BOARD MEETING DATE: June 6, 2014 AGENDA NO. 22

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, May 9, 2014. The next Legislative Committee meeting is scheduled for Friday, June 13, 2014 at 9 a.m. in Conference Room CC8.

The Committee deliberated on the following agenda items for Board consideration and recommended the following actions:

Agenda Item	**Recommendation Action**
AB 1499 (Skinner) Electricity: Self-Generation Incentive Program	SUPPORT
AB 1624 (Gordon) Self-Generation Incentive Program	SUPPORT
SB 1265 (Hueso) State Vehicle Fleet Purchases: Minimum Fuel Economy Standard	SUPPORT
Principles Regarding SCAQMD's Position On Funding Related Issues	ADOPT
AB 1330 (Perez) Environmental Justice – Guidance on legislative language	APPROVAL IN CONCEPT

RECOMMENDED ACTION:
Receive, file this report, and approve agenda items as specified in this letter.

Josie Gonzales
Chair
Legislative Committee

LBS:GS:PFC:jf

Attendance *[Attachment 1]*
The Legislative Committee met on May 9, 2014. Committee Chair Supervisor Josie Gonzales was present at SCAQMD's Diamond Bar headquarters. Committee Members, Mayor Judy Mitchell, Supervisor Michael Antonovich, Councilmember Joe Buscaino and Dr. Clark E. Parker, Sr. attended via teleconference.

Update on Federal Legislative Issues
Mia O'Connell of the Carmen Group, SCAQMD federal legislative consultant, provided the Committee with updates on key Washington D.C. issues.

Ms. O'Connell reported that they have met with and briefed Congressional representatives regarding SCAQMD's legislative priorities relating to the surface transportation reauthorization bill (i.e. the successor to MAP-21), including possible rail provisions. These meetings included those with the offices of Congressmen Gary Miller, Duncan Hunter, and others in the delegation. Congressmen Miller and Hunter are two key members of the House Transportation and Infrastructure Committee's Highways and Transit subcommittee.

Ms. O'Connell also reported on the FY '15 House Appropriations bill relating to the U.S. Environmental Protection Agency (EPA) Diesel Emissions Reduction Act (DERA) Program. They have continued to work with Congressman Ken Calvert's office, following up on his support for EPA's DERA Program and his interest in ensuring that the South Coast Basin gets treated fairly in terms of resources in addressing air quality issues.

Recently the Administration released its proposed $302 billion four-year bill for surface transportation reauthorization, entitled the GROW AMERICA ACT, which proposes to provide funding through corporate tax reform. However, since such reform will not happen right away, funding continues to be a big issue of debate. The Administration's bill includes various new proposed provisions -- including significantly increased spending in transit, rail and freight; a new grant program to incentivize best practices in reducing energy use, improving air quality and reducing carbon pollution; as well as provisions to improve the Congestion Management and Air Quality Improvement

(CMAQ) program by better targeting fine particle pollution and smog-forming emissions.

Finally, Ms. O'Connell provided information regarding an opportunity for EPA's FY '14 DERA funding. Recently, EPA announced the availability of $9 million in grant funding under the DERA program, with approximately $2.4 million available to Region 9. EPA has stated a preference for areas with the greatest pollution, and is seeking to fund applications that save fuel, reduce greenhouse gas emissions, and reduce pollution from diesel fuel vehicles. The closing date for receipt of proposals is June 17, 2014. SCAQMD staff is now reviewing this opportunity.

Mark Kadesh of Kadesh & Associates, SCAQMD federal legislative consultant, also updated the Committee on key Washington D.C. issues.

Mr. Kadesh reported that the Shaheen-Portman energy efficiency bill, on which SCAQMD has a support position, has been amended to include more provisions on energy efficiency. The bill has been called up to the U.S. Senate Floor; however, controversies regarding the bill may block any vote on it, despite broad bipartisan support.

The Senate Environment and Public Works Committee (EPW) is expected to release their draft surface transportation reauthorization bill on Monday, May 12, 2014, with a markup hearing expected later in the week. EPW Chair Senator Barbara Boxer has indicated that she is going to support a simple extension of the current surface transportation bill (MAP-21).

The Senate Finance Committee held a hearing recently on financing the next surface transportation reauthorization bill. Funding for the bill remains the key issue of contention. However, no funding proposals were endorsed by the Finance Committee. Also, the Senate Commerce Committee recently held a hearing on a number of rail and freight proposals in relation to the MAP-21 reauthorization; yet again, funding remained a major issue, and no consensus was reached.

Mr. Kadesh reported that zero emission goods movement FY '14 appropriations grant funding is currently available. SCAQMD and staff from the ports are exploring that opportunity. SCAQMD Executive Officer Dr. Barry Wallerstein wrote a letter of support for this program at the request of Senator Feinstein, and she is going to continue supporting this program with regard to the FY '15 Energy and Water appropriations bill which, as a consequence, is expected to include grant funding for zero-emissions goods movement.

Supervisor Gonzales requested the federal legislative consultants to prepare ideas for consideration by SCAQMD regarding possible funding options for the Highway Trust Fund/surface transportation reauthorization bill.

Update on Sacramento Legislative Issues
Will Gonzalez of Gonzalez, Quintana & Hunter, SCAQMD state legislative consultant, briefed the Committee on key Sacramento issues.

Mr. Gonzalez provided an update on various legislative proposals including:

- **SB 1275 (De Leon) –** This bill is entitled the "Charge Ahead Initiative" and its goal is to place a million electric or partial electric vehicles on California roads by 2023. While the bill has no funding, it seeks to direct a greater share of existing program dollars to low and moderate income households. In addition, there is the expectation that additional funding may be provided from the greenhouse gas cap and trade auction revenue. The bill has a large coalition of support and related funding issues will ultimately be decided in the state budget.

- **SB 1204 (Lara) –** This bill is meant to fund the clean truck, bus, and off-road equipment program to help with the development and deployment of zero and near zero emission medium duty vehicles. This bill is criticized as being too similar to the AB 118 program. There is also a focus to ensure that lower income communities are able to benefit from the clean vehicle program in the bill. No funding is in the bill; it is likely to receive its funding at the end of the state budget negotiations.

- **AB 2013 (Muratsuchi) –** This bill increases the number of stickers available for partial zero emission vehicles, allowing them to be driven in the High Occupancy Vehicle (HOV) lanes with only one occupant. The stickers would increase from 40,000 to 85,000. After some political delay, this bill has now passed through the Assembly and is headed to the Senate.

- **SB 1139 (Hueso) –** This recently amended bill deals with geothermal power. In addition to Renewable Portfolio Standard (RPS) requirements, this bill would additionally require public and private utilities in California to procure 500 megawatts of geothermal electric resources. The bill's supporters include the Imperial Irrigation District and labor, who hope to further develop this form of energy and use the revenue stream to fund further Salton Sea mitigation. The bill passed through the Senate Energy Committee and is headed to the Senate Appropriations Committee for hearing on May 19th.

Mayor Mitchell made reference to the air pollution problem caused by the receding of the Salton Sea and inquired about SCAQMD's interest in this issue. Dr. Wallerstein responded that SCAQMD has a strong interest in the Salton Sea pollution issue, including particulate exposure and possible toxic air contaminants coming from toxics that derive from runoff from agricultural areas. There are also periodic releases of hydrogen sulfide that cause a toxic gas that has a rotten egg smell. Mayor Mitchell asked if these geothermal energy sources might be able to make up for shortfalls from the closure of the San Onofre Nuclear Generating Station. Dr. Wallerstein replied it would not but that many private R&D efforts were under way to explore a range of alternative energy resources, including ‘algae based fuel’ being studied in a project of test ponds.

Paul Gonsalves of Joe A. Gonsalves & Son, SCAQMD state legislative consultant, also briefed the Committee on key Sacramento issues.

Mr. Gonsalves provided an update on AB 1102 (Allen), which passed out of the Assembly in January. It is currently in the Senate Environmental Quality Committee and has not been set for a hearing date at this point, although June 4th is the anticipated hearing date.

For May, there are various legislative activities and deadlines, including the May Budget Revise which is expected to be released on May 14. Additionally, May 2nd was the deadline for policy committees to hear fiscal bills, May 9th is the last day for policy committees to hear non-fiscal bills, May 23rd is the last day for fiscal committees to hear bills, and May 30th is the last day for bills to be passed out of their house of origin. Further, June 15th is the deadline for adopting the state budget.

Mr. Gonsalves also reported that the Governor recently called for a special session on the “rainy day fund” as the Governor and legislative leadership reached an agreement on this issue. The agreement includes, increased deposits when the state experiences spikes in capital gains, allows for supplemental payments to accelerate payoff of the state’s debts, limiting the Legislature’s ability to rely on that fund when funding gets leaner, raises the size of the rainy day fund to 10% of the General Fund, and creates a Prop. 98 reserve for education. This issue is expected to be voted on the floor next week, and then placed on the ballot for voters to decide in November.

Finally, Mr. Gonsalves reported that the Assembly Speaker-elect Toni Atkins will become Speaker on May 12th. However, in the Senate, similar change in leadership, with Senator Kevin De Leon likely succeeding President pro tem Darrell Steinberg is not expected until later in the year.

In response to Dr. Wallerstein’s inquiry, Mr. Gonsalves clarified that no official leadership vote has happened yet in the Senate.

