

THE CARL MOYER PROGRAM

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CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY



Air Resources Board

Today's Agenda

- ◆ **Background**
- ◆ **Overview of SB1107, AB923, AB1394**
- ◆ **Program Advisories Implementing AB923**
- ◆ **Potential Guideline Modifications**

The Carl Moyer Program

▲ Purpose

- Obtain early NOx emission reductions from engines
- Clean air goals (1994 ozone SIP)
- Reduce NOx, also PM

▲ Provides grants to districts to fund local projects

- Incentives pay incremental cost of cleaner engines

Current Project Criteria

- ▶ Emission reductions must be surplus: not required by any existing regulation or legal agreement
- ▶ Must operate >75% in California
- ▶ Cost-effectiveness limit--\$13,600 per ton
- ▶ Minimum emission reductions
 - New vehicles--30%
 - Repowers or retrofits--15%

Funding Through Year 6

- ◆ Amount of Funding through year 6
 - \$154 million
- ◆ Funding Sources
 - Years 1 through 4 annual budget appropriations
 - Years 5 and 6 through Proposition 40

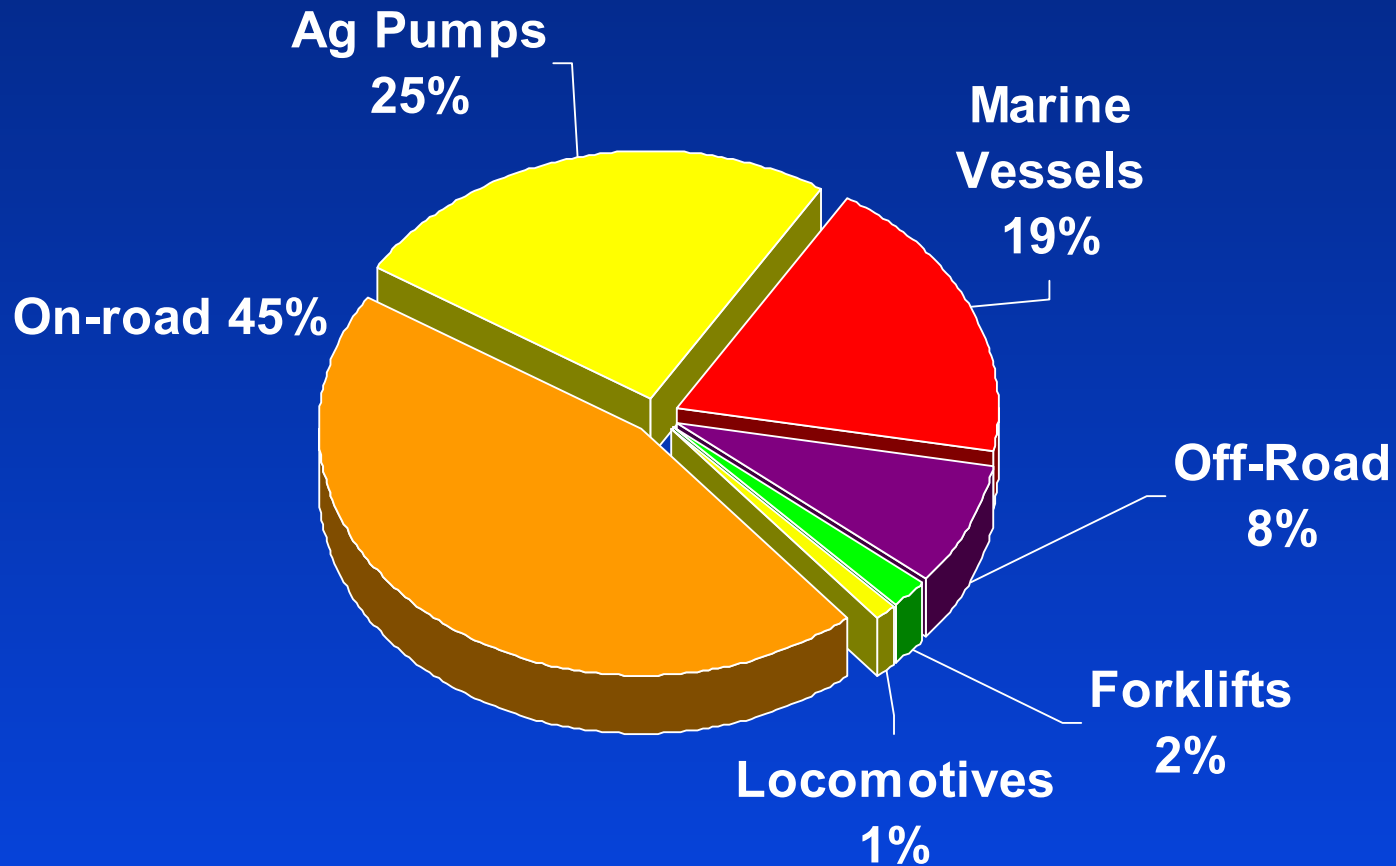
Types of Projects Funded

(Years 1-6)

- ◆ About 7,000 engines funded
- ◆ Alternative fueled engines
 - Line-haul trucks, refuse haulers, urban transit buses, school buses, agricultural equipment
- ◆ Electric forklifts
- ◆ Diesel-to-diesel marine vessel and agricultural pump repowers

Types of Projects Funded

Preliminary Estimates



***Years 1-6**

Total Estimated Program Benefits (Years 1-6)

- ◆ About 18 tons/day of NO_x
- ◆ Over 1 ton/day of particulate matter
- ◆ About \$3,000/ton of NO_x

Future Program

- ◆ Year 7 and beyond
 - Governor and Legislature secured continued funding through 2015 (SB1107, AB923)
 - Expanded the Carl Moyer Program
 - Today's meeting begins expansion of the program

