

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

JOE SERNA, JR. BUILDING
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
BYRON SHER AUDITORIUM, SECOND FLOOR
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BOARD MEMBERS

Mr. Ronald Loveridge, Acting Chairperson

Ms. Dorene D'Adamo

Mr. Hector De La Torre

Mrs. Barbara Riordan

Supervisor Ron Roberts

Dr. Alex Sherriffs

Professor Daniel Sperling

Supervisor Ken Yeager

STAFF

Mr. James Goldstene, Executive Officer

Mr. Tom Cackette, Chief Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Ms. Lynn Terry, Deputy Executive Officer

Ms. Sarah Carter, Low-Emission Vehicle Implementation
Section, Mobile Source Control Division

Ms. Jennifer Gress, Legislative Director

Ms. Karen Magliano, Chief, Quality Data Branch

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Will Barrett, American Lung Association

Mr. John M. Cabaniss, Jr., Global Automakers

Mr. Tim Carmichael, CNGVC

Mr. Steven Douglas, Alliance of Automobile Manufacturers

Ms. Erica Morehouse, Environmental Defense Fund

Ms. Karen Snyder

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PROCEEDINGS

1
2 ACTING CHAIRPERSON LOVERIDGE: Good morning. Ron
3 Loveridge, Mayor of Riverside. Member of the CARB Board.
4 I will be today's Chair. Mary Nichols, the Chair, is
5 meeting with the Governor this morning and cannot be here.

6 Will you please join me in the pledge of our
7 flag?

8 (Whereupon the Pledge of Allegiance was recited.)

9 ACTING CHAIRPERSON LOVERIDGE: Roll call.

10 BOARD CLERK ANDREONI: Dr. Balmes?

11 Ms. Berg?

12 Ms. D'Adamo?

13 Mr. De La Torre?

14 BOARD MEMBER DE LA TORRE: Here.

15 BOARD CLERK ANDREONI: Mayor Loveridge?

16 ACTING CHAIRPERSON LOVERIDGE: Here.

17 BOARD CLERK ANDREONI: Mrs. Riordan?

18 BOARD MEMBER RIORDAN: Here.

19 BOARD CLERK ANDREONI: Supervisor Roberts?

20 BOARD MEMBER ROBERTS: Here.

21 BOARD CLERK ANDREONI: Dr. Sherriffs?

22 BOARD MEMBER SHERRIFFS: Here.

23 BOARD CLERK ANDREONI: Professor Sperling?

24 BOARD MEMBER SPERLING: Here.

25 BOARD CLERK ANDREONI: Supervisor Yeager?

1 BOARD MEMBER YEAGER: Here.

2 BOARD CLERK ANDREONI: Chairman Nichols?

3 Mr. Chairman, we have a quorum.

4 ACTING CHAIRPERSON LOVERIDGE: Thank you. And
5 there is a quorum.

6 That may be my next to last meeting. I'm not
7 sure. So I'm honored to Chair the Board this morning.

8 There are a few traditional remarks that are
9 identified, so let me repeat them, at the risk of not
10 doing so seems to me something we should not do.

11 If you wish to testify, there are speaker cards.
12 You need to turn those into the Clerk of the Board. You
13 have the option to include your name on the speaker card.
14 If you've already taken advantage of the online sign-up
15 feature, you do not need to fill out a request to speak
16 card. However, you must check in with the Clerk of the
17 Board or your name will be removed from the speakers'
18 list.

19 There is a three-minute time limit, and one needs
20 to respect the time limits of this Board.

21 Please note the emergency room exits. You can
22 see them rather visibly in front and behind, around us.

23 Now move to the agenda. The first item has been
24 removed from the consent calendar because of a written
25 comment that was submitted.

1 Mr. Goldstene, would you summarize this item?

2 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
3 Loveridge.

4 Whenever U.S. EPA adopts a new air quality
5 standard or revises an existing standard, the Federal
6 Clean Air Act requires states to develop a State
7 Implementation Plan, or SIP. The first step in the SIP
8 process is for each state to show it has the authority and
9 administrative programs needed to implement the standard.
10 This documentation is generally referred to as an
11 infrastructure SIP.

12 In 2010, U.S. EPA reaffirmed the existing annual
13 nitrogen dioxide standard and adopted a new one-hour
14 standard. This action triggered development of a nitrogen
15 dioxide infrastructure SIP that you're considering this
16 morning.

17 As required by federal statute, the
18 infrastructure SIP addresses a number of items, including
19 stationary source permitting, enforcement programs,
20 ambient monitoring, provisions for stakeholder input, and
21 California's air pollution control authority.

22 These elements have been in place for many years,
23 and the proposed infrastructure SIP simply reaffirms our
24 commitment to comply with these elements as they relate to
25 nitrogen dioxide.

1 The infrastructure SIP does not contain any
2 proposed control measures, and all areas of the state
3 currently attain the federal nitrogen dioxide standard.

4 Chairman Loveridge and members of the Board,
5 based on the staff's proposal, we recommend that the Board
6 approve the proposed changes to the SIP plan that
7 addresses the infrastructure elements for nitrogen
8 dioxide.

9 ACTING CHAIRPERSON LOVERIDGE: Questions from the
10 Board?

11 Is there a public comment card? There's no one
12 here to speak.

13 What was the comment that was made? Do you want
14 to share that?

15 ACTING CHAIRPERSON LOVERIDGE: Ms. Terry will
16 respond to that.

17 DEPUTY EXECUTIVE OFFICER TERRY: One individual
18 submitted a number of comments that are unrelated to this
19 item. They are related to the diesel control program and
20 rules previously adopted by the Board.

21 ACTING CHAIRPERSON LOVERIDGE: There's a
22 Resolution before us. Is there a motion?

23 BOARD MEMBER ROBERTS: Move approval.

24 BOARD MEMBER RIORDAN: Second.

25 ACTING CHAIRPERSON LOVERIDGE: Motion and second.

1 All in favor say aye.

2 (Ayes)

3 ACTING CHAIRPERSON LOVERIDGE: Opposed?

4 Resolution 12-34 has been approved.

5 The next item on today's agenda is a proposal to
6 amend California's greenhouse gas regulations for
7 passenger vehicles.

8 In January, CARB approved the California second
9 generation of passenger vehicle greenhouse gas regulations
10 as part of the LEV III element of the Advanced Clean Cars
11 Program. These regulations require significant reductions
12 of greenhouse gas emissions from passenger cars,
13 light-duty trucks, sport utility vehicles during the 2017
14 through 2025 model years.

15 The development of LEV III greenhouse gas
16 standards as part of the cooperative effort between this
17 agency, U.S. EPA, and the National Highway Safety
18 Administration, but also included commitments by
19 California auto makers, federal government to develop
20 comparable national greenhouse gas standards for model
21 years 2017 through 2025.

22 Our intent was to ensure that California
23 continues to set the most ambitious, yet achievable,
24 emission requirements to reduce passenger vehicle
25 greenhouse gas emissions by allowing comparatively

1 stringent federal emissions standards to serve as a
2 compliance option for manufacturers sales in California.

3 Today's proposal completes California's
4 commitment to the national program by proposing our
5 consideration amendments to LEV III greenhouse gas
6 regulations to allow manufacturers to demonstrate
7 compliance with them, the year 2017 through 2025 model
8 years, by complying with national passenger vehicle
9 greenhouse gas standard.