Long Term Cap-and-Trade Investment Strategy [*Attachment 2]*

Deputy Executive Officer Lisha B. Smith, in coordination with Mr. Gonzalez, presented President pro tem Darrell Steinberg's long-term investment strategy for cap-and-trade revenue. Ms. Smith stated that it is anticipated that President pro tem Steinberg's proposals will be incorporated into SB 1156.

Mr. Gonzalez reported that the cap-and-trade pool of money is expected to be about $5 billion. The Steinberg proposals represent the emerging Senate plan on how cap-and-trade revenue should be spent, which will be used in negotiations with the Governor and other leaders.

Mr. Gonzalez reported that those involved in the Senate negotiations are President pro Tem Steinberg, Senator De Leon, Senator Jim Beall, Senator Ricardo Lara, Senator Fran Pavley, and Senator Hannah-Beth Jackson.

Mr. Gonzalez presented on the Senate proposal, including some corrected financial numbers based on recent negotiations, as well as notable differences with the Governor's cap-and-trade revenue plan:

- 40% of funding for affordable housing has changed to 20%, with the other 20% going to sustainable communities
- 30% for transit
- 20% for high speed rail (versus 30-40% proposed by the Governor)
- 10% for highway, road rehabilitation
- $200 million annually – natural resource, water and waste
- $200 million annually – climate dividend for transportation fuel consumers
- $200 million annually – Charge Ahead Initiative
- $10 million annually – green bank funding

Mr. Gonzalez mentioned that it may be difficult to establish a nexus between greenhouse gas emissions reduction and affordable housing.

Dr. Wallerstein asked what percentage of these funds will go towards reducing greenhouse gas emissions from stationery sources. Mr. Gonzalez did not have a response.

Recommend Position on Bills: ***[Attachment 3]***

AB 1499 (Skinner) Electricity: Self-Generation Incentive Program
AB 1624 (Gordon) Self-Generation Incentive Program
Community Relations Manager Philip Crabbe presented AB 1499 (Skinner) and AB 1624 (Gordon) to the Committee.

AB 1499 (Skinner) would extend the authority of the Public Utilities Commission (PUC) to authorize electrical corporations to annually collect funds for the Self-Generation Incentive Program (SGIP) by three years, through December 31, 2017. The bill would also extend the PUC's administration of the SGIP by three years, to January 1, 2019.

AB 1624 (Gordon) would extend funding authorization of the SGIP for seven years, requiring the PUC to allocate up to $83 million per year through 2021 from utility allowance revenues to fund rebate payments for eligible customer-owned distributed energy resource (DER) projects through 2021, including wind, advanced energy storage, and natural gas or renewable gas fuel cells and combined heat and power (CHP) combustion projects, per SGIP.

Both of these bills were amended (May 7th). AB 1499 (Skinner) incorporated the proposed author's amendments contained in the analysis, and both bills had other minor amendments made that primarily relate to adding metrics and verifications for the program.

Staff recommended a SUPPORT position on both AB 1499 and AB 1624.

Mayor Mitchell sought to clarify the funding sources for AB 1499 and AB 1624. Mr. Crabbe confirmed that AB 1499 funds are derived from collections from ratepayers and AB 1624 funds are from existing cap & trade utility allowance revenues.

The Legislative Committee approved staff's recommended position of SUPPORT on both AB 1499 and AB 1624.
AYES: *Buscaino, Gonzales, Mitchell, and Parker*
NOES: *None.*

SB 1265 (Hueso) State Vehicle Fleet Purchases: Minimum Fuel Economy Standard
Sr. Public Affairs Manager Guillermo Sanchez presented SB 1265 (Hueso) to the Committee.

This bill would require the Department of General Services (DGS) to include hybrid vehicles within the minimum fuel economy standard for the state fleet, thereby raising the fuel economy standard for future DGS fleet standards and further incentivizing the deployment of cleaner fueled vehicles.

Staff recommended a SUPPORT position on SB 1265.

Mayor Mitchell asked whether a new statewide fuel mileage standard was created by this bill. Mr. Sanchez responded in the negative and clarified that the new standard in the bill only applies to state fleet purchases.

Dr. Parker asked if this bill's provisions apply to the SCAQMD. Mr. Sanchez responded that it does not.

The Legislative Committee approved staff's recommended position of SUPPORT on SB 1265.
AYES: *Antonovich, Buscaino, Gonzales, Mitchell, and Parker*
NOES: *None.*

AB 2242 (Perea) Air Quality Improvement Program *[Attachment 4]*
Dr. Wallerstein updated the Committee in regards to AB 2242 (Perea) presented the proposed "Principles Regarding SCAQMD's Position on Funding Related Issues."

Dr. Wallerstein reported that at this time, the bill author is no longer pursuing AB 2242 (Perea); however, it is possible that this could change before the end of the legislative session. In anticipation of potentially dealing with this bill and related funding issues, staff prepared proposed basic principles related to SCAQMD funding priorities, for consideration by the Committee, to provide guidance to staff.

The Legislative Committee approved staff's recommendation and ADOPTED the "Principles Regarding SCAQMD's Position on Funding Related Issues."
AYES: *Antonovich, Gonzales, Mitchell, and Parker*
NOES: *None.*

AB 1330 (John Pérez) Environmental Justice
SCAQMD Chief Deputy Counsel Barbara Baird provided an update on negotiations with Speaker Pérez's staff and interested stakeholders relating to AB 1330 and requested guidance regarding proposed bill language.

Ms. Baird stated that the author's office has not yet released to the public any new legislative language for this year's version of the bill, which seeks to deal with serious and serial violators of environmental rules. Staff is seeking guidance on two new proposals for legislative language, based on current staff proposals and input from Committee Members from the April Committee meeting as follows:

1) New proposed SCAQMD legislative language, discussed during the April Committee meeting, which gives the Air Pollution Control Officer of an air district the power to suspend an air quality permit immediately, on a temporary basis, for a period not to exceed 30 days, if there is sufficient threat of injury, pending a hearing. More specifically, if there is an existing release of air contaminants that has a substantial probability of causing injury, or a threatened release that is likely to cause great bodily injury, and if it is necessary to take immediate action to reduce or prevent that injury, then permit suspension can take place. Under the circumstances that such a suspension does take place, the legislation would require the SCAQMD to notify the suspended permittee what it needs to do to get the suspension lifted and the facts upon which the suspension is based. The suspension could not continue for more than 30 days unless the Hearing Board, after a hearing, determines that the basis for the suspension still continues. The legislation would also authorize SCAQMD to promulgate rules to carry out the purposes of the provision and spell out in greater detail situations that would warrant such an immediate suspension.

2) The new proposed SCAQMD legislative language would also allow the SCAQMD Hearing Board to issue an abatement order on only 24 hours notice, rather than the current 10 day notice minimum. The abatement order would continue until there was time for a fully noticed hearing.

Ms. Baird stated that these two provisions are focused on protecting public health when there is not time to go to a fully noticed Hearing Board hearing under current rules.

Mayor Mitchell suggested that in the scenario that a permit is temporarily suspended, that staff explore the possibility of shifting the burden of proof to the permittee to show that they did not commit wrongdoing. Ms. Baird responded that she could research this option. Dr. Wallerstein recounted a scenario involving a facility named Ridgeline in Santa Fe Springs which had a release of toxic gas, as an example of why the proposed provisions are needed. Mayor Mitchell suggested that the SCAQMD proposals include a requirement that a hearing occur within 30 days, in the case where a permittee's permit has been temporarily suspended. Ms. Baird stated that such a requirement can be included within SCAQMD's proposed legislative language. Dr. Parker cautioned that the proposals should not take a property interest away without due process.

Staff recommended that the requested Guidance on legislative language relating to AB 1330 (Perez) Environmental Justice, be APPROVED IN CONCEPT, including the suggestions made by Mayor Mitchell.

The Legislative Committee APPROVED IN CONCEPT staff's recommendation regarding the requested Guidance on legislative language relating to AB 1330 (Perez) Environmental Justice, including the suggestions made by Mayor Mitchell.

AYES: *Antonovich, Gonzales, Mitchell, and Parker*
NOES: *None.*

Report from SCAQMD Home Rule Advisory Group *[Attachment 5]*
Please refer to Attachment 5 for written report.

Other Business:
None

Public Comment Period:
No public comment.

