

BOARD MEETING DATE: July 7, 2017

AGENDA NO. 5

**PROPOSAL:** Recognize Revenue and Amend Award to Develop and Demonstrate Fuel Cell Heavy-Duty Truck

**SYNOPSIS:** In October 2016, the Board recognized up to \$283,495 from the Ports' Technology Advancement Program (TAP) to develop and demonstrate a fuel cell heavy-duty truck with Hydrogenics USA Inc. Subsequently, in April 2017, the Port of Los Angeles advised staff that they would be unable to cost-share the project using TAP funding, but the Port of Long Beach (POLB) remains committed to cost-sharing the project. These actions are to recognize revenue up to \$157,500 from the POLB into the Advanced Technology Goods Movement Fund (61) and amend the award to Hydrogenics USA Inc. to substitute the \$283,495 from the Ports' TAP with \$157,500 from the POLB and \$125,995 from the Clean Fuels Program Fund (31).

**COMMITTEE:** Technology, June 16, 2017; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Recognize, upon receipt, up to \$157,500 from the Port of Long Beach into the Advanced Technology Goods Movement Fund (61) for development and demonstration of zero emission drayage trucks; and
2. Amend the award to Hydrogenics USA Inc. to substitute the \$283,495 from the Ports' TAP with \$157,500 from the Advanced Technology Goods Movement Fund (61) and \$125,995 from the Clean Fuels Program Fund (31) to develop a fuel cell range-extended drayage truck.

Wayne Natri  
Executive Officer

## **Background**

In October 2016, the Board awarded a contract to Hydrogenics USA Inc. to develop a fuel cell range-extended drayage truck in an amount not to exceed \$1,109,279 from the Advanced Technology Goods Movement Fund (61). The Board's action included recognizing \$283,495 from the Ports' Technology Advancement Program (TAP) and reallocating DOE funds of \$825,784 previously awarded to another contractor who had withdrawn from the project. The Board's action also transferred \$283,495 as a temporary loan from the Clean Fuels Program Fund (31) into the Advanced Technology Goods Movement Fund (61) until the Ports' TAP cost-share was received.

Subsequently, in April 2017, the Port of Los Angeles advised staff that they would be unable to cost-share the project using TAP funding, but the Port of Long Beach (POLB) remains committed to cost-sharing the project and has offered \$157,500 as pass-through funds to continue participation. However, this leaves a shortfall of \$125,995 for the fuel cell truck project.

## **Proposal**

This action is to recognize, upon receipt, up to \$157,500 from the POLB into the Advanced Technology Goods Movement Fund (61) for development and demonstration of zero emission drayage trucks. This action is to also amend an award to Hydrogenics USA Inc. to substitute the \$283,495 from the Ports' TAP funds with \$157,500 from the Advanced Technology Goods Movement Fund (61) and \$125,995 from the Clean Fuels Fund (31) to develop a fuel cell range-extended drayage truck. Of the \$283,495 previously identified as a temporary loan from the Clean Fuels Program Fund (31), \$125,995 will now be allocated as cost-share directly from the Clean Fuels Program Fund (31), while the remaining amount will remain a temporary loan until the POLB cost-share is received.

## **Benefits to SCAQMD**

Projects to support implementation of various clean fuel vehicle incentive programs are included in the *Technology Advancement Office Clean Fuels Program 2017 Plan Update* under the categories of "Electric/Hybrid Technologies & Infrastructure" and "Hydrogen and Fuel Cell Technologies and Infrastructure". This project is to develop and demonstrate zero emission drayage trucks with fuel cell range extended technologies for goods movement operations. Successful demonstration of such projects will contribute to the attainment of clean air standards in the South Coast Air Basin by eliminating PM and NOx emissions from replaced diesel drayage trucks.

**Resource Impacts**

The \$157,500 in revenue from the POLB will be recognized into the Advanced Technology Goods Movement Fund (61), and the contract with Hydrogenics will not exceed \$1,109,279, comprised of \$983,284 from the Advanced Technology Goods Movement Fund (61) and \$125,995 from the Clean Fuels Fund (31). The total cost for this proposed project is \$2,433,553, as follows:

<b>Project Partner</b>	<b>Funding Amount</b>	<b>Percent</b>
CEC	\$983,858	40
DOE	\$825,784	34
Hydrogenics (in-kind)	\$340,416	14
POLB	\$157,500	7
SCAQMD ( <i>requested</i> )	\$125,995	5
<b>Total</b>	<b>\$2,433,553</b>	<b>100%</b>

Of the \$283,495 previously identified as a temporary loan from the Clean Fuels Program Fund (31), \$125,995 will now be allocated as cost-share directly from the Clean Fuels Program Fund (31), while \$157,500 will remain a temporary loan from the Clean Fuels Program Fund (31) to the Advanced Technology Goods Movement fund (61) until the POLB cost-share is received.

Sufficient funds are available from the Clean Fuels Fund (31), established as a special revenue fund resulting from the state-mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.