10 I'll entertain staff comments and presentation.

11 EXECUTIVE OFFICER GOLDSTONE: Thank you, Chairman
12 Loveridge.

13 As you mentioned, today's proposed amendments are
14 the final step in fulfilling California's commitment to
15 the National Greenhouse Gas Vehicle Program. California
16 will fulfill its commitment by allowing compliance with
17 the National Vehicle Program for the 2017 through 2025
18 model years to serve as compliance with California's
19 Greenhouse Gas Program.

20 It's important to note that this commitment was
21 made with the understanding that the National Program
22 would provide equivalent or better overall greenhouse gas
23 reductions nationwide than California's program. Staff
24 have reviewed the final federal rule and have determined
25 that it does provide the benefits we expected.

1 I also want to mention that a second part of
2 California's commitment was adopted by the Board earlier
3 this year. This action allows credits earned through
4 over-compliance with the federal program to be used to
5 reduce a manufacturer's zero emission vehicle obligations.

6 And finally, today's proposal also contains a
7 number of minor changes to the LEV III criteria pollutant
8 regulations and zero emission vehicle regulations to
9 correct errors and clarify the regulations.

10 Sarah Carter of our Mobile Source Control
11 Division will now provide the staff's presentation.
12 Ms. Carter.

13 (Thereupon an overhead presentation was
14 presented as follows.)

15 MS. CARTER: Good morning, Chairman Loveridge and
16 members of the Board.

17 Today, I will be presenting staff's proposal to
18 amend the Low-Emission Vehicle, or LEV III regulations.
19 These amendments will allow compliance with the National
20 Greenhouse Gas program to serve as compliance with
21 California's program for the 2017 through 2025 model
22 years. In addition, as James mentioned, staff is
23 proposing a number of minor revisions to the LEV III and
24 Zero Emission Vehicle, or ZEV, program.

25 --o0o--

1 MS. CARTER: The key points of our proposal are
2 listed on this slide.

3 In 2010, U.S. EPA adopted its first greenhouse
4 gas emissions standards for passenger vehicles. These
5 standards closely mimicked ARB's standards, which this
6 Board adopted in 2004. ARB amended its regulations to
7 allow vehicle manufacturers that certified to EPA
8 standards to be considered in compliance with ARB
9 requirements as well. This reduced compliance costs and
10 resulted in the same greenhouse gas emission reductions.

11 In the summer of 2011, ARB participated in
12 negotiations with vehicle manufacturers and the federal
13 government on a second set of more stringent standards for
14 the 2017 to 2025 model years.

15 As part of the negotiations, ARB agreed to
16 continue accepting compliance with EPA standards to
17 fulfill ARB requirements, provided the final EPA
18 regulations achieved equivalent greenhouse gas emission
19 reductions.

20 As you recall, the Board adopted the negotiated
21 greenhouse gas standards in January, and in October, EPA
22 finalized its rule. Staff has determined the federal rule
23 will provide emission reductions equivalent to ARB's
24 regulation, so we now propose to formally accept federal
25 compliance as satisfying ARB's requirements through the

1 2025 model year.

2 ARB's regulation will stay on the books, just in
3 case.

4 Also note that this commitment only applies to
5 the greenhouse gas requirements. Vehicle manufacturers
6 will still have to meet ARB standards for smog-forming
7 emissions and comply with the ZEV mandate in California
8 and the states that have adopted our standards.

9 --o0o--

10 MS. CARTER: A bit more history may help you
11 understand how this proposal developed.

12 Following EPA's adoption of our standards for the
13 2012 to 2016 model years, the President issued a
14 memorandum directing U.S. EPA and NHTSA, the agency
15 responsible for fuel economy standards, to work jointly to
16 develop continuing national greenhouse gas and fuel
17 economy standards for model years 2017 through 2025. He
18 also directed the federal agencies to work with California
19 in adopting these standards, and we accepted.

20 We began working closely with the federal agency
21 staff to assess which standards were feasible and what
22 compliance costs would be. This resulted in a joint
23 technical assessment report, or TAR, issued in September
24 of 2010, that suggested a range of possible emission
25 standards. Following the report, the agency staff began

1 meeting with auto manufacturers and other stakeholders and
2 competing technical studies to narrow down the options.

3 In summer 2011, we entered into intensive
4 negotiations with stakeholders and reached an agreement
5 with most to propose specific standards and requirements.
6 The President announced the agreement in the Rose Garden.
7 ARB committed to adopting standards consistent with the
8 agreement and assuming EPA would do so, allowing
9 compliance with the federal standards to satisfy ARB's
10 requirements.

11 EPA issued a notice of intent in July 2011
12 memorializing the agreement and issued a formal rulemaking
13 proposal in August. Based on the EPA proposal, ARB
14 adopted greenhouse gas standards in January 2012 for
15 California and states that follow our standards and then
16 we waited to see if EPA would finalize its standards
17 essentially as proposed. It did in October 2012.

18 --o0o--

19 MS. CARTER: The auto makers, California, and the
20 federal governmental all committed to a series of actions
21 that would allow for the development of the National
22 Greenhouse Gas Program for model years 2017 through 2025
23 that would meet the needs of California as well as the
24 nation as a whole.

25 For our part, California made three commitments,

1 which are as follows:

2 First, California committed that if U.S. EPA
3 proposed federal greenhouse gas standards and NTSA
4 proposed CAFE standards for model years 2017 and beyond,
5 substantially as described in the July 2011 Notice of
6 Intent and the agencies adopted standards substantially as
7 proposed, California would not contest such standards. We
8 have met that requirement.

9 Second, California committed to revising our ZEV
10 program for the 2018 through 2021 model years to allow
11 over-compliance with the federal greenhouse gas standards
12 to reduce, in part, a manufacturer's ZEV obligation. This
13 provision was adopted by the Board last January.

14 Third, California committed to allowing
15 compliance with the national greenhouse gas standards as
16 compliance for the California standard for 2017 through
17 2025 model years, provided that the national standard was
18 substantially the same as though those with the federal
19 Notice of Intent. The federal government has adopted the
20 national standards as expected. So what we are proposing
21 today will complete our commitments.

22 It is important to note at this time that
23 California did not either give up or accept any limit to
24 our authority to control greenhouse gas emissions from
25 motor vehicles by agreeing to these regulatory

1 flexibilities.

2 --o0o--

3 MS. CARTER: While LEV III greenhouse gas
4 standards and the federal standards are numerically
5 identical, there remain a number of differences between
6 the two regulations that affect the comparative
7 stringencies of these programs. These differences exist
8 because California's regulations are designed to more
9 accurately reflect the emission impact of individual
10 vehicle's technologies, while the federal program includes
11 a number of incentives that are designed to encourage
12 commercialization of certain vehicle technologies.

13 ARB's regulations include counting upstream
14 emissions from plug-in hybrid electric vehicles, battery
15 electric vehicles, and fuel cell vehicles, while the
16 national program does not.

17 The national program provides vehicle multipliers
18 for some advanced technology vehicles, such as plug-in
19 hybrid electric vehicles, battery electric vehicles, fuel
20 cell vehicles, and natural gas vehicles. This means that
21 each advanced technology vehicle will count as more than
22 one vehicle when determining compliance with the national
23 greenhouse gas requirements. California's program does
24 not include such multiplier.