Attachments
1. Attendance Record
2. Long Term Cap-and-Trade Investment Strategy
3. Bill and Bill Analyses
4. Principles Regarding SCAQMD's Position on Funding Related Issues
5. SCAQMD Home Rule Advisory Group Report

ATTACHMENT 1

ATTENDANCE RECORD –May 9, 2014

DISTRICT BOARD MEMBERS:
Supervisor Josie Gonzales
Supervisor Michael Antonovich (teleconference)
Councilmember Joe Buscaino (teleconference)
Mayor Judy Mitchell (teleconference)
Dr. Clark E. Parker, Sr. (teleconference)

STAFF TO COMMITTEE:
Lisha B. Smith, Deputy Executive Officer
Derrick Alatorre, Assistant Deputy Executive Officer/Public Advisor
Guillermo Sanchez, Senior Public Affairs Manager
Julie Franco, Senior Administrative Secretary

DISTRICT STAFF:
Barry R. Wallerstein, Executive Officer
Barbara Baird, Chief Deputy Counsel
Peter Greenwald, Senior Policy Advisor
Marc Carrel, Program Supervisor
Tina Cox, Senior Public Information Specialist
Philip Crabbe, Community Relations Manager
Philip Fine, Assistant Deputy Executive Officer
Laura Garrett, Telecommunications Technician II
Matt Miyasato, Deputy Executive Officer
Mohsen Nazemi, Deputy Executive Officer
Danielle Soto, Senior Public Information Specialist
Kim White, Public Affairs Specialist
Patti Whiting, Staff Specialist

OTHERS PRESENT:
Mark Abramowitz, Governing Board Member Consultant (Lyou)
Tricia Almiron, SANBAG
Frank Cardenas, Governing Board Member Consultant (Cacciotti)
Paul Gonsalves, Gonsalves & Son (teleconference)
Will Gonzalez, Gonzalez, Quintana & Hunter (teleconference)
Tom Gross, SCE
Stewart Harris, Carmen Group (teleconference)
Gary Hoitsma, Carmen Group (teleconference)
Mark Kadesh, Kadesh & Associates (teleconference)
Chris Kierig, Kadesh & Associates (teleconfernce)
Bill LaMarr, California Small Business Alliance
Rita Loof, RadTech
Debra Mendelsohn, Governing Board Assistant (Antonovich)
Peter Okurowski, California Environmental Associates
Mia O’Connell, Carmen Group (teleconference)
David Rothbart, Los Angetles County Sanitation Districts
Andy Silva, Governing Board Assistant (Gonzales)
Susan Stark, Tesor Consultant
Lee Wallace, So. Cal Gas
Warren Weinstein, Kadesh & Associates (teleconference)

A Long-Term Investment Strategy for Cap-and-Trade Revenue

INTRODUCTION

California has long been an international leader on clean energy and climate efforts through energy efficiency requirements, renewable energy standards, natural resource conservation, and greenhouse gas emission standards for passenger vehicles.

In 2006, California established the nation's benchmark for greenhouse gas emission reductions with the passage of AB32, the California Global Warming Solutions Act (Pavley). AB32 required the State Air Resources Board to develop a scoping plan, including direct regulations, performance-based standards, and market-based mechanisms to achieve this level of greenhouse gas emission reductions.

The State Air Resources Board has implemented a Cap-and-Trade program under the general authority granted under AB32 to implement market-based mechanisms. But full pollution reductions cannot be achieved without a long-term strategy for investing the program's revenues effectively and affordably.

SB 535 (De Leon 2011) built upon the CA climate program by recognizing the disproportionate impacts of greenhouse gases on disadvantaged and low-income communities in California including, for example, higher rates of respiratory illness, hospitalizations, and premature death from inordinately substandard air quality. It requires that 25 percent of cap and trade revenues be allocated to disadvantaged communities to reduce pollution.

Through SB 375 of 2008 (Steinberg), the legislature recognized that without improved land use and transportation policy, California will not be able to achieve the goals of AB 32 because the transportation sector remained the single largest contributor of greenhouse gases of any sector in the State of California.

This long-term investment strategy of Cap-and-Trade revenue is deliberately designed to achieve the objectives of AB32: a significant reduction in greenhouse gas emissions while mitigating a disproportionate impact of policies' strategy on California's low-income and disadvantaged communities.

Fundamentally, this long-term investment strategy embodies the objectives of Cap-and-Trade by ensuring that all expenditures are used to achieve maximum reductions in greenhouse gases. This long-term investment strategy is designed to curb human-induced global warming by reducing pollution from traffic and vehicle trips through retrofitting our communities with more affordable and efficient transit, housing, and land uses. In doing so, this long term investment strategy will improve public health and help Californians save money with convenient and affordable alternatives to spending more of their family budgets on ever-increasing fuel costs at the pump.

The objectives of this strategy will not be met overnight. It will take time and a long term commitment to witness the environmental dividends of these investments. That is why it is imperative to act now.

###

FRAMEWORK

All investments must:

- Lead to reductions in greenhouse gas emissions, consistent with AB32 (Pavley) of 2006;

- Be subject to a competitive ranking process to ensure those projects providing maximum feasible reductions in greenhouse gases are funded;

- Meet all existing constitutional and statutory requirements for use and allocation of Cap-and-Trade funds, including, but not limited to:
  - California Constitution Article XIII,
  - SB375 (Steinberg) – The Sustainable Communities and Climate Protection Act of 2008, relating to transit-oriented development,
  - SB535 (De Leon) – The California Communities Healthy Air Revitalization Trust of 2011, relating to ensuring disadvantaged communities receive at least 25% of funds,
  - SB1018 (Budget Committee) of 2012, relating to agencies carefully reporting, documenting and justifying expenditures of funds to protect against lawsuits.

INVESTMENT STRATEGY

I. A Permanent Source of Funding for Affordable Housing and Sustainable Communities (40%)

a. ***Purpose:*** Support regional sustainable communities strategies including investments in affordable housing, transit-oriented development, land use planning, , active transportation, high density mixed use development, transportation efficiency and demand management projects.

b. ***Parameters:*** At least half of these funds (equivalent to at least 20% of total allocations) shall be used for affordable housing, centered in transit-oriented development and consistent with GHG reduction strategies.

c. ***Allocation method:*** Distributed through SGC to regions and/or state agencies. Projects selected based on competitive GHG performance.

II. A Permanent Source of Funding for <u>Transit</u> (30%)

a. ***Purpose:*** Transit construction and operations.

b. ***Parameters:***

   i. At least 5% of the transit amount would have to be used for transit connectivity projects.

   ii. At least 5% of the transit amount would have to be used for direct transit assistance to consumers (could be in the form of passes, additional access, etc.).

c. ***Allocation method:*** Distributed based on GHG performance criteria

III. A Permanent Source of Funding for <u>High Speed Rail</u> (20%)

a. ***Purpose:*** Ongoing source for construction of HSR.

b. ***Allocation method***: Continuously appropriated. Could be securitized.

IV. A Permanent Source of Funding for <u>State Highway and Road Rehabilitation and for Complete Streets</u> (10%)

a. ***Purpose:*** Traffic management, repair, deferred maintenance, bikeways, and retrofits of roads and highways.

b. ***Allocation method:*** distributed based on competitive GHG performance criteria.

V. <u>Natural resource, water, and waste</u> ($200 million annually)

a. ***Purpose:*** Water efficiency infrastructure projects, forestry and landscape issues, wetland development, waste diversion and recycling, energy efficiency, clean vehicles, and "black carbon" reduction.

b. ***Allocation method:*** Subject to annual appropriation in the Budget Act.

VI. <u>Climate dividend</u> for transportation fuel consumers ($200 million annually)

a. ***Purpose:*** To use portion of cap-and-trade funds to show consumers that California's climate policies are generating new dollars for them.

b. ***Allocation method:*** Several options, for example, a rebate check on monthly fuel bills; once per year rebate with motor vehicle registrations.

VII. **"Charge Ahead" Electric Vehicle Deployment Program ($200 million annually)**

Purpose: Funding a comprehensive vision for cleaning up the state's cars, trucks, buses, and freight movement to meet federally mandated clean air requirements and California's long-term GHG goals.

a. Allocation Method. Appropriated annually in the Budget Act.

VIII. Green Bank Funding (not less than $10 million annually)

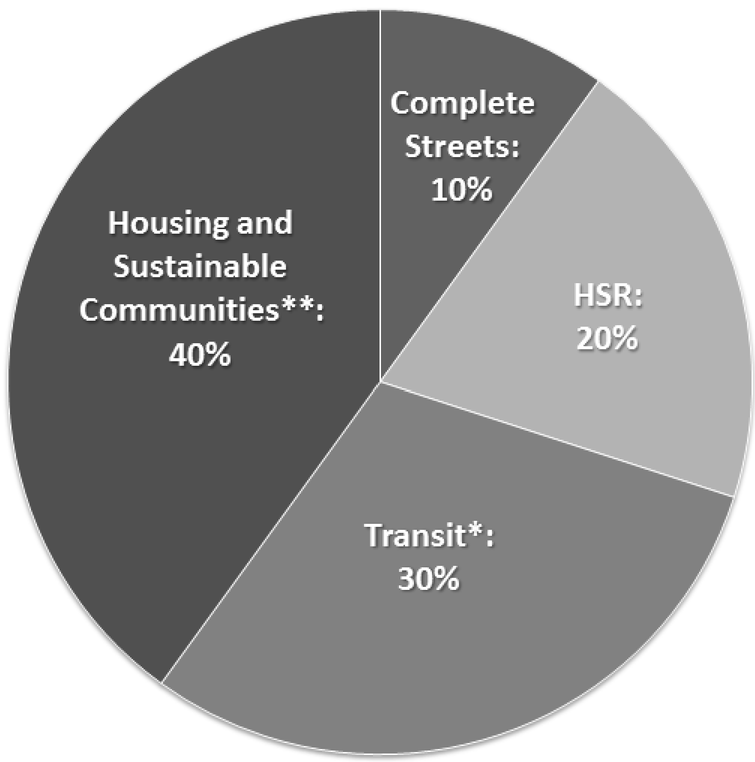
a. Purpose: a state fund to assist the financing of clean energy and other environmentally sustainable projects.

b. ***Allocation method***: appropriated annually in the Budget Act.

