shall become inoperative on July 1, 2013.~~

SEC. 5. Section 44272.4 of the Health and Safety Code is repealed.

~~44272.4. (a) Notwithstanding subdivision (d) of Section 44272.3, on and after June 30, 2013, a biorefiner receiving loan moneys from the state pursuant to an appropriation made in the 2010–11 or 2011–12 fiscal year shall comply with all conditions established pursuant to Section 44272.3 and shall demonstrate that compliance to the commission.~~

~~(b) On and after July 1, 2013, the eligibility for funding, pursuant to paragraph (1) of subdivision (d) of Section 44272, of projects for the production of ethanol is limited to ethanol that is not derived from corn. This limitation does not apply to ethanol derived from corn stover, leaves, cobs, or other nonedible plant portions of the corn.~~

SEC. 6. Section 44272.5 of the Health and Safety Code is amended to read:

44272.5. (a) The commission shall develop and adopt an investment plan to determine priorities and opportunities for the Alternative and Renewable Fuel and Vehicle Technology Program created pursuant to this chapter. The investment plan shall establish priorities for investment of funds and technologies to achieve the goals of this chapter and describe how funding will complement existing public and private investments, including existing state programs that further the goals of this chapter. The commission shall create and consult with an advisory body as it develops the investment plan. The advisory body is subject to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code). The commission shall, at a minimum, hold one public hearing on the advisory body's recommendations prior to approving the investment plan.

(b) Membership of the advisory body created pursuant to subdivision (a) shall ~~include, but is not limited to, representatives of fuel and vehicle technology entities,~~ include a range of representatives from stakeholders, such as zero-emission vehicle makers, zero-emission infrastructure entities, labor organizations, environmental organizations, community-based justice and public health organizations, recreational boaters, consumer advocates, academic institutions, workforce training groups~~, and private industry.~~ retail electricity suppliers, original engine manufacturers, ride-share entities, and other stakeholders, as appropriate. The advisory body shall also include representatives from the Resources Agency, the Transportation Agency, the Labor and Workforce Development Agency, and the California Environmental Protection Agency.

(c) The commission shall hold at least three public workshops in different regions of the state and one public hearing prior to approving the investment plan. The commission shall annually update and approve the plan. The commission shall reconvene and consult with the advisory body created pursuant to subdivision (a) prior to annually updating and approving the plan.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, ______.
General Subject: Clean Vehicle Rebate Project: Alternative and Renewable Fuel and Vehicle Technology Program.

(1) Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, the reduction of criteria air pollutants and improvement of air quality. Pursuant to its existing statutory authority, the state board has established the Clean Vehicle Rebate Project, as a part of the Air Quality Improvement Program, to promote the production and use of zero-emission vehicles by providing rebates for the purchase of new zero-emission vehicles.

This bill would state the intent of the Legislature to appropriate $200 million from the Greenhouse Gas Reduction Fund annually to the state board to provide rebates to state residents for the purchase or lease of new light-duty zero-emission vehicles and plug-in hybrids, for the state board to include $25 million annually for incentives for low-income consumers, and, as part of the existing annual Air Quality Improvement Program funding plan process, for the state board to consider revising eligibility requirements with public input, as needed, as specified.

(2) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission, Energy Commission, to provide to specified entities, upon appropriation, grants, loans, loan guarantees, revolving loans, or other appropriate measures for the development and deployment of innovative technologies to transform California's fuel and vehicle types to help attain the state's climate change goals. Existing law requires the energy commission to develop and adopt an investment plan to determine priorities and opportunities for the program.

Existing law requires the Energy Commission to allocate $20,000,000 annually from the Alternative and Renewable Fuel and Vehicle Technology Fund, as specified, until there are at least 100 publicly available hydrogen-fueling stations in the state.

This bill instead would allocate moneys from the Alternative and Renewable Fuel and Vehicle Technology Fund until there are at least 200 public available hydrogen-fueling stations in the state.

This bill would revise and recast the Alternative and Renewable Fuel and Vehicle Technology Program to no longer require the emphasis of this program to be to develop

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and deploy technology and alternative and renewable fuels in the marketplace, but instead to develop and deploy technology in the marketplace to spur the accelerated development and deployment of zero-emission vehicles and its related infrastructure, as specified. The bill also would repeal provisions under the program relating to biorefiners.

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

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