25 Finally, there are minor differences between the

1 two programs in terms of how credits are earned for off
2 cycle and air emission technologies.

3 --o0o--

4 MS. CARTER: The impact of these differences
5 between the California and the national greenhouse gas
6 programs result in a slight decrease in CO2 reductions in
7 California. Staff estimates that the adoption of today's
8 proposal will result in a 4.5 percent loss of accumulated
9 CO2 emission reductions for California in 2025.

10 However, the California-specific loss will be
11 more than offset by reductions from the substantially
12 greater number of vehicles covered by the national program
13 compared to the California program, and that's the value
14 of having a national program.

15 --o0o--

16 MS. CARTER: Finally, in addition to the changes
17 to the LEV III greenhouse gas regulations, this proposal
18 also makes minor changes to the LEV III criteria pollutant
19 regulations and ZEV regulations. In general, these
20 proposed changes correct errors and update procedures to
21 reflect information received since adoption of the
22 regulations in January 2012.

23 --o0o--

24 MS. CARTER: Staff is also proposing a number of
25 15-day modifications to the original proposal in response

1 to comments received after the staff report was published.

2 --oOo--

3 MS. CARTER: While our current greenhouse gas
4 regulations received a waiver, which permits us to enforce
5 them, the waiver request for the advanced clean cars
6 regulations has not yet been approved. In May, ARB
7 submitted a waiver request to U.S. EPA for the LEV III and
8 ZEV elements of the Advanced Clean Car Program.

9 Since this program combines the control of
10 smog-causing pollutants and greenhouse gas emissions into
11 a single coordinated package of requirements for model
12 years 2017 through 2025, we asked U.S. EPA to evaluate the
13 Advanced Clean Cars Program as a whole when considering
14 our request.

15 It is important to note that our waiver request
16 is for this program as approved by the Board in January of
17 this year and the Board's adoption of today's proposal is
18 not a prerequisite for this waiver.

19 Furthermore, although staff will continue to
20 evaluate the technological feasibility of our program,
21 U.S. EPA may not consider any planned future review of
22 this program as a condition for granting our waiver.

23 On September 19th, U.S. EPA held a hearing on our
24 waiver request in Washington, D.C. At that hearing, ARB
25 staff demonstrated that the Advanced Clean Cars Program

1 meets the criteria for issuing a waiver based on
2 California's current regulations. We also requested that
3 U.S. EPA grant the waiver prior to the end of this year to
4 accommodate manufacturers' production plans for the 2014
5 model year.

6 --o0o--

7 MS. CARTER: Staff believes that we have met all
8 of the conditions for granting of a waiver and that U.S.
9 EPA must approve our waiver request for all model years.

10 If the Board has further questions regarding the
11 waiver, we'll be happy to discuss them at the end of the
12 presentation.

13 ACTING CHAIRPERSON LOVERIDGE: Thank you very
14 much.

15 Any specific questions from members of the Board?
16 We have four speakers this morning. Like the welcome you
17 here to the November 15th, 2012 meeting of the Air
18 Resources Board.

19 In order, John Cabaniss, Global Auto Makers; Will
20 Barrett from American Lung Association; Tim Carmichael
21 from National Gas; and Steven Douglas, Alliance of
22 Automobile Manufacturers. John and then Will.

23 MR. CABANISS: Good morning. My name is John
24 Cabaniss. I'm with the Association of Global Auto Makers.
25 I'll be very brief.

1 We support the proposed amendments that have been
2 described by Ms. Carter. And one of our overriding
3 principles throughout this process, of course, has been
4 that manufacturers' need to have the greatest flexibility
5 possible in order to meet these stringent standards going
6 forward. And we, too, have worked with EPA and DOT along
7 with California in terms of the commitments that have been
8 financed in the past year, and we appreciate the Board's
9 willingness to work with all of us to ensure a single
10 national program that provides the kinds of flexibilities
11 the manufacturers need.

12 The other amendments regarding the ZEV over
13 compliance option and the small manufacturer provisions
14 are again very valuable flexibilities that manufacturers
15 need to meet these stringent requirements. And we
16 appreciate the Board's actions on that.

17 ACTING CHAIRPERSON LOVERIDGE: Thank you.

18 Will.

19 MR. BARRETT: Good morning. My name is Will
20 Barrett with the American Lung Association of California.

21 We support the staff proposal to move forward
22 with this phase of the agreement between California, the
23 federal government, and the auto makers on a national GHG
24 standard.

25 We are happy to see California's leadership and

1 cooperation advancing a program that will extend clean air
2 and climate benefits nationally. And the American Lung
3 Association and the broader California public health
4 community strongly support the development of these rules
5 as well as the full advanced clean cars package.

6 Along with the greenhouse gas standards, we view
7 the more stringent particulate matter standard and the
8 zero emission vehicle standard as critical steps to
9 helping California protect public health during our unique
10 air quality challenges.

11 And also I want to pointed out, my colleagues at
12 other Lung Association chapters around the country are
13 working hard and recognize the leadership of California.
14 And they're working their own jurisdictions to bring about
15 the responsibility standards there. California's history
16 of clean air leadership is very well known and recognized
17 and appreciated around the country, and I think we saw a
18 letter come in on this topic from Pennsylvania to that
19 effect.

20 So your vote today is an important milestone in
21 advancing the cleaner transportation choices that we need
22 to protect public health and the consumers want so we do
23 encourage you to approve the proposal today.

24 We do look forward to working with staff as the
25 program moves forward to ensure that California has the

1 authority and stringency remain in tact as the national
2 program goes forward.

3 And just wanted to end with a thank you and
4 congratulations to Tom Cackette for your leadership on
5 this program. So thank you very much.

6 ACTING CHAIRPERSON LOVERIDGE: You'll be with the
7 CARB for one more Board meeting; is that correct?

8 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: One
9 more.

10 MR. CARMICHAEL: Good morning, Chairman
11 Loveridge, members of the Board.

12 I long thought you would be a good Chair. I
13 guess it just took a while for my memo to get to the
14 Governor. Nothing against Mary. I'm a big fan of
15 Chairman Nichols.

16 Tim Carmichael with the Natural Gas Vehicle
17 Coalition. I just wanted to make a few comments in
18 support of today's proposal.

19 We appreciate that ARB will be adopting the
20 national greenhouse gas standards for model years 2017 to
21 2025. We believe that the national standards recognize
22 the important role of natural gas role that we can play in
23 reducing greenhouse gas emissions, as well as provide some
24 economic benefits because of the low cost, the abundance
25 of the fuel here in the U.S.

1 One of the things that was mentioned by staff, I
2 just want to touch on, is that the national program gives
3 a multiplier benefit for a variety of fuels, including
4 natural gas. And we're hoping that that will be a good
5 motivator for some of the manufacturers that are producing
6 natural gas vehicles in other countries but aren't
7 producing them in the U.S. and they should be. We're
8 hoping that this will be helpful in giving that nudge.

9 Finally, want to note that we believe that
10 performance-based standards are a really good way to go,
11 send a clear signal to industry what targets they need to
12 get to and foster the competition between the different
13 fuels and technologies and we like that.