VISUAL SUMMARY

- $200 million for natural resource, water, and waste.
- $200 million for climate dividend for consumers.
- $200 million for electric vehicle deployment
- $10 million for green bank funding

Remaining balance distributed as follows:



**Of Transit amount, at least 5% shall be used for transit connectivity projects and at least 5% shall be used for direct transit assistance to consumers.*

***Of the Housing and Sustainable Communities amount, at least half shall be used for affordable housing.*

FISCAL ILLUSTRATION

Distribution of Cap-and-Trade, assuming revenue of $5 billion annually:

Category	Amount (millions)
I. Affordable Housing and Sustainable Communities	$1,756
II. Transit	$1,317
III. High Speed Rail	$878
IV. Complete Streets	$439
V. Natural Resource, Water, Waste	$200
VI. Climate Dividend	$200
VII. Electric Vehicle Deployment	$200
VIII. Green Bank Funding	$10
TOTAL	**$5,000**

ATTACHMENT 3

AB 1499 (Skinner)
Electricity: self-generation incentive program.

Summary: This bill would extend the authority of the Public Utilities Commission (PUC) to authorize electrical corporations to annually collect funds for the Self-Generation Incentive Program (SGIP) by three years, through December 31, 2017. The bill would also extend the PUC's administration of the SGIP by three years, to January 1, 2019.

Background: Under existing law, the PUC has regulatory authority over public utilities, including electrical corporations. Existing law requires the PUC to administer, until January 1, 2016, the SGIP for distributed generation resources and to separately administer solar technologies pursuant to the California Solar Initiative. The PUC, in consultation with the State Energy Resources Conservation and Development Commission (Commission), may authorize electrical corporations through 2014 to collect up to $83 million per year from their customers through distribution rates to fund SGIP.

The SGIP was established in the wake of California's energy crisis to encourage local (on-site) generation. Current law states legislative intent to have the SGIP increase deployment of distributed generation and energy storage systems to facilitate the integration of those resources into the electrical grid, improve efficiency and reliability of the distribution and transmission system, and reduce emissions of greenhouse gases (GHGs), peak demand, and ratepayer costs.

Proposed Author's Amendments: Per the Assembly Natural Resources Committee analysis, the author proposes to add the following provisions, which are similar to provisions added to AB 1624 (Gordon) on April 21:

1) Clarify that eligible Distributed Energy Resource (DER) technologies must: be capable of reducing demand from the grid by offsetting onsite energy load, including peak demand; be commercially available; safely utilize the existing transmission and distribution system; reduce GHG emissions; and improve air quality by reducing criteria air pollutants.

2) Require the PUC to determine a capacity factor for distributed generation and energy storage systems.

3) Requires the PUC to evaluate SGIP based on specified performance measures: GHG emission reductions; criteria pollutant emission reductions measured in terms of avoided emissions and emissions credits secured for project approval; energy

reductions measured in energy value; reductions of aggregate non-coincident customer peak demand; capacity factor; value of avoided transmission and distribution costs, and; ability to improve onsite electricity reliability as compared to onsite electricity reliability before the SGIP technology was placed in service.

4) Require the PUC to evaluate both of the following:

   a) The program's progress toward reducing barriers to the adoption of DER, including, but not limited to, interconnection costs and the length of time to complete interconnection.

   b) The program's effectiveness in providing frequency regulation, voltage support, demand reduction, peak shaving, ramp rate control, and other wholesale ancillary and grid reliability services.

Status: 4/28/14 In committee: Hearing postponed by Assembly NAT. RES. committee.

Specific Provisions: Specifically, this bill would:

1) Extend the authority of the PUC to authorize electrical corporations to make annual collections of funds for the SGIP through December 31, 2017.

2) Extend the PUC's administration of the SGIP to January 1, 2019.

Impacts on AQMD's mission, operations or initiatives: This bill would extend an incentive program for utility customers to install clean energy generation and energy storage equipment at their homes and businesses.

The author argues that the SGIP is a critical program for emerging distributed energy technologies, such as micro-turbines and bio-gas fuel cells. Also, the SGIP is the only incentive program for energy storage projects, which play a critical role in reducing GHGs, increasing the stability and reliability of the electrical system (the "grid"), and delivering even more renewable energy to California residents. The author also contends that with continued authorization, SGIP will help California meet its goals for clean air and reduced GHG emissions, and will support that state's clean energy economy. Moreover, SGIP re-authorization will continue to expand high-tech green job opportunities and private investment in California.

This bill would be in line with the South Coast AQMD's policy priorities for reducing air pollution within the region, including through the promotion of renewable energy generation and energy storage equipment technology.

Recommended Position: SUPPORT (including proposed amendments)

Support:
AT&T
Advanced Energy Economy
American Vanadium
Association of California Water Agencies
Bergey Wind Power
Bioenergy Association of California
Bloom Energy
California Association of Sanitation Agencies
California Energy Storage Alliance
California Manufacturers & Technology Association
California State University
Capstone Turbine Corporation
ClearEdge Power
CODA Energy
Direct Access Customer Coalition
EDF Renewable Development
EnerVault
Environmental Defense Fund
EtaGen
EV Grid
Facebook
Fuel Cell and Hydrogen Energy Association
Fuel Cell Energy
Green Charge Networks
Inland Empire Utilities Agency
LightSail Energy
OutBack Power Technologies
Parker Hannifin Corporation Global Energy Grid Tie Division
Powertree Services
Primus Power
Providence Health & Services
Rosendin Electric
SEEO
Sierra Club California
SolarCity
Solar Energy Industries Association
Stem

TechNet
West County Wastewater District
Yahoo!

Opposition:
The Utility Reform Network (TURN)

ATTACHMENT 3a

AMENDED IN ASSEMBLY MAY 7, 2014

AMENDED IN ASSEMBLY APRIL 21, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 1499

Introduced by Assembly Member Skinner

January 9, 2014

An act to amend Section 379.6 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 1499, as amended, Skinner. Electricity: self-generation incentive program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires the Public Utilities Commission to administer, until January 1, 2016, a self-generation incentive program for distributed generation resources and to separately administer solar technologies pursuant to the California Solar Initiative. The Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, may authorize electrical corporations to annually collect not more than the amount authorized for the program in the 2008 calendar year through December 31, 2014.

This bill would extend the authority of the ~~PUC~~ *Public Utilities Commission* to authorize electrical corporations to continue making the annual collections through December 31, 2017. The bill would extend the Public Utilities Commission's administration of the program to January 1, 2019.

Existing law limits eligibility for incentives under the self-generation incentive program to distributed energy resources that the Public Utilities Commission, in consultation with the State Air Resources Board, determines will achieve reductions in emissions of greenhouse gases pursuant to the California Global Warming Solutions Act of 2006.

This bill would further limit eligibility for incentives under the self-generation incentive program to distributed energy resource technologies that the Public Utilities Commission determines meet specified additional requirements. The bill would require the commission to determine a capacity factor for each distributed energy recourse technology.

This bill would require the Public Utilities Commission to evaluate the self-generation incentive program's overall success and impact based on specified performance measures and to evaluate the self-generation incentive program's progress toward reducing barriers to the adoption of distributed energy resources and the self-generation incentive program's effectiveness in providing certain capabilities generally related to grid reliability.

This bill would require the Public Utilities Commission, on or before July 1, 2015, to update the factor for avoided greenhouse gas emissions based on certain information. The bill would require the Public Utilities Commission, in allocating funds between eligible technologies, to consider the relative amount and cost of certain factors. The bill would require recipients of the self-generation incentive program funds to provide to the Public Utilities Commission and the State Air Resources Board relevant data and would subject them to inspection to verify equipment operation and performance.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the program that is extended under the provisions of this bill are within the act and a decision or order of the commission implements the program requirements, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

SECTION 1. Section 379.6 of the Public Utilities Code is amended to read:

379.6. (a) (1) It is the intent of the Legislature that the self-generation incentive program increase deployment of distributed generation and energy storage systems to facilitate the integration of those resources into the electrical grid, improve efficiency and reliability of the distribution and transmission system, and reduce emissions of greenhouse gases, peak demand, and ratepayer costs. It is the further intent of the Legislature that the ~~commission, in future proceedings,~~ *commission* provide for an equitable distribution of the costs and benefits of the program.

(2) The commission, in consultation with the Energy Commission, may authorize the annual collection of not more than the amount authorized for the self-generation incentive program in the 2008 calendar year, through December 31, 2017. The commission shall require the administration of the program for distributed energy resources originally established pursuant to Chapter 329 of the Statutes of 2000 until January 1, 2019. On January 1, 2019, the commission shall provide repayment of all unallocated funds collected pursuant to this section to reduce ratepayer costs.

(3) The commission shall administer solar technologies separately, pursuant to the California Solar Initiative adopted by the commission in ~~Decision 06-01-024.~~ *Decisions 05-12-044 and 06-01-024, as modified by Article 1 (commencing with Section 2851) of Chapter 9 of Part 2 of Division 1 of this code and Chapter 8.8 (commencing with Section 25780) of Division 15 of the Public Resources Code.*

(b) *(1)* Eligibility for incentives under the program shall be limited to distributed energy resources that the commission, in consultation with the State Air Resources Board, determines will achieve reductions of greenhouse gas emissions pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code).

(2) On or before July 1, 2015, the commission shall update the factor for avoided greenhouse gas emissions based on the most recent data available to the State Air Resources Board for greenhouse gas emissions from electricity sales in the self-generation incentive program administrators' service areas as well as current estimates of greenhouse gas emissions over the useful life of the distributed energy resource, including consideration of the effects of the California Renewables Portfolio Standard.

