

State of California
AIR RESOURCES BOARD

Resolution 01-8

April 26, 2001

Agenda Item No.: 01-3-1

WHEREAS, sections 39600 and 39605 of the Health and Safety Code respectively authorize the Air Resources Board (ARB or the Board) to act as necessary to execute the powers and duties granted to and imposed upon the Board and to provide assistance to the local air pollution control and air quality management districts (districts);

WHEREAS, section 43018 of the Health and Safety Code directs the Board to endeavor to achieve the maximum degree of emission reduction possible from vehicular and other mobile sources in order to attain the state ambient air quality standards at the earliest practicable date;

WHEREAS, Measure M4 of the State Implementation Plan for Ozone, adopted by the Board on November 15, 1994, calls for the ARB to provide incentives for the early introduction of lower-emission technologies for heavy-duty vehicles to achieve near-term emission reductions of nitrogen oxides (NOx);

WHEREAS, the Board identified the particulate emissions from diesel-fueled engines as a toxic air contaminant in August, 1998 and approved a diesel reduction plan on September 28, 2000, to reduce harmful particulate matter (PM) emission from diesel equipment;

WHEREAS, sections 44275 through 44299 of the Health and Safety Code, added by Assembly Bill 1571 (Villaraigosa; Stats. 1999, ch. 923), establish the Carl Moyer Memorial Air Quality Standards Attainment Program (the Carl Moyer Program), to be administered by the ARB, the California Energy Commission (CEC) and the air districts;

WHEREAS, the Carl Moyer Program was enacted to provide incentive funding to project proponents to achieve emission reductions for oxides of nitrogen from specified mobile sources that are not amenable to control through regulations affecting the entire source category, in accordance with criteria for eligibility and cost-effectiveness adopted by the state board;

WHEREAS, section 44295 of the Health and Safety Code requires the Board to submit an annual program report to the Legislature describing, among other topics, the projects funded; the amounts granted; the emission reductions obtained; the cost-effectiveness of the projects; the sources of district matching funds; and an estimate of future demand for grant funds;

WHEREAS, section 44295 also requires the annual report to describe the overall effectiveness of the program in delivering the emission reductions required by the SIP, adjustments to the project selection criteria, and recommendations for program changes to enhance the effectiveness and efficiency of the grant program;

WHEREAS, the Governor and the Legislature appropriated \$98 million (\$25 million for 1998/1999, \$23 million for 1999/2000, and \$50 million for 2000/2001) to fund the Carl Moyer Program for the first three years;

WHEREAS, the Governor and the Legislature appropriated \$4.5 million and \$4.2 million in 1998/99 and 1999/2000, respectively, of the \$98 million to CEC to implement an infrastructure and advanced technology program in support of the Carl Moyer Program;

WHEREAS, on January 17, 2001, in accordance with the authority granted by sections 8567 and 8571 of the Government Code, the Governor declared a state of energy emergency and, in order to increase the state's supply of electricity, ordered the ARB, in Executive Order D-24-01, to "establish an emissions reduction credit bank using emission reductions from all available sources," to offset any emission increases caused by new or expanded peaking power facilities until September, 2003;

WHEREAS, proceeds from the sale of these emission reduction credits are required to fund emission reduction programs in the air district where the new or expanded facility is located;

WHEREAS, the status report for the Carl Moyer Program, incorporated herein as Attachment A, was mailed on April 13 and made available to the public via the internet on April 16, 2001; and

WHEREAS, the Board finds that:

1. the emission reductions resulting from funding and implementation of the Carl Moyer Program are critical to enable California to fulfill its obligations under Measure M4 of the State Implementation Plan, to attain the State and national ambient air quality standards, and to mitigate NOx and PM emissions from diesel engines;
2. the Carl Moyer Program provides significant reductions of toxic particulate matter emissions from diesel-fueled engines;

3. the Carl Moyer Program has funded projects that cost-effectively reduce in-use emissions from diesel engines, promote the use of alternative fuels, and encourage the development and introduction of new technology;
4. the emission reductions temporarily diverted from satisfying the emission reduction commitments of Measure M-4 in order to provide offsets for energy peaking facilities will be paid for by the users of the credits, and the funds received from these sales will be used to reduce local environmental impacts to the maximum extent possible;
5. the Carl Moyer Program Status Report included as Attachment A to this resolution sets forth the status of the statewide Carl Moyer Program, describes the districts' efforts to implement the program, and assesses the need for the program to continue, as required by section 44295 of the Health and Safety Code;
6. the first two years of implementation of the Carl Moyer Program have resulted in a successful collaborative effort by industry, local air districts, the CEC, and ARB: districts' staff have worked quickly and diligently to establish the program and solicit project applications; numerous businesses have taken a leadership role in participating in the program and utilizing cleaner technology; and ARB staff have developed and revised guidelines, and provided technical assistance to ensure that the air quality benefits are real;
7. the demand for the program has been high: requests for project funding have totaled more than three times the funding available;
8. it is necessary and appropriate that continued funding be identified to continue the Carl Moyer Program through 2005; and
9. the projects funded through the Carl Moyer Program have provided benefits to urban Californians, including those residing near centers of industrial and vehicular activity who may be suffering the cumulative effects of pollution.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the Carl Moyer Program Status Report, as set forth in Attachment A, for transmittal to the Governor and the Legislature.

BE IT FURTHER RESOLVED, that the Board directs the Executive Officer to ensure that emission reductions borrowed from the Carl Moyer Program in accordance with the Governor's Executive Order D-24-01 and the credit bank program administered by the ARB are fully repaid and the proceeds made available to fund emission reduction programs in the district where the peaking facilities that used the offsets are located as expeditiously as practicable in order to meet the Measure M4 SIP commitments and timetables.

BE IT FURTHER RESOLVED, that the Board directs the Executive Officer to return to the Board in Spring 2002 with a third status report on the Carl Moyer Program and a proposal regarding the need to continue the program beyond the third year, including a detailed accounting of the amount of offsets used to fund peaking facilities and how and when the diverted reductions will be returned to the district of origin to mitigate NOx and PM emissions.

BE IT FURTHER RESOLVED, that the Board directs the Executive Officer to pursue continued funding for the Carl Moyer Program in order to achieve additional emission reductions from heavy-duty engines and vehicles and to improve air quality.

I hereby certify that the above is a true and correct copy of Resolution 01-8, as adopted by the Air Resources Board.

Marie Kavan, Clerk of the Board

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April 26, 2001

Identification of Attachment to the Resolution

Attachment A: The Carl Moyer Program Status Report, April 13, 2001