14 We're here in full support of the proposal. And
15 thanks for the staff's efforts on this.

16 ACTING CHAIRPERSON LOVERIDGE: Thank you.

17 Steven Douglas.

18 MR. DOUGLAS: Thank you. I'm Steve Douglas with
19 the Alliance of Automobile Manufacturers.

20 Before I get started on my formal remarks, I
21 would like to recognize Tom Cackette since this will be
22 the last time I have the pleasure of testifying while
23 they're here before they retire.

24 Certainly, they have -- in large part the respect
25 this Board enjoys is because of the hard work, the

1 leadership, and the vision of Tom who's been at the helm
2 through numerous regulations LEV I, LEV II, greenhouse gas
3 ZEV. And I think it's the Board and in fact the State is
4 fortunate to have the service of such talented
5 individuals. Certainly from the Alliance's standpoint,
6 they have the respect of the alliance members and
7 certainly it's been my personal distinct pleasure to work
8 with him. Thank you.

9 The Alliance members I think you're familiar with
10 the members of the Alliance.

11 --o0o--

12 MR. DOUGLAS: We submitted written comments so I
13 just wanted to touch on three of those. And two of these
14 don't require any action and the first is for the staff.

15 The greenhouse gas, like others, we support the
16 changes to accept federal compliance for compliance with
17 the ARB regulations. We do recommend leading the state by
18 state greenhouse gas reporting requirements that's
19 California is section 77 states. It adds burden for the
20 manufacturers and it's not necessary for compliance.
21 Manufacturers, of course, will have that extra date all
22 out of compliance.

23 If you go forward and don't delete the greenhouse
24 gas reporting, we recommended some changes in our written
25 comments.

1 --o0o--

2 MR. DOUGLAS: Flex fuel vehicle testing, flex
3 fuel vehicle effects all the vehicles that are tested over
4 numerous cycles at different temperatures using different
5 fuel combinations. And just for one test cycle,
6 manufacturers use ten percent ethanol and they run tests
7 at 75 degrees and they run another test at 50 degrees.
8 And then they change out the fuel to 85 percent, and then
9 run tests at 75 degrees and they run test at 50 degrees.
10 And it's this last test that could derail flex fuel
11 vehicles in California. It adds substantial cost. It's a
12 hard road requirement on the vehicles. There is no
13 federal equivalence. And in the future -- it's not right
14 now been -- but in the future, it could add deterrent to
15 certifying flex fuel vehicles in California.

16 --o0o--

17 MR. DOUGLAS: Moreover, it's unlikely vehicles
18 will experience the conditions in the test. The minimum
19 temperatures are during the ozone season, and this is an
20 ozone test procedure primarily. And E85 availability and
21 use is very, very low right now. And flex fuel vehicles
22 do provide a benefit.

23 --o0o--

24 MR. DOUGLAS: We are working with the staff. We
25 hope to come back to the Board if we have a recommendation

1 or if changes are warranted.

2 And then last is the criteria organization. I've
3 talked about this before.

4 ACTING CHAIRPERSON LOVERIDGE: If you could bring
5 to a close.

6 MR. DOUGLAS: I'll wrap it up now. I'll be happy
7 to answer any questions.

8 BOARD MEMBER SPERLING: After all these nice
9 things he said.

10 ACTING CHAIRPERSON LOVERIDGE: That's right.
11 Finish that slide.

12 MR. DOUGLAS: Thank you very much.

13 EXECUTIVE OFFICER GOLDSTONE: Mayor Loveridge, we
14 are committed --

15 ACTING CHAIRPERSON LOVERIDGE: We have one
16 additional comment from Erika Morehouse from the
17 Environmental Defense Fund.

18 BOARD MEMBER RIORDAN: While she's coming
19 forward, in a discussion with staff, we are open to doing
20 some more work with study of E-85 and the testing?

21 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yes.
22 This is -- the real issue here is lack of information. I
23 can't tell you that we know that the cold start emissions
24 that are occurring in the absence of putting more hardware
25 on the car that would be required if you run this test

1 that those emission won't effect ozone. It's not just at
2 50. But what about a 60 degree morning when there is an
3 ozone exceedance you're flooding the atmosphere with VOCs
4 in the morning and you're going to work to create ozone in
5 the afternoon and we need to know how much that is.

6 We asked the auto manufacturers for more data on
7 this. If we don't get that, we'll probably have to do
8 some testing ourselves.

9 And there is also an issue that ethanol vehicles
10 put out acid aldehyde, which is one of the top five toxics
11 from motor vehicles. And we need to figure out whether
12 that's going to create any kind of a local hot spot or
13 issue, how much more acid aldehyde is there from these
14 cold start emissions, which would be overcome if, in fact,
15 this test has to be run and they have to put more hardware
16 on to reduce the cool start emissions. We need to do due
17 diligence on the issue, and staff can do that and the auto
18 manufacturers are cooperating. So if there is a need for
19 regular change, we can come back to you. If there's not,
20 we'll let you know.

21 BOARD MEMBER RIORDAN: So it's an ongoing
22 agreement to seek more information.

23 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yeah,
24 from our standpoint.

25 BOARD MEMBER RIORDAN: Fine. Thank you.

1 MS. MOREHOUSE: Thank you. Erika Morehouse. I'm
2 an attorney with Environmental Defense Fund.

3 I'd like to start by thanking the ARB staff for
4 their tireless work and the Board for their incredible
5 leadership in reducing greenhouse gas emissions from our
6 passenger vehicles.

7 California's leadership and effective
8 collaboration with the auto industry and current
9 administration means that not only Californians, but the
10 nation's fleet of vehicles will become less polluting,
11 more fuel efficient, creating health and economic benefits
12 for all of us.

13 EPA estimates that the net benefits brought to
14 society from model year 2017 to 2025 national program will
15 be in the range of 326 billion to 450 billion.

16 We support CARB's decision here to accept
17 compliance with the National Greenhouse Gas Program's
18 compliance with California's program for 2017 through 2025
19 model years. Without California's commitment to this
20 compliance framework, we might not have seen a national
21 program developed, and this opportunity to reach our
22 emissions goals while fostering economic growth might not
23 have materialized. Instead, California's leadership as
24 the first in the nation to set greenhouse gas standards
25 for passenger vehicles has helped lead to a strong

1 national standard that we can all support.

2 This is truly been historic collaboration and has
3 generated results that will bear fruit for more than a
4 decade to come. Thank you all very much.

5 ACTING CHAIRPERSON LOVERIDGE: Thank you.

6 We'll now close the record on this agenda item.
7 The record will be reopened when the 15-day notices of
8 public availability are issued. Written or oral comments
9 received after this hearing date but before the 15-day
10 notices are issued will not be accepted as part of the
11 official record of this item.

12 When the record is reopened for a 15-day comment
13 period, the public may submit written comments on proposed
14 changes, which will be considered and responded to in the
15 Final Statement of Reasons for the regulations.

16 We have before us resolution Number 12-35.

17 James, any further comments based on the
18 testimony today?

19 EXECUTIVE OFFICER GOLDSTENE: No. We are
20 committed to working with the auto makers on the issues
21 they raised and we recommend the Board adopt the
22 amendment.