(c) Eligibility for the funding of any combustion-operated distributed generation projects using fossil fuel is subject to all of the following conditions:

(1) An oxides of nitrogen (NO_x) emissions rate standard of 0.07 pounds per megawatthour and a minimum efficiency of 60 percent, or any other NO_x emissions rate and minimum efficiency standard adopted by the State Air Resources Board. A minimum efficiency of 60 percent shall be measured as useful energy output divided by fuel input. The efficiency determination shall be based on 100 percent load.

(2) Combined heat and power units that meet the 60-percent efficiency standard may take a credit to meet the applicable NO_x emissions standard of 0.07 pounds per megawatthour. Credit shall be at the rate of one megawatthour for each 3,400,000 British thermal units (Btus) of heat recovered.

(3) The customer receiving incentives shall adequately maintain and service the combined heat and power units so that, during operation, the system continues to meet or exceed the efficiency and emissions standards established pursuant to paragraphs (1) and (2).

(4) Notwithstanding paragraph (1), a project that does not meet the applicable NO_x emissions standard is eligible if it meets both of the following requirements:

(A) The project operates solely on waste gas. The commission shall require a customer that applies for an incentive pursuant to this paragraph to provide an affidavit or other form of proof that specifies that the project shall be operated solely on waste gas. Incentives awarded pursuant to this paragraph shall be subject to refund and shall be refunded by the recipient to the extent the project does not operate on waste gas. As used in this paragraph, "waste gas" means natural gas that is generated as a byproduct of petroleum production operations and is not eligible for delivery to the utility pipeline system.

(B) The air quality management district or air pollution control district, in issuing a permit to operate the project, determines that operation of the project will produce an onsite net air emissions benefit, compared to permitted onsite emissions if the project does not operate. The commission shall require the customer to secure the permit prior to receiving incentives.

(d) In determining the eligibility for the self-generation incentive program, minimum system efficiency shall be determined either by calculating electrical and process heat efficiency as set forth in Section 216.6, or by calculating overall electrical efficiency.

(e) Eligibility for incentives under the program shall be limited to distributed energy resource technologies that the commission determines meet all of the following requirements:

(1) The distributed energy resource technology is capable of reducing demand from the grid by offsetting some or all of the customer's onsite energy load, including, but not limited to, peak electric demand.

(2) The distributed energy resource technology is commercially available.

(3) The distributed energy resource technology safely utilizes the existing transmission and distribution system.

(4) The distributed energy resource technology improves air quality by reducing criteria air pollutants.

(f) Recipients of the self-generation incentive program funds shall provide relevant data to the commission and the State Air Resources Board, upon request, and shall be subject to onsite inspection to verify equipment operation and performance, including capacity, thermal output, and usage to verify criteria air pollutant and greenhouse gas emissions performance.

(g) In administering the self-generation incentive program, the commission shall determine a capacity factor for each distributed energy resource technology in the program.

~~(e)~~

(h) (1) In administering the self-generation incentive program, the commission may adjust the amount of rebates and evaluate other public policy interests, including, but not limited to, ratepayers, energy efficiency, peak load reduction, load management, and environmental interests.

(2) The commission shall consider the relative amount and the cost of greenhouse gas emission reductions, peak demand reductions, system reliability benefits, and other measurable factors when allocating program funds between eligible technologies.

~~(f)~~

(i) The commission shall ensure that distributed generation resources are made available in the program for all ratepayers.

~~(g) (1)~~

(j) In administering the self-generation incentive program, the commission shall provide an additional incentive of 20 percent from existing program funds for the installation of eligible distributed generation resources ~~from a California supplier.~~ *manufactured in California.*

~~(2) "California supplier" as used in this subdivision means any sole proprietorship, partnership, joint venture, corporation, or other business entity that manufactures eligible distributed generation resources in California and that meets either of the following criteria:~~

~~(A) The owners or policymaking officers are domiciled in California and the permanent principal office, or place of business from which the supplier's trade is directed or managed, is located in California.~~

~~(B) A business or corporation, including those owned by, or under common control of, a corporation, that meets all of the following criteria continuously during the five years prior to providing eligible distributed generation resources to a self-generation incentive program recipient:~~

~~(i) Owns and operates a manufacturing facility located in California that builds or manufactures eligible distributed generation resources.~~

~~(ii) Is licensed by the state to conduct business within the state.~~

~~(iii) Employs California residents for work within the state.~~

~~(3) For purposes of qualifying as a California supplier, a distribution or sales management office or facility does not qualify as a manufacturing facility.~~

~~(h)~~

(k) The costs of the program adopted and implemented pursuant to this section shall not be recovered from customers participating in the California Alternate Rates for Energy (CARE) program.

(l) (1) The commission shall evaluate the overall success and impact of the self-generation incentive program based on the following performance measures:

(A) The amount of reductions of emissions of greenhouse gases.

(B) The amount of reductions of emissions of criteria air pollutants measured in terms of avoided emissions and reductions of criteria air pollutants represented by emissions credits secured for project approval.

(C) The amount of energy reductions measured in energy value.

(D) The amount of reductions of aggregate noncoincident customer peak demand.

(E) The ratio of the electricity generated by distributed energy resource projects receiving incentives from the program to the electricity capable of being produced by those distributed energy resource projects, commonly known as a capacity factor.

(F) The value to the electrical transmission and distribution system measured in avoided costs of transmission and distribution upgrades and replacement.

(G) The ability to improve onsite electricity reliability.

(2) In addition to evaluating the program based on the performance measures specified in paragraph (1), the commission shall also evaluate both of the following:

(A) The program's progress toward reducing barriers to the adoption of distributed energy resources, including, but not limited to, interconnection costs and the length of time to complete interconnection.

(B) The program's effectiveness in providing frequency regulation, voltage support, demand reduction, peak shaving, ramp rate control, and other wholesale ancillary and grid reliability services.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

O

ATTACHMENT 3b

AB 1624 (Gordon)

Self-generation incentive program.

Summary: This bill would extend funding authorization of the Self-Generation Incentive Program (SGIP) for seven years, requiring the Public Utilities Commission (PUC) to allocate up to $83 million per year through 2021 from utility allowance revenues to fund rebate payments for eligible customer-owned distributed energy resource (DER) projects through 2021, including wind, advanced energy storage, and natural gas or renewable gas fuel cells and combined heat and power (CHP) combustion projects, per SGIP.

Background: Under existing law, the PUC has regulatory authority over public utilities, including electrical corporations. Existing law requires the PUC to administer, until January 1, 2016, the SGIP for distributed generation resources and to separately administer solar technologies pursuant to the California Solar Initiative. The PUC, in consultation with the State Energy Resources Conservation and Development Commission (Commission), may authorize electrical corporations to collect up to $83 million per year from their customers through distribution rates through 2014 to fund SGIP.

The SGIP was established in the wake of California's energy crisis to encourage local (on-site) generation. Current law states legislative intent to have the SGIP increase deployment of distributed generation and energy storage systems to facilitate the integration of those resources into the electrical grid, improve efficiency and reliability of the distribution and transmission system, and reduce emissions of greenhouse gases (GHGs), peak demand, and ratepayer costs.

Status: 4/30/14 Re-referred to Assembly Com. on NAT. RES.

Specific Provisions: Specifically, this bill would:

1) Extend funding authorization of the SGIP for seven years, requiring the PUC to allocate up to $83 million per year through 2021 from utility allowance revenues to fund rebate payments for eligible customer-owned DER projects through 2021, including wind, advanced energy storage, and natural gas or renewable gas fuel cells and combined heat and power (CHP) combustion projects, per SGIP.

2) Require the PUC to reduce annual funding by 10 percent in each of the last four years (2018-2021).

3) Clarify that eligible DER technologies must: be capable of reducing demand from the grid by offsetting onsite energy load, including peak demand; be commercially

available; safely utilize the existing transmission and distribution system; reduce GHG emissions, and; improve air quality by reducing criteria air pollutants.

4) Require the PUC to evaluate SGIP based on specified performance measures: GHG emission reductions; criteria pollutant emission reductions measured in terms of avoided emissions and emissions credits secured for project approval; energy reductions measured in energy value; reductions of aggregate non-coincident customer peak demand; capacity factor; value of avoided transmission and distribution costs, and; ability to improve onsite electricity reliability as compared to onsite electricity reliability before the SGIP technology was placed in service.

5) Require the PUC, beginning in 2017, to review annually the level of incentives and the cost of the technologies that are receiving incentives and add or remove technologies or reduce incentives according to certain criteria.

Impacts on AQMD's mission, operations or initiatives: This bill would extend an incentive program for utility customers to install clean energy generation and energy storage equipment at their homes and businesses.

The author states that: SGIP, one of California's first programs to provide incentives for the deployment of DER, creates an incentive for residential and commercial customers to reduce the upfront costs of onsite DER. The program assists a wide swath of ratepayers – from homeowners, multi-unit housing to large commercial facilities. SGIP complements the Renewable Portfolio Standard (RPS) and will help Investor Owned Utilities comply with the PUC's Energy Storage Decision. SGIP also gives customers a choice about how to meet their electricity needs with secure, clean DER.

