

# Alternative Fuels \$25 Million Incentives Program

Air Resources Board Meeting  
Sacramento, CA  
(October 19, 2006)

California Environmental Protection Agency



**Air Resources Board**

# Budget Control Language

## (June 2006)

- ✦ Public and private alternative fuel vehicles and fueling stations, including E-85 stations
- ✦ Alternative fuel production incentives
- ✦ Grants for research and development
- ✦ No funds for fuels derived from petroleum, coke, or coal
- ✦ Reduce air pollution and greenhouse gases

# Proposed Schedule

- ◆ Public Workshop: September 21, 2006
- ◆ Board briefing: October 19, 2006
- ◆ Solicitations issued: January, 2007
- ◆ Board briefing on awards: Spring, 2007
- ◆ Funds encumbered: June 30, 2007
- ◆ Funds expended: June 30, 2009
- ◆ Quarterly reports to the Legislature

# DEVELOPMENT OF PROPOSED CONCEPTS

# Guiding Principles

- ✦ Advance California's state of knowledge
- ✦ Do meaningful demonstrations
- ✦ Increase in-state production of biofuels
- ✦ Deploy new products (e.g., plug-in hybrids) that would not otherwise exist
- ✦ No fuels derived from petroleum, coke, or coal
- ✦ Reduce air pollution and greenhouse gases

# Guiding Principles (cont.)

- ✦ Not for long-term research
- ✦ Not for existing commercially viable efforts
- ✦ Base recommendations on criteria & merit
- ✦ Flexibility: to shift funding priorities to categories based on merit
- ✦ Matching funds expected for infrastructure

# Key Public Comments

- ✦ Do not pre-select a winner – select on criteria
- ✦ Do not provide fuel price incentives
- ✦ Increase funding for electric and plug-in hybrids
- ✦ Increase funding for biofuel production
- ✦ Fund research and emission testing
- ✦ Fund consumer education and outreach

# Development of Concepts

- ✦ Based on budget control language
- ✦ Compatible with state policies
- ✦ Prepared jointly by ARB and CEC staff
- ✦ Public comments considered:
  - Workshop (September 21, 2006)
  - Written (August-October, 2006)
- ✦ Final awards will depend on quality of proposals received



# Development of Concepts (cont.)

- ✦ Considered consistency with:
  - Executive Order for bio-fuels
  - Bio-energy Action Plan
  - Climate Action Plan
  - Draft results of ARB and CEC Staff evaluations of alternative fuels per AB 1007

# Proposed Categories and Tentative Budget

✦ Fueling Infrastructure	\$ 7 million
✦ Biofuels Production	\$ 5 million
✦ Alternative Fuel Vehicles	\$ 8.5 million
✦ Fuel/Vehicle Research	\$ 3.5 million
✦ Education and Outreach	\$ 1 million

# Fueling Infrastructure

(~ \$7 million)

- ✦ E-85 fueling infrastructure
  - Fleets
  - Retail stations
- ✦ Proposals for other alternative fuels will be considered



# Biofuels Production

(~ \$5 million)

- ◆ Grants for in-state biofuels production
- ◆ Minimum matching funds
- ◆ Examples: Biodiesel, Digesters, Biomethane, Biomass



# Alternative Fuel Vehicles

(~ \$8.5 million)

- ✦ Plug-in hybrids
- ✦ Clean transit buses
  - Battery Electric
  - Fuel Cell
  - Hydrogen Internal Combustion Engine
  - Hydrogen/CNG fuel blend
- ✦ Alternative fuel advanced technology and zero emission vehicles



# Fuel/Vehicle Research

(~ \$3.5 million)

- ◆ Emissions Testing
- ◆ Vehicle Performance and Durability
- ◆ Vapor Recovery Certification
- ◆ Vehicle Operation Characteristics
- ◆ Fuel Characteristics/Economics/  
Feedstock Sources

# Education and Outreach

(~ \$1 million)

- ✦ Promote alternative fuels, vehicles, and infrastructure
- ✦ Educate public, car dealers, mechanics
- ✦ Facilitate approval of alternative fuel stations, production facilities
- ✦ Publicize air quality, climate, and energy benefits

# Summary

- ✦ Unique opportunity to advance alternative fuels
- ✦ Important to spend one-time funds effectively
- ✦ Final slate of projects selected from applications
- ✦ Staff expects multiple proposals
- ✦ Briefing to Board next spring