23 ACTING CHAIRPERSON LOVERIDGE: Questions,
24 comments by Board members?

25 Motion to approve the resolution?

1 BOARD MEMBER ROBERTS: Move approval.

2 BOARD MEMBER RIORDAN: Second.

3 ACTING CHAIRPERSON LOVERIDGE: Motion and second.

4 All in favor say aye.

5 (Ayes)

6 ACTING CHAIRPERSON LOVERIDGE: Opposed?

7 Now move to the next item on the agenda, 12-8-4.

8 This is an informational update on the implementation plan
9 process that's part of our federal program required by the
10 Federal Clean Air Act. The Clean Air Act required efforts
11 to effect health-based air quality standards. The Act
12 sets forth requirements for the design of technology and
13 public process.

14 The heart of the Act is the requirement that
15 states develop an implementation plan to demonstrate how
16 national air quality standards will be met. Several
17 regions of California now meet the national ambient air
18 quality standard of California's comprehensive clean air
19 programs.

20 Millions of people in Southern California and the
21 Central Valley still experience air pollution levels that
22 greatly exceed federal standards. Health studies are
23 finding adverse effects at increasing low levels of air
24 pollution and people with health problems are especially
25 vulnerable.

1 Assessing the current problem how implementation
2 of the new program will help and what further actions will
3 be needed is fundamental to CARB's mission of protecting
4 public health and meeting the Clean Air Act requirements.

5 Staff will provide an overview of the planning
6 requirements, progress made, and preview of what's coming.
7 We work in partnership with air districts, EPA, and other
8 agencies. James Goldstene.

9 EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman
10 Loveridge.

11 California's improving air quality has resulted
12 in significant public health benefits and ARB actions over
13 the past two years are helping ensure this progress
14 continues.

15 However, achieving clean air statewide will be a
16 long-term challenge as federal air quality standards
17 become more stringent. We're working to meet Clean Air
18 Act requirements for State Implementation Plans through a
19 number of important programs, developing inventories of
20 all emissions, monitoring air quality, analyzing the data,
21 performing air quality modeling, and developing
22 regulations to reduce emissions are all core SIP efforts.

23 Today's presentation focuses on the major SIPs,
24 which are the comprehensive air quality plans required for
25 each region that violate air quality standards. There are

1 also dozens of minor SIPs required each year primarily to
2 update previous data and information. Some of these minor
3 items appear on the Board agenda as consent items. Others
4 are processed administratively, including this submission
5 of adopted regulations to U.S. EPA.

6 Staff brings all major SIPs to the Board for
7 consideration after the plan is adopted by a region's air
8 district. Staff's presentation will provide an overview
9 of SIP requirements and the status of regional air quality
10 and then identify the major SIP activities for the next
11 three years.

12 Ms. Karen Magliano, Chief of our Quality Data
13 Branch, will make today's presentation. Ms. Magliano.

14 (Thereupon an overhead presentation was
15 presented as follows.)

16 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Thank
17 you, Mr. Goldstene.

18 Good morning, Mayor Loveridge and members of the
19 Board.

20 My presentation today will highlight the air
21 quality progress California has made as a result of air
22 quality plan's developed and implemented to comply with
23 the Federal Clean Air Act, as well as preview the next
24 round of plans that will be required between now and 2015
25 to address more protective air quality standards.

1 --o0o--

2 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: The
3 Clean Air Act has guided the nation's efforts to improve
4 air quality, requiring U.S. EPA to set national ambient
5 air quality standards, or NAAQS, that protect public
6 health.

7 The Clean Air Act requires states to develop and
8 carry out plans known as State Implementation Plans, or
9 SIPs, that are designed to meet these standards. SIPs
10 must consider not only the science and technology involved
11 in air pollution chemistry and control, but must take into
12 account technological feasibility and the cost of
13 compliance.

14 SIPs must also be enforceable. Therefore, SIPs
15 include enforceable regulations and commitments to achieve
16 emission reductions needed to attain air quality
17 standards.

18 Finally, to ensure that public health goals are
19 met in the most expeditious time frame possible, the Act
20 establishes specific deadlines for attainment with
21 consequences for failure to take action or implement SIP
22 obligations.

23 --o0o--

24 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: EPA sets
25 air quality standards designed to protect public health.

1 The standards of continuing concern in California are
2 ozone and particulate matter.

3 Fine particulate matter, called PM2.5, and ozone
4 are responsible for most of the health impacts of air
5 pollution in California. PM2.5 is linked to premature
6 mortality, hospitalization for cardiovascular disease, and
7 exacerbation of asthma. Exposure to ozone exacerbates
8 asthma and other chronic pulmonary diseases, reduces lung
9 function, and with repeated exposure can also cause
10 permanent lung damage and even premature death.

11 --o0o--

12 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: The
13 Clean Air Act requires EPA to review standards every five
14 years. Over time, an improved understanding of health
15 science has shown that impacts are occurring at lower
16 levels of exposure, leading to more stringent standards.
17 As a result, the ozone standard has been revised several
18 times with further revision expected in 2014.

19 A similar pattern has occurred with the PM2.5
20 standard, with a further revision to the annual standard
21 expected next month. Despite ongoing progress, as
22 standards become more stringent, more areas are designated
23 as non-attainment and current non-attainment areas have
24 farther to go to reach the new standards.

25 --o0o--

AIR QUALITY DATA BRANCH CHIEF MAGLIANO:

California's statewide SIP is a collection of many elements. Emission inventories for each region of the state are developed in order to estimate the amount of existing and forecasted air pollution. California's comprehensive air monitoring network is used to determine current air quality status, as well as track long-term progress.

Adopted rules and commitments for action by ARB and local air districts are the measures that reduce emissions. Contingency measures are additional rules that can be implemented quickly in the event a region fails to show timely progress or meet the standards by its attainment date.

Other administrative requirements include demonstrating that the State has the resources and authority to implement standards. These are also known as infrastructure SIPs, such as the one for NO₂ that was on the Board agenda earlier today. These SIPs, along with progress and maintenance plans, are straight forward and generally appear on the Board agenda as consent items.

The comprehensive SIPs that come before the Board are plans that must demonstrate attainment with new and revised standards. These SIPs are more complex and include most of the elements on this slide.

1 --o0o--

2 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: The SIP
3 planning process established the framework for our path to
4 attainment and our commitment to meet the standards. The
5 attainment demonstration in the SIP is built on a strong
6 scientific foundation based on monitoring data and air
7 quality models. These analytical tools are used to
8 determine the magnitude of reductions from different
9 source categories that are needed to demonstrate
10 attainment.

11 Depending on the pollutant, the Clean Air Act
12 provides up to ten years for attainment of a standard and
13 for extreme ozone areas up to 20 years. Because of the
14 long planning horizon, SIPs are frequently updated. These
15 updates will typically include new emission inventory data
16 and progress updates on the implementation of the SIP
17 control strategies.

18 --o0o--

19 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Local
20 air districts and the ARB worked together closely in the
21 development of the SIP, which includes public workshops
22 and consultations with affected industries and
23 stakeholders. Attainment plans are adopted first by the
24 local air districts and then by ARB. Under State law,
25 ARB's role is to make sure the SIPs meet the requirements

1 of the Clean Air Act.