The author also states that this bill will permit the extension of a vital program for incentivizing the development of distributed on-site renewable energy facilities. The author argues that these are needed to meet increasing statewide demand for electricity, to reduce peak demand pressures on the grid and help meet California public policy goals of reducing GHG emissions and increasing the supply of clean renewable energy. Additionally, a variety of performance measures/metrics will be built into the program, through the bill, to ensure that utility ratepayers are being benefitted by the continuation of the SGIP.

This bill would be in line with the South Coast AQMD's policy priority for reducing air pollution within the region, including through the promotion of renewable energy generation and energy storage equipment technology.

Recommended Position: SUPPORT

Support:
AT&T
Advanced Energy Economy
Bergey Wind Power
Bloom Energy
California Energy Storage Alliance
California Manufacturers & Technology Association (if amended)
California State University
Capstone Turbine Corporation
ClearEdge Power
Direct Access Customer Coalition
Environmental Defense Fund
EtaGen
Facebook
Fuel Cell and Hydrogen Energy Association
SolarCity
TechNet
Yahoo!

Opposition:
The Utility Reform Network (TURN)

ATTACHMENT 3c

AMENDED IN ASSEMBLY APRIL 29, 2014

AMENDED IN ASSEMBLY APRIL 24, 2014

AMENDED IN ASSEMBLY APRIL 21, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 1624

Introduced by Assembly Member Gordon

February 10, 2014

An act to amend Section 379.6 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 1624, as amended, Gordon. Self-generation incentive program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law, adopted during the energy crisis of 2000–01, required the Public Utilities Commission, in consultation with the Independent System Operator and the State Energy Resources Conservation and Development Commission, to adopt initiatives, on or before March 7, 2001, to reduce demand for electricity and reduce load during peak demand periods, including differential incentives for renewable or super clean distributed generation resources. Pursuant to this requirement, the commission adopted Decision 01-03-073, dated March 27, 2001, that established program incentives for demand-responsiveness and self-generation*, collectively known as the self-generation incentive program,* that were modified in later decisions.

Existing law authorizes the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to authorize the annual collection of not more than the amount authorized for the self-generation incentive program in the 2008 calendar year, through December 31, 2014. Existing law requires the Public Utilities Commission to require electrical corporations to administer the program for distributed energy resources originally established pursuant to the above-described law until January 1, 2016, and to separately administer solar technologies pursuant to the California Solar Initiative. Existing law requires the Public Utilities Commission to provide repayment of all unallocated funds collected for the self-generation incentive program on January 1, 2016, to reduce ratepayer costs.

Existing law authorizes the Public Utilities Commission to allocate up to 15% of revenues received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to electrical distribution utilities for clean energy and energy efficiency projects that are administered by the electrical corporation and are not otherwise funded by ~~other~~ *another* funding source.

This bill would require the Public Utilities Commission to require electrical corporations to administer the program for distributed energy resources originally established pursuant to the above-described law through and including December 31, 2021. The bill would require the Public Utilities Commission to allocate $83 million from the above-described greenhouse gas allowance revenues for the self-generation incentive program. *The bill would require the Public Utilities Commission to authorize the expenditure of unallocated funds collected from ratepayers before authorizing the expenditure of funds allocated from the greenhouse gas allowance revenues. The bill would require the Public Utilities Commission, beginning January 1, 2018, and each year thereafter until December 31, 2021, to reduce the total amount allocated to the program by 10% annually.* The bill would require the Public Utilities Commission to evaluate the self-generation incentive program's overall success and impact based on specified performance measures and to evaluate the self-generation incentive program's progress toward reducing barriers to the adoption of distributed energy resources and the self-generation incentive program's effectiveness in providing certain capabilities generally related to grid reliability. ~~The bill would require the commission, beginning March 1, 2017, and every year thereafter for as long as the program is providing incentives, to review the level of incentives and the costs of the technologies that are receiving incentives to ensure that the program is more likely to fund those technologies that will improve the~~

~~technologies' ability to reduce greenhouse gas emission reduction costs and produce electricity at a time and in a manner that reduces the peak demand for electricity.~~

Existing law limits eligibility for incentives under the self-generation incentive program to distributed energy resources that the Public Utilities Commission, in consultation with the State Air Resources Board, determines will achieve reductions in emissions of greenhouse gases pursuant to the California Global Warming Solutions Act of 2006.

This bill would further limit eligibility for incentives under the self-generation incentive program to distributed energy resource technologies that the Public Utilities Commission determines meet specified additional requirements. The bill would require the commission to determine a capacity factor for each distributed generation system in the ~~program and to define a capacity factor for energy storage systems in the program as the ratio of the total hours the energy storage system is used for charging and discharging throughout the year, as specified, to the total number of hours in the year.~~ *program. The bill would require the commission, beginning March 1, 2017, and every year thereafter for as long as the program is providing incentives, to review the level of incentives and the costs of the technologies that are receiving incentives to ensure that the program is more likely to fund those technologies that will meet the requirements of the program.*

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the program that is extended under the provisions of this bill is within the act and a decision or order of the commission implements the program requirements, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

SECTION 1. Section 379.6 of the Public Utilities Code is amended to read:

379.6. (a) (1) It is the intent of the Legislature that the self-generation incentive program increase deployment of distributed generation and energy storage systems to facilitate the integration of those resources into the electrical grid, improve efficiency and reliability of the distribution and transmission system, and reduce emissions of greenhouse gases, peak demand, and ratepayer costs. It is the further intent of the Legislature that the commission, in future proceedings, provide for an equitable distribution of the costs and benefits of the program.

(2) (A) The commission, in consultation with the Energy Commission, may authorize the annual collection of not more than the amount authorized for the self-generation incentive program in the 2008 calendar year, through December 31, 2014.

(B) The commission shall require the administration of the program for distributed energy resources originally established pursuant to Chapter 329 of the Statutes of 2000 through and including December 31, 2021.

(C) Beginning January 1, 2015, and each year thereafter until December 31, 2021, the commission shall allocate up to eighty-three million dollars ($83,000,000) from the funds allocated for clean energy programs pursuant to subdivision (c) of Section 748.5 for the self-generation incentive program.

(D) Beginning January 1, 2015, the commission shall authorize the expenditure of unallocated funds collected pursuant to subparagraph (A) before authorizing the expenditure of funds allocated pursuant to subparagraph (C).

(E) Beginning January 1, 2018, and each year thereafter until December 31, 2021, the commission shall reduce the total amount allocated for the program by 10 percent annually.

~~(E)~~

(F) On January 1, 2022, all unallocated funds allocated pursuant to subparagraph (C) shall be subject to expenditure for the purposes of subdivision (c) of Section 748.5.

(3) The commission shall administer solar technologies separately, pursuant to the California Solar Initiative adopted by the commission in Decisions 05-12-044 and 06-01-024, as modified

by Article 1 (commencing with Section 2851) of Chapter 9 of Part 2 of Division 1 of this code and Chapter 8.8 (commencing with Section 25780) of Division 15 of the Public Resources Code.

(b) Eligibility for incentives under the program shall be limited to distributed energy resources that the commission, in consultation with the State Air Resources Board, determines will achieve reductions in emissions of greenhouse gases pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code).

(c) Eligibility for the funding of any combustion-operated distributed generation projects using fossil fuel is subject to all of the following conditions:

(1) An oxides of nitrogen (NO_x) emissions rate standard of 0.07 pounds per megawatthour and a minimum efficiency of 60 percent, or any other NO_x emissions rate and minimum efficiency standard adopted by the State Air Resources Board. A minimum efficiency of 60 percent shall be measured as useful energy output divided by fuel input. The efficiency determination shall be based on 100 percent load.

(2) Combined heat and power units that meet the 60-percent efficiency standard may take a credit to meet the applicable NO_x emissions standard of 0.07 pounds per megawatthour. Credit shall be at the rate of one megawatthour for each 3.4 million British thermal units (Btus) of heat recovered.

(3) The customer receiving incentives shall adequately maintain and service the combined heat and power units so that during operation, the system continues to meet or exceed the efficiency and emissions standards established pursuant to paragraphs (1) and (2).

(4) Notwithstanding paragraph (1), a project that does not meet the applicable NO_x emissions standard is eligible if it meets both of the following requirements:

(A) The project operates solely on waste gas. The commission shall require a customer that applies for an incentive pursuant to this paragraph to provide an affidavit or other form of proof that specifies that the project shall be operated solely on waste gas. Incentives awarded pursuant to this paragraph shall be subject to refund and shall be refunded by the recipient to the extent the project does not operate on waste gas. As used in this paragraph, “waste gas” means natural gas that is generated as a byproduct of petroleum production operations and is not eligible for delivery to the utility pipeline system.

(B) The air quality management district or air pollution control district, in issuing a permit to operate the project, determines that operation of the project will produce an onsite net air emissions benefit, compared to permitted onsite emissions if the project does not operate. The commission shall require the customer to secure the permit prior to receiving incentives.

(d) In determining the eligibility for the self-generation incentive program, minimum system efficiency shall be determined either by calculating electrical and process heat efficiency as set forth in Section 216.6, or by calculating overall electrical efficiency.

(e) In addition to the eligibility requirements specified in subdivisions (b), (c), and (d), eligibility for incentives under the program shall be limited to distributed energy resource technologies that the commission determines meet all of the following requirements:

(1) The distributed energy resource technology is capable of reducing demand from the grid by offsetting some or all of the customer's onsite energy load, including, but not limited to, peak electric demand.

(2) The distributed energy resource technology is commercially available.