Upcoming Schedule

- ◆ Three Workshop Periods
 - 1st Series - November and December 2004
 - 2nd Series - Late March 2005
 - 3rd Series - Late June 2005
- ◆ Guidelines available for public comment:
September 2005
- ◆ Board Hearing: November 2005

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SB1107, AB923, & AB1394 Overview

- ◆ SB 1107 (FY04-05 budget)
 - Established a continued source of funding: \$61 million from adjustment to Smog Check fees
- ◆ AB 923 (Firebaugh)
 - Provided up to \$80 million from additional funding sources: tire fees and increase in DMV fees
 - Revised program requirements
 - Included new district allocation funding formula
- ◆ AB 1394 (Levine)
 - Incorporated heavy-duty fleet modernization

SB1107, AB923, & AB1394 Overview

- ◆ FY 04/05 (year 7) ~ \$30.5 million available
January 2005
- ◆ FY 05/06 (year 8 & subsequent)
 - Air Resources Board ~ \$86 million
 - \$61 million from Smog Check fees
 - \$25 million from tire fees (reduced to \$16 million in 2007)
 - Air Districts ~ up to \$55 million
 - Local Boards may approve \$2 increase in DMV fees
 - SMAQMD and BAAQMD approved
 - BAR (AB 2128)
 - Additional funding for Smog Check scrap program

Impacts of AB923/AB1394

- ◆ Add PM & ROG emissions
 - Revise cost effectiveness
 - Review/revise current guidelines
- ◆ Add fleet modernization
- ◆ Add light-duty projects (e.g., car scrap)
- ◆ Add additional agricultural sources
- ◆ Incorporate new funding allocations
- ◆ Review administrative requirements
 - Reporting, auditing, match, district outreach, etc.

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Proposed Program Advisories

- ◆ Provide interim guidance to implement AB 923
- ◆ Extend existing Board-adopted policies
- ◆ Allow projects with existing protocols/regulations to proceed
- ◆ Defer projects for new sources and programs until Board adoption of funding protocols
 - New agricultural sources
 - Light-duty parts replacement

Proposed Program Advisories

- ◆ NOx, ROG, and PM Cost-Effectiveness and Project Life
- ◆ Fleet Modernization
- ◆ Voluntary Vehicle Scrap
- ◆ Motor Vehicle Fees
- ◆ Agricultural Sources

(Proposed Program Advisories)

NO_x, ROG, and PM Cost-Effectiveness

- ◆ Include NO_x, PM and ROG reductions
- ◆ Give extra weight for combustion PM₁₀ emission reductions (combustion PM₁₀ x 10)
- ◆ Maintain maximum of \$13,600 per ton
- ◆ Reduced minimum project life
 - 3 years
 - 1 & 2 years on a case-by-case basis

(Proposed Program Advisories)

NO_x, ROG, and PM Cost-Effectiveness

Annualized Cost

**[NO_x + 10 (combustion PM₁₀) +
non-combustion PM₁₀ + ROG]**

(Proposed Program Advisories)

Fleet Modernization

- ◆ New Moyer category created by AB 1394
- ◆ ARB will develop fleet modernization guidelines by November 2005
- ◆ ARB currently monitoring pilot programs
 - Sacramento
 - Southern California (Gateway Cities)

(Proposed Program Advisories)

Voluntary Vehicle Scrap

- ◆ Can be funded under Carl Moyer Program or \$2 motor vehicle fee
- ◆ Use existing ARB regulations governing scrap programs
- ◆ Projects must meet \$13,600 per ton cost-effectiveness threshold

(Proposed Program Advisories)

Motor Vehicle Fees

- ◆ \$2 surcharge can be used for four types of projects:
 - Moyer - use Carl Moyer guidelines
 - School Bus - use ARB Low-Emission School Bus Guidelines
 - Scrap - use ARB car scrap regulation
 - Agricultural sources - use agricultural source Program Advisory
- ◆ ARB will monitor \$2 surcharge projects

Today's Agenda

- ◆ **History of the Program**
- ◆ **Overview of SB1107, AB923, AB1394**
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Funding

- ◆ Local District Programs – 86.4%
- ◆ ARB for Multi-district Projects – 9.6%
 - Marine Projects
 - Retrofit Rebate
 - Locomotives
- ◆ Administration – 4%
 - 2% ARB Admin
 - 2% District Admin

Program Administration

◆ What won't change

- Local districts request and receive applications for funding, make grants, and monitor projects
- Select projects based on state guidelines
- Environmental justice funding requirement
- District match funding: grants for Moyer-eligible projects, infrastructure, alternative diesel fuels
- Multi-district projects: targeted funding/district administration

Program Administration (cont.)

- ◆ What may change
 - Applications, reporting and auditing process
 - Standard contract language
 - Standard monitoring process
 - Automated vehicle locators
 - Discontinue 25% PM reduction requirement

Guideline Modifications

- ◆ Emission reductions must be real, quantifiable, surplus, and enforceable
- ◆ Existing Chapters will be modified
 - Baseline inventory
 - Control technology and efficiency
 - “Certified” / “verified” systems
 - Interaction with new ARB/District rules
 - Reduced Allowable Project Life
 - Cost-effectiveness limit for cost of living adjustments
- ◆ Covered Pollutants include NO_x, PM, and ROG

Guideline Modifications (cont.)

- ◆ Re-evaluate disposition of old engines
- ◆ Consider including retrofits on all repowers where available
- ◆ Additional Source Categories
 - Expand Agricultural Irrigation Pumps to Agricultural Sources
 - Expand Forklift Chapter to include Large Spark Ignited Engines
 - TRUs
 - Light-duty Vehicle Scrap
 - Fleet Modernization

Contact Information

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QUESTIONS AND COMMENTS