2 The SIPs are then submitted to EPA for approval.
3 EPA reviews SIPs for compliance with federal law, solicits
4 comments, and then takes final action to approve. Upon
5 approval by EPA, a SIP is enforceable in federal court.
6 Although the EPA approval process can be lengthy, both ARB
7 and air districts begin actively implementing rules and
8 programs upon State and local adoption.

9 --o0o--

10 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: ARB has
11 a long history of air pollution control, beginning prior
12 to the enactment of the 1990 amendment to the Clean Air
13 Act. In the 1980s, the emphasis was largely on passenger
14 vehicles. In the '90s, our focus expanded to address
15 heavy-duty diesel trucks, off-road engines, along with
16 cleaner passenger vehicles.

17 There were also a number of regulations which
18 addressed emissions from consumer products. Currently,
19 ARB programs are focused on cleaning up our legacy fleets
20 as well as the next generation of passenger vehicles.

21 --o0o--

22 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: This
23 slide provide a snap shot of some of our most significant
24 rules to implement these programs over the past 30 years.
25 Ongoing implementation and enforcement efforts have

1 resulted in significant decreases in emissions and
2 corresponding air quality progress as the following slides
3 will demonstrate.

4 --o0o--

5 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: The
6 benefits of California's long-standing control program can
7 be seen in the trend in NOx emissions in the South Coast
8 and San Joaquin Valley. Large reductions in NOx occur
9 through 2025 as a result of implementation of existing
10 SIPs, which have attainment deadlines through 2023.

11 However, the pace of emission reductions slows
12 beyond 2025 due to the maturity of the existing control
13 program as well as continued growth in population and
14 vehicle travel. The next round of SIPs will need to
15 identify a path forward to further reduce emissions by
16 2032.

17 --o0o--

18 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Similar
19 to the NOx emission trends, VOC emissions have decreased
20 in both the South Coast and San Joaquin Valley as well.
21 As with NOx, VOC emissions also tend to plateau in later
22 years, indicating the need for new emission reductions.

23 --o0o--

24 AIR QUALITY DATA BRANCH CHIEF MAGLIANO:
25 Significant air quality progress has occurred as a result

1 of these ongoing emission reductions. While challenges
2 remain in the South Coast and the San Joaquin Valley, all
3 other areas of the state now meet the federal one-hour
4 ozone standard.

5 In addition, San Diego, Ventura, and the Bay Area
6 now meet the 1997 8-hour ozone standard, as well as the
7 other smaller regions of the state, which were originally
8 designated as non-attainment. The remaining focus for the
9 current 8-hour ozone standard is on the South Coast and
10 San Joaquin Valley, as well as Sacramento and the desert
11 areas downwind of South Coast.

12 --o0o--

13 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: The
14 federal PM2.5 air quality standards have also been met in
15 significant portions of the state. Over the next few
16 months, you will see plans that address the remaining SIP
17 requirements for these areas coming before the Board as
18 consent items. While PM2.5 air quality has improved in
19 the South Coast and San Joaquin Valley, these are the only
20 two areas in the state that continue to exceed both the
21 annual and 24-hour standards.

22 --o0o--

23 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Now
24 let's take a closer look at the air quality improvements
25 that have been made in the South Coast and San Joaquin

1 Valley, starting with ozone.

2 --o0o--

3 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: These
4 maps show the dramatic improvement the ozone over the last
5 two decades in the South Coast.

6 Green indicates air quality that meets the 1997
7 standard, while the yellows, oranges, and reds indicate
8 areas with increasingly higher ozone concentrations.

9 The map on the left shows concentrations in 1990,
10 when most of the South Coast was the darkest shades of
11 red. There were only two small circles of green near the
12 coast that met the standard. The map on the right
13 reflects ozone concentrations in 2010. The two darkest
14 shades of red are completely gone.

15 In addition, the green areas now includes the
16 entire coastal region. This, and the yellow area, which
17 indicates concentrations within about ten percent of the
18 standard, cover more than half the map. Today, 10 million
19 people in the air basin live in communities that meet the
20 8-hour ozone standard. However, another four million live
21 in portions of the air basins that do not meet the
22 standard with the highest concentrations in the eastern
23 basin.

24 --o0o--

25 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Next,

1 here are similar maps for the San Joaquin Valley. In
2 1990, most of the San Joaquin Valley exceeded the
3 standard. The highest ozone concentrations were found
4 throughout much of the central and southern portions of
5 the valley.

6 In comparison, in 2010, the green areas now
7 include much of the northern valley. The darker orange is
8 limited to the Fresno urban area and the area downwind of
9 Bakersfield. And the red areas are completely gone.

10 Today, about a million residents live in
11 communities that meet the standard. The remaining two
12 million people live in areas where concentrations are
13 still above the standard, but air pollution levels are
14 lower than in the past.

15 --o0o--

16 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Although
17 progress in reducing ozone levels and public exposure
18 continues, as noted earlier, EPA is also required to
19 review new health science and revise air quality standards
20 as appropriate.

21 As a result of this process, in 2008, EPA set a
22 more stringent 8-hour ozone standard of 75 parts per
23 billion. The South Coast and San Joaquin Valley, which
24 continue to be extreme non-attainment areas, must meet
25 this tighter standard by 2032. We expect that NOx

1 reductions will continue to be the main focus with an
2 estimated 90 percent reduction from today's levels needed
3 to meet the standard in the South Coast. While current
4 programs will get us about halfway to the 2032 target, we
5 will also need to rely on new advanced technologies as
6 well as consider the potential for further VOC control.

7 --o0o--

8 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Meeting
9 the revised ozone standard will provide opportunities to
10 integrate planning efforts for ozone, PM2.5, and
11 greenhouse gases.

12 Still, as the standards continue to become more
13 stringent, they are approaching background levels. As a
14 result, several issues will take on increasing
15 importance in our efforts to attain the standards. This
16 will include the role of biogenic emissions, long-range
17 transport, and the impacts on air pollution from climate
18 change.

19 --o0o--

20 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Now
21 let's take a look at the air quality improvements that
22 have been made for PM2.5.

23 --o0o--

24 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: To
25 address acute and chronic health effects, EPA set both

1 annual and 24-hour standards for PM2.5 in 1997. The
2 24-hour standard was further revised in 2006 and the
3 annual standard is under review again with an expected
4 revision in December of this year.

5 The science of PM2.5 is complex, stemming from
6 its many components. Some particles are emitted directly
7 from a source, such as wood smoke and diesel particulate
8 matter. Other particles form in the atmosphere from
9 gaseous precursors that are emitted from automobiles,
10 trucks, and industries.

11 Both the South Coast and San Joaquin Valley
12 experience regional contributions to PM2.5 from NOx
13 emissions, as well as local contributions from sources
14 such as wood smoke and commercial cooking.

15 --o0o--

16 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Despite
17 this complexity, our ongoing control programs for ozone
18 have also been effective in reducing PM2.5.

19 In the South Coast air basin, annual average
20 concentrations of PM2.5 have decreased by 47 percent since
21 PM2.5 monitoring began. The only South Coast site that
22 still exceeds the annual standard is in Mira Loma in
23 Riverside County. The South Coast now meets the 1997
24 24-hour standard, though it still exceeds the more
25 stringent 2006 24-hour standard.

1 --o0o--

2 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Progress
3 has also occurred in the San Joaquin Valley, where annual
4 average PM2.5 concentration have decreased by 34 percent.