(3) The distributed energy resource technology safely utilizes the existing transmission and distribution system.

(4) The distributed energy resource technology reduces emissions of greenhouse gases.

(5) The distributed energy resource technology improves air quality by reducing criteria air pollutants.

(f) In administering the self-generation incentive program, the commission shall ~~do both of the following:~~ *determine a capacity factor for each distributed generation system in the program.*

~~(1) Determine a capacity factor for each distributed generation system in the program.~~

~~(2) Define a capacity factor for energy storage systems in the program as the ratio of the total hours the energy storage system is used for charging and discharging throughout the year, including the hours when the energy storage system is available for capacity applications even if not actively charging or discharging, to the total number of hours in the year.~~

(g) In administering the self-generation incentive program, the commission may adjust the amount of rebates and evaluate other public policy interests, including, but not limited to, ratepayers, energy efficiency, peak load reduction, load management, and environmental interests.

(h) The commission shall ensure that distributed generation resources are made available in the program for all ratepayers.

(i) (1) In administering the self-generation incentive program, the commission shall provide an additional incentive of 20 percent from existing program funds for the installation of eligible distributed generation resources from a California supplier.

(2) "California supplier" as used in this subdivision means any sole proprietorship, partnership, joint venture, corporation, or other business entity that manufactures eligible distributed generation resources in California and that meets either of the following criteria:

(A) The owners or policymaking officers are domiciled in California and the permanent principal office, or place of business from which the supplier's trade is directed or managed, is located in California.

(B) A business or corporation, including those owned by, or under common control of, a corporation, that meets all of the following criteria continuously during the five years prior to providing eligible distributed generation resources to a self-generation incentive program recipient:

(i) Owns and operates a manufacturing facility located in California that builds or manufactures eligible distributed generation resources.

(ii) Is licensed by the state to conduct business within the state.

(iii) Employs California residents for work within the state.

(3) For purposes of qualifying as a California supplier, a distribution or sales management office or facility does not qualify as a manufacturing facility.

(j) The costs of the program adopted and implemented pursuant to this section shall not be recovered from customers participating in the California Alternate Rates for Energy (CARE) program.

(k) (1) The commission shall evaluate the overall success and impact of the self-generation incentive program based on the following performance measures:

(A) The amount of reductions of emissions of greenhouse gases.

(B) The amount of reductions of emissions of criteria air pollutants measured in terms of avoided emissions and reductions of criteria air pollutants represented by emissions credits secured for project approval.

(C) The amount of energy reductions measured in energy value.

(D) The amount of reductions of aggregate noncoincident customer peak demand.

(E) The ratio of the electricity generated by distributed energy resource projects receiving incentives from the program to the electricity capable of being produced by those distributed energy resource projects, commonly known as a capacity factor.

(F) The value to the electrical transmission and distribution system measured in avoided costs of transmission and distribution upgrades and replacement.

(G) The ability to improve onsite electricity reliability as compared to onsite electricity reliability before the self-generation incentive program technology was placed in service.

(2) In addition to evaluating the program based on the performance measures specified in paragraph (1), the commission shall also evaluate the program's effectiveness in providing frequency regulation, voltage support, demand reduction, peak shaving, ramp rate control, and other wholesale ancillary and grid reliability services.

(*l*) To ensure that the self-generation incentive program is more likely to fund those technologies that ~~will improve in their ability to reduce greenhouse gas emission reduction costs and produce electricity at a time and in a manner that reduces the peak demand for electricity,~~ *meet the requirements of this section,* beginning in March 1, 2017, and each year thereafter, as long as the ~~SGIP~~ *self-generation incentive* program is providing incentives, the commission shall review the level of incentives and the cost of the technologies that are receiving incentives and (1) allow incentive eligibility for new ~~technologies or~~ *technologies,* (2) remove incentive eligibility ~~or reduce incentives~~ for technologies that have received incentives but have not ~~reduced greenhouse gas emission reduction costs or provided a ratepayer benefit.~~ *met the requirements of this section, or (3) to remove incentive eligibility or reduce incentives for technologies that have received incentives and have reduced the emissions of greenhouse gases, but have not otherwise met other requirements of this section.*

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

O

ATTACHMENT 3d

Senate Bill 1265 (Hueso)
State vehicle fleet purchases: minimum fuel economy standard

Summary:
This bill requires the Department of General Services (DGS) to include hybrid vehicles within the minimum fuel economy standard for the state fleet.

Background:
Existing law requires the Department of General Services (DGS), in consultation with the State Energy Resources Conservation and Development Commission, to establish a minimum fuel economy standard for the purchase of passenger vehicles and light duty trucks for the state fleet that are powered solely by internal combustion engines utilizing fossil fuels. The state's current minimum fuel economy standards are 27.5 MPG for passenger vehicles and 22.2 MPG for light-duty trucks. These standards apply in all state agency light-duty fleet acquisitions.

In addition, in 2007, AB 236 (Lieu, Chapter 593, Statutes of 2007) established the goal of reducing or displacing the consumption of petroleum products by the state fleet when compared to the 2003 consumption levels based on the following schedule:

1. By January 1, 2012, a 10-percent reduction or displacement.
2. By January 1, 2020, a 20-percent reduction or displacement.

Due primarily to a reduction of the size of the state fleet, as of 2012, California's state fleet reduced its petroleum consumption by 13-percent and is on its way to meeting the 2020 goal of a 20-percent overall reduction.

In 2012 Governor Brown issued Executive Order B-16-12 to increase the number of zero emission vehicles in the state fleet. That Executive Order directed DGS to increase the number of zero-emission vehicles in California's state vehicle fleet through the normal course of fleet replacement so that at least 10 percent of fleet purchases of light-duty vehicles be zero-emission by 2015 and at least 25 percent of fleet purchases of light-duty vehicles be zero-emission by 2020. Combined with the AB 236 directive to reduce the state fleet's petroleum fuel consumption, the state may focus on replacing old vehicles with electric or other zero-emission vehicles.

Sponsored by the Department of General Services, the changes to existing law set forth in SB 1265 will allow DGS to include hybrid vehicles into its analysis and further the development of the state's minimum fuel economy standards. DGS states that, although there will be continued opportunities to reduce unneeded fleet vehicles, this strategy is largely exhausted given the significant reductions that have occurred within the state fleet over the last five years. Consequently, it will require the state to maximize other strategies, such as purchasing higher efficiency vehicles, to meet the 20 percent petroleum reduction goal by 2020. Through the establishment of an increased fuel economy standard, state entities would essentially be required to purchase higher efficiency vehicles such as hybrid vehicles to meet compliance.

Status: Set for hearing on May 5, Senate Appropriations

Specific Provisions:
Specifically, this bill:

1) Requires DGS, in consultation with the Energy Commission, to include vehicles that are powered by more than one source, such as hybrid vehicles, but not to include plug-in electric vehicles.

2) Specifies that all new state vehicle purchases by DGS and any other state entities of passenger vehicles and light duty trucks that are powered solely by internal combustion engines utilizing fossil fuels, or that are powered by more than one source, such as hybrid vehicles, shall meet the minimum fuel economy standard. This standard would not apply to plug-in electric vehicles.

Impacts on SCAQMD's Mission, Operations or Initiatives:
The current size of the state's light duty vehicle fleet, which includes public safety vehicles, all fuel types, and including cars, trucks, vans and SUVs, is 17,528 vehicles. The fleet includes 23 zero emission battery electric vehicles (BEVs), 46 PHEVs (operate on electricity and gasoline) and 982 hybrid vehicles. As of mid-April, the state has purchased 260 hybrid vehicles in fiscal year 2013-14. Most state departments are headquartered out of Sacramento and the vast majority of their assets are registered to their Sacramento headquarters. A better indication of regional or local fleet operations is the point of sale fuel transaction at the local gas stations. DGS has indicated approximately 30% of the state's fueling transactions occur in the South Coast Air Basin.

Not only would this legislation lead to emission reductions in the state fleet operating within the South Coast Basin, but this legislation would create one more market incentive for automobile manufacturers to increase the fuel efficiency of their vehicles, resulting in further reductions in criteria emissions in general.

Recommended Position:
SUPPORT

Support:
Department of General Services (sponsor)

Opposition:
None on file

ATTACHMENT 3e

AMENDED IN SENATE APRIL 21, 2014

SENATE BILL No. 1265

Introduced by Senator Hueso

February 21, 2014

~~An act to add Section 14842.7 to the Government Code, relating to public contracts.~~ *An act to amend Section 25722.7 of the Public Resources Code, relating to state vehicles.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1265, as amended, Hueso. ~~Public contracts: small business participation: pilot program.~~ *State vehicle fleet purchases: minimum fuel economy standard.*

Existing law requires the Department of General Services, in consultation with the State Energy Resources Conservation and Development Commission, to establish a minimum fuel economy standard for the purchase of passenger vehicles and light duty trucks for the state fleet that are powered solely by internal combustion engines utilizing fossil fuels. Existing law requires all new state fleet purchases of those vehicle types to meet that standard, with certain exemptions.

This bill would require the Department of General Services to include within the fuel economy standard passenger vehicles and light duty trucks that are powered by more than one source, such as hybrid vehicles, and would require new state vehicle fleet purchases of those vehicles to conform to that standard. These requirements would not apply to plug-in electric vehicles.