5 Today, the annual standard is exceeded primarily
6 in the central and southern portions of the valley. The
7 valley meets the 1997 24-hour standard, but still exceeds
8 the 2006 standard and faces a greater challenge in
9 attaining this more stringent standard than the South
10 Coast.

11 --o0o--

12 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: In the
13 last portion of today's presentation, I'll highlight the
14 current and future SIP planning activities that will be
15 coming to the Board over the next three years.

16 --o0o--

17 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: As I
18 discussed earlier, the standards for ozone and PM2.5 are
19 ARB's current focus and multiple SIPs for these pollutants
20 will be required.

21 Currently, the South Coast and San Joaquin Valley
22 are the nation's only extreme ozone areas, highlighting
23 the magnitude of the emission reductions these areas will
24 require to meet the standard.

25 Additionally, EPA is currently considering

1 further strengthening both the ozone and PM2.5 standards,
2 which will likely bring more areas into non-attainment.

3 --o0o--

4 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Given
5 the magnitude of emission reductions needed in areas with
6 the highest concentrations, the Clean Air Act provides
7 20 years for extreme ozone areas to achieve the standard.

8 In contrast, PM2.5 areas have shorter time
9 frames, up to ten years to reach attainment. Section
10 182(e)(5) of the Clean Air Act also recognizes that
11 advanced technologies are needed in extreme ozone areas.
12 Transitioning to these new technologies will require
13 coordinated interagency planning and substantial new
14 infrastructure investment, both public and private.

15 --o0o--

16 AIR QUALITY DATA BRANCH CHIEF MAGLIANO:
17 California has adopted a large number of major SIPs since
18 the Clean Air Act amendments of 1990, with more to come as
19 federal standards continue to be strengthened. This time
20 line shows when we have submitted and expect to submit
21 ozone and PM2.5 SIPs for the San Joaquin Valley on the top
22 in blue and the South Coast below in purple.

23 Dates for SIPs that have already been submitted
24 are shown in black, while dates for future SIPs are shown
25 in green. Each new SIP requires the time and expertise of

1 air districts and ARB staff in many program areas in order
2 to perform the modeling and technical analysis required,
3 along with control strategy development. In addition,
4 prior SIPs are also updated as new information becomes
5 available.

6 --o0o--

7 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: In the
8 next three years, a number of attainment SIPs will be
9 coming before the Board.

10 In January, the Board will consider SIPs from the
11 South Coast for the 24-hour PM2.5 standard and the one
12 hour ozone standard, and from the San Joaquin Valley for
13 the 24-hour PM2.5 standard.

14 Then in July of 2013, we will bring the Board the
15 San Joaquin Valley's one-hour ozone SIP. Although the
16 one-hour ozone standard has been revoked, EPA has found
17 the existing one-hour SIPs for the South Coast and San
18 Joaquin Valley to be inadequate, as neither area met the
19 2010 attainment deadlines and thus new SIPs are required.

20 The following year, an update to the San Joaquin
21 Valley's current 8-hour ozone SIP will be the main
22 priority.

23 --o0o--

24 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: In 2015,
25 the focus will be on the attainment SIPs for the new more

1 stringent 8-hour ozone standard. Both the South Coast and
2 San Joaquin Valley remain classified as extreme
3 non-attainment areas for the new standard. Sacramento and
4 the desert areas of Mojave Desert, Antelope Valley and
5 Coachella Valley are classified as severe, and Ventura is
6 classified as serious.

7 In addition, there are a total of ten areas
8 classified as marginal areas, including the Bay Area and
9 San Diego. Although marginal areas must submit an
10 emissions inventory every three years, attainment SIPs are
11 not required for these areas, as they are expected to be
12 able to meet the standard expeditiously through existing
13 control programs. In fact, based on preliminary inventory
14 data for 2012, the Bay Area already meets the revised
15 ozone standard.

16 --o0o--

17 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: We
18 continue moving forward to meet the goal of attaining
19 increasingly stringent standards. While California's air
20 pollution program has made great strides, we are alone in
21 the nation in terms of the magnitude of needed reductions.

22 Recent court decisions have constrained EPA's
23 interpretation of the Clean Air Act provisions, requiring,
24 among other things, that EPA may need to reassess
25 previously approved SIPs.

1 To meet these and other challenges, we'll need a
2 combination of regulations, incentives, sustainable land
3 use and transportation measures, and infrastructure
4 investments.

5 --o0o--

6 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: Even
7 more now than in the past, we'll need to integrate our SIP
8 planning efforts with the work being done for AB 32 and
9 with goods movement planning efforts. We'll need to work
10 closely with our sister State agencies as well as with our
11 federal, regional, and local partners. Teaming with local
12 air districts as they develop their SIP measures and with
13 the metropolitan planning agencies as they develop
14 sustainable community strategies presents the opportunity
15 to develop innovative strategies that are tailored to
16 California's unique air quality issues.

17 That concludes the presentation, and we would be
18 happy to answer any questions you may have.

19 ACTING CHAIRPERSON LOVERIDGE: Thank you very
20 much. There is no request for public comments.

21 I would invite the Board to make any comment or
22 questions. Are there any --

23 BOARD MEMBER D'ADAMO: I have a question. Just
24 looking for more information on slide 18, biogenic
25 emissions, long-range transport, climate impacts. What

1 are staff's plans to look at those issues and possibly
2 incorporate them into the analysis? Or is it more along
3 the lines of further study?

4 And if I could add another issue to that. This
5 is something that the San Joaquin Valley keeps bringing up
6 and that is emissions coming over from Asia.

7 AIR QUALITY DATA BRANCH CHIEF MAGLIANO: ARB has
8 sponsored a number of studies that have looked at
9 potential impacts of long-range transport. As you
10 mentioned, the San Joaquin Valley District itself is
11 sponsoring its own field research that is going on now to
12 better understand what is coming into the boundaries of
13 that area. So as that research becomes available, it is
14 certainly something we'll be looking at and incorporating
15 how to better address what's coming in at the boundaries.

16 We continue to work with the U.S. EPA to update
17 our emission inventory efforts for biogenic emissions.
18 And so as staff research becomes available, we do
19 incorporate that into the air quality modeling and the
20 attainment demonstrations for the plans.

21 And then climate impacts, certainly as we're
22 looking out to much longer time frames for the ozone
23 standard into 2032, there is the potential that higher
24 temperatures and changes and things like that may need to
25 be considered. And perhaps it's part of the scenario

1 development as we look at different possibilities that may
2 be occurring and how that may impact attainment
3 demonstrations.

4 BOARD MEMBER D'ADAMO: Just looking ahead as the
5 standards get ratcheted down and it becomes more and more
6 of a challenge for regulated entities to meet the
7 standard, I think that it would be useful either when we
8 have these SIPs or perhaps even a separate day these
9 issues come before our Board, better yet in the regions in
10 South Coast and San Joaquin Valley, because I think a lot
11 of stakeholders are concerned about these issues and they
12 can be pretty challenging to sort through, but just as
13 information sharing.

14 For example, the issue that I always just -- I
15 think we all keep hearing about is our standards are so
16 close to background. I think it would be useful to have
17 some information, whether it's part of the SIP workshop
18 process or some other workshop to get information out so
19 that stakeholders can be made better aware of the actual
20 facts.