~~The Small Business Procurement and Contract Act permits a state agency to award a contract for goods, services, or information technology with a value of between $5,000 and $250,000 to a certified small business, including a microbusiness, or to a disabled veteran~~

~~business enterprise, without complying with specified competitive bidding requirements, as long as the state agency obtains price quotations from two or more certified small businesses or from two or more disabled veteran business ecterprises.~~

~~This bill would require the Department of General Services to develop a pilot program to increase supplier competition for contracts under the act for the procurement of goods. The bill would require the department, in developing the pilot program, to ensure that a streamlined procurement process for contracts with state-certified small business or disabled veterans business enterprises continues, while increasing the opportunities for certified small businesses to compete for those contracting opportunities.~~

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. Section 25722.7 of the Public Resources Code is amended to read:

25722.7. (a) In order to further achieve the policy objectives set forth in Sections 25000.5, 25722, and 25722.5, ~~on or before June 1, 2007,~~ the Department of General ~~Services~~ *Services,* in consultation with the ~~State Energy Resources Conservation and Development Commission~~ *commission,* shall establish a minimum fuel economy standard that is above the standard, as it ~~exists~~ *existed* on January 1, 2007, established pursuant to Section 3620.1 of the State Administrative Manual, for the purchase of passenger vehicles and light duty trucks for the state fleet that are powered solely by internal combustion engines utilizing fossil ~~fuels.~~ *fuels or that are powered by more than one source, such as hybrid vehicles. The minimum fuel economy standard required by this subdivision does not apply to plug-in electric vehicles.*

(b) ~~On or after January 1, 2008, all~~ *All* new state fleet purchases *by the Department of General Services and any other state entities* of passenger vehicles and light duty trucks *that are* powered solely by internal combustion engines utilizing fossil fuels, *or that are powered* by ~~the Department of General Services and any other state entities~~ *more than one source, such as hybrid vehicles,* shall meet the fuel economy standard established under subdivision (a). *This subdivision does not apply to plug-in electric vehicles.*

(c) Authorized emergency vehicles, as defined in Section 165 of the Vehicle Code, and vehicles identified in paragraph (3) of subdivision (a) of Section ~~25722.5~~ *25722.5*, are exempt from this section.

(d) Vehicles ~~purchased,~~ that are *purchased and* modified for the following ~~purposes,~~ *purposes* are exempt from this ~~section.~~ *section:*

(1) To provide services by a state entity to an individual with a disability or a developmental disability, as defined under the statutes or regulations governing that state entity.

(2) As a reasonable accommodation for the known physical or mental disability, as defined in Section 12926 of the Government Code, of an employee.

(e) For purposes of this section, “state entities” includes all state departments, boards, commissions, programs, and other organizational units of the executive, legislative, and judicial branches of state government, the California Community Colleges, the California State University, and the University of California.

(f) No provision of this section shall apply to the University of California except to the extent that the Regents of the University of California, by appropriate resolution, make that provision applicable.

~~SECTION 1. Section 14842.7 is added to the Government Code, to read:~~

~~14842.7. The department shall develop a pilot program to increase supplier competition for contracts under this chapter for the procurement of goods. The department, in developing the pilot program, shall ensure that the streamlined procurement process for contracts with state-certified small business or disabled veterans business enterprises, known as the SB/DVBE Option, continues, while increasing the opportunities for certified small businesses to compete for those contracting opportunities. As used in this section, “goods” excludes information technology.~~

O

ATTACHMENT 4

PRINCIPLES REGARDING SCAQMD's
POSITION ON FUNDING RELATED ISSUES

1. SCAQMD shall engage in the public working group process called for in AB 8 (Perea, 2013) and SB 459 (De Leon, 2013) along with the California Air Resources Board, Bureau of Automotive Repair, and the California Air Pollution Control Officers Association to improve program outcomes for the Enhanced Fleet Modernization Program and the Carl Moyer Program. In regards to the Moyer Program, SCAQMD efforts will focus on identifying flexibility enhancements that can be adopted administratively.

2. On any legislation relating to incentive programs or other funding opportunities for air pollution reduction, improved air quality and public health benefits, staff shall work with the legislature and stakeholders to ensure that the region served by the Agency receives its fair share of funding. Specifically, funding should primarily, but not exclusively, be allocated based on the severity of air pollution and the number of people impacted, or in technical terms, the population weighted exposure to criteria air pollutants above federal standards for particulate matter (PM 2.5) and Ozone.

3. Given limited local and state resources with which to address multiple challenges, including those of mobility, goods movement, greenhouse gas and air pollution, SCAQMD staff will advocate that funding allocations give priority to those investments that best generate criteria pollution reduction co-benefits.

ATTACHMENT 5

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

LEGISLATIVE REPORT
FROM HOME RULE ADVISORY GROUP
MEETING OF APRIL 23, 2014

HRAG members present:
Dr. Joseph Lyou, Chairman
Dr. Elaine Chang, SCAQMD
Curt Coleman, Southern California Air Quality Alliance
Jayne Joy, Eastern Municipal Water District
Bill LaMarr, California Small Business Alliance
Joy Langford, Vasari Energy Capital
Rongsheng Luo, SCAG (participated by phone)
Art Montez, AMA International
Bill Quinn, CCEEB
Terry Roberts, American Lung Association of California
David Rothbart, Los Angeles County Sanitation Districts
Lee Wallace, So Cal Gas and SDG&E
Mike Wang, WSPA
Dan Weller on behalf of Chris Gallenstein, CARB (participated by phone)

SCAQMD staff: Marc Carrel, Amir Dejbakhsh, Bill Wong, and Marilyn Traynor

LEGISLATIVE UPDATE
Marc Carrel provided a report on items that were discussed at the Legislative Committee meeting on April 11, 2014.

Federal
The consultants mentioned that while Congress was on spring recess, Senator Boxer, Chair of the Senate Environment and Public Works Committee, along with several other Senators, announced that their goal was to do a simple long-term extension of the MAP-21reauthorization bill with rail provisions possibly added, but not many more changes. Further, the consultants reported that Senate committee staff was working on the bill, but that it would not be taken up until the Water Resource Development Act (WRDA) was completed. The consultants also mentioned working with Senator Feinstein's office to continue a zero-emission grant program in the FY 2015 Energy and Water Appropriations Bill from which SCAQMD received an award in 2012. Mr. Carrel explained that the Washington consultants also reported on a compromise at the recent International Maritime Organization (IMO) meeting which preserves the rule requiring ships built as of 2016 to meet more stringent NOx emission requirements when sailing in the North American Emission Control Area (ECA) (extending 200 miles from the coast of the U.S. and Canada). Mr. Carrel also stated that the consultants reported that Representative Ken Calvert, who chairs the subcommittee overseeing funding for the Diesel Emissions Reduction Act (DERA), has stated he rejects the program being eliminated in the President's Budget proposal.

State
The consultants reported that the state legislature is currently on spring break recess, and committee hearings will resume when they return. Other bills that were discussed by the consultants were fracking and/or well stimulation bills [AB 2420 (Nazarian), SB 1132 (Mitchell), and SB 1281

(Pavley)]; HOV and alternate fuel vehicle bills; AB 1102 (Allen) dealing with fire pits; SB 1125 (Pavley); SB 1121 (De León); energy bills related to financing for residential and commercial property owners for renewable energy or energy efficiency; AB 1763 (Perea); and AB 1330 (Pérez). The consultants reported that the Democratic Caucus lost its supermajority as the result of the suspension of Senators Rod Wright, Ron Calderon, and Leland Yee. The Legislative Committee discussed and approved staff's recommendations on the following bills:

Bill	Action
AB 2013 (Muratsuchi) Vehicles: High-Occupancy Vehicle Lanes	Support
AB 2242 (Perea) Air Quality Improvement Program	Support with Amendments
SB 1204 (Lara and Pavley) California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program	Support
SB 1275 (De Leon) Vehicle Retirement and Replacement: Charge Ahead California Initiative	Support and Work with the Author
Proposed Federal Surface Transportation Law (MAP 21) Reauthorization Language	Approved Proposed Language with Amendments

<u>Discussion on State Issues</u>
Mr. Montez asked if there is any legislation requiring state and local governments to reduce petroleum consumption of their vehicle fleets. Mr. Carrel noted that the state has a requirement already to purchase cleaner vehicles for its fleet, and mentioned there was a federal bill, to require the U.S. Postal Service to improve the fuel efficiency of its fleet. (Note: Subsequent to the meeting, Mr. Carrel provided the following response: Representative Jared Huffman (D-CA) introduced H.R. 3963 (Fleet Act of 2014) on January 29, 2014. H.R. 3963 requires the U.S. Postal Service fleet to reduce its petroleum consumption by 2% each year over the next ten years. No action has been taken on H.R. 3963 to date.) Mr. Montez asked if staff has data on the number of vehicles in state and local government fleets. Mr. Carrel responded that the Department of General Services (DGS) is responsible for the state fleets and may have the number of vehicles in state fleets; however, they would not have that information for local governments. Mr. Montez suggested that the number could be derived from checking with DMV on how many license plates were issued to local governments for their fleets. Dr. Chang added that SCAQMD has data on the total number of heavy-duty government vehicles, and this information was included in paragraph one on page four of the March 18, 2014, HRAG meeting minutes.

Mr. Quinn emphasized that CCEEB is still interested in being included in the discussions with the air districts, stakeholders, and the Speaker's office on the AB 1330 bill language.