21 DEPUTY EXECUTIVE OFFICER TERRY: That's a
22 wonderful suggestion. As part of the PM SIP development
23 over the last few months, our staff, most of them are
24 sitting at that table, did some science symposiums in the
25 valley to walk through the science specific to the 24-hour

1 PM2.5 standard.

2 We have a lot of work going on in our research
3 division, our collaboration on the CalNEXT study and
4 additional studies with NOAA and NASA coming down the line
5 that I think it's a real opportunity.

6 I think it would be nice to brief this Board as
7 well as work with the air districts on perhaps some
8 scientific symposium specific to their individual regions.
9 We're happy to do that and work with the districts on it.

10 BOARD MEMBER D'ADAMO: And then slide 26, I
11 should know the answer to this, but I have to confess I
12 don't. It's always been confusing to me, I think for
13 pretty much everybody. We have all these different SIPs,
14 but then we also have previous SIPs.

15 For example, you went through the 1997. At what
16 point -- is this just an ongoing rolling SIP on top of
17 SIP? Or at some point does a SIP get dropped off? And
18 what is the determining factor to drop the SIP off and no
19 longer have it be something that is being complied with in
20 addition to the current SIP?

21 DEPUTY EXECUTIVE OFFICER TERRY: Since I've been
22 at this perhaps the longest in this group, I'll say they
23 never go away. Once they're federally approved, we
24 continue to implement them. And essentially, each time we
25 do a new SIP, we build on the previously-approved SIP.

1 And so those reductions that you saw occurring as a result
2 of those previous SIPs are the base for the SIP that we do
3 each time there is a tighter standard or there is an
4 update.

5 But as a practical matter, the regulations get
6 adopted and implemented by the Board and the air
7 districts. And so really, those SIPs become really
8 historical for the most part, except with the exception of
9 the new technology provisions for ozone, because those are
10 commitments to achieve a certain level of emission
11 reductions. And that's the challenge that essentially
12 gets carried forward each time we do a new ozone SIP. So
13 when we do the air quality science and modeling, we may
14 find a number of tons that we need to achieve through new
15 technologies is updated each time we do a new modeling
16 analysis for a new SIP. Essentially, we still have that
17 ongoing obligation to achieve new reductions to meet the
18 new technology provisions.

19 ACTING CHAIRPERSON LOVERIDGE: When will the SIPs
20 from South Coast and San Joaquin be before the CARB Board?

21 DEPUTY EXECUTIVE OFFICER TERRY: January we will
22 be in Bakersfield on Thursday and South Coast Friday
23 morning.

24 ACTING CHAIRPERSON LOVERIDGE: Thank you.

25 BOARD MEMBER SHERRIFFS: I was just going to

1 suggest SIPs are part of the Twilight series. I haven't
2 seen any of that.

3 And also reminding us why we do this because the
4 health effects, the best science at the moment I think
5 suggests these are linear. So although the standards get
6 tighter and tighter and harder and harder to achieve, in
7 fact, it's not some lower level of benefit that -- it's a
8 very linear effect in terms of the levels of pollutants
9 like the PM2.5 and the health effects.

10 So we're looking in the valley order of magnitude
11 400 excess deaths per year by going from the old standard
12 to the new standard. We're looking at well over 120,000
13 lost work days every year. These are real, real health
14 impacts and also real economic impacts. So it does make a
15 difference. And as hard as it is to take the next step,
16 the science suggests it's absolutely linear. So we
17 continue to get the same magnitude of benefit.

18 ACTING CHAIRPERSON LOVERIDGE: Moving to the
19 right and --

20 BOARD MEMBER SPERLING: Down to the left winning
21 here -- sorry, well --

22 BOARD MEMBER ROBERTS: From their perspective,
23 we're on the right.

24 BOARD MEMBER SPERLING: Going beyond politics,
25 you know, to build on this conversation that Board Member

1 D'Adamo started, here we are talking about dramatic
2 reductions in NOx. I think I saw somewhere 90 percent
3 reductions.

4 You know, we have this process, the SIP process,
5 that's kind of very structured and we've been grinding on
6 for decades now. And there is a lot of maybe broader
7 newer ideas, more system level ideas. As we think about
8 SB 375 and greenhouse gas goals, and we have these ideas
9 about visioning and integrating it together that are
10 somewhat vague at this point, but I just heard a
11 presentation recently, for instance, talking about in
12 urban areas -- in fact, in the South Coast region -- about
13 the urban freight, the idea that what has been happening
14 is there has been a sprawl in the logistics in freight
15 movement so that they've been moving all of these big
16 warehouses and distribution centers more and more around
17 the periphery, and so more truck movement, longer truck
18 movement. And that effect is not just NOx and PM and
19 greenhouse gases, but indirectly it has lots of land use
20 implications as well, which further accelerate these
21 increases in NOx.

22 So I have a question really because I don't know
23 the answer. And it is how can we start bringing some
24 fresh thinking to some of this? In the South Coast, they
25 do put quite a bit of effort into it. But I think even

1 much more so. And maybe we need to bring in some outside
2 people like we've had these Advisory Committees for AB 32
3 and Market Advisory Committee and Environmental Justice
4 Committees. The experts that are helping with the market
5 program of cap and trade. Maybe it's time to start
6 thinking a little more broadly about how do we do -- we're
7 transforming the vehicles that we talked about earlier in
8 the meeting is really impressive. It's dramatic. It's
9 revolutionary what we're doing, the path we're on with
10 cars. But that's one piece of this system.

11 And so I don't have a specific suggestion, but I
12 do think we need some fresh thinking here, and I think
13 there are opportunities that are synergistic.

14 DEPUTY EXECUTIVE OFFICER TERRY: I'll jump into
15 that. And perhaps Chairman Loveridge would have some
16 comments as an expert in government and in particular
17 regional government.

18 I think SB 375 from my perspective presents a
19 real opportunity to bring the planning community together
20 and make those connections between those, the broader
21 issues, from a system standpoint, which is not a role
22 that's been assigned to ARB to do unilaterally. That's
23 where the partnerships have to come into play.

24 But I do think working with the MPOs in
25 particular and major air districts and ARB together

1 because we have some very clear goals to meet and
2 obligations to meet that we will not be able to meet if we
3 can't bring the parties together and do this visioning
4 from a more grounded perspective of jurisdictions and
5 authorities and responsibilities.

6 ACTING CHAIRPERSON LOVERIDGE: What is the bridge
7 to that process though, I think? That's really -- I mean,
8 I question, but what is the bridge to that process?

9 DEPUTY EXECUTIVE OFFICER TERRY: I can't say that
10 I have the answer to that, because honestly, it is a huge
11 political issue, the relationship between State
12 government, regional government, and local government.
13 Even at the State level, the relationship between
14 transportation agencies, who makes decisions on funding,
15 we have a Strategic Growth Council. There may be
16 opportunities there. It is a very good question and I
17 think this Board's thought and advice to staff on this
18 would be very helpful.

19 EXECUTIVE OFFICER GOLDSTONE: I was going to try
20 to answer part of that question as well.

21 In addition to the systems that we've put in
22 place and the laws like SB 375 and the existing rules
23 relative to developing transportation plans, I think,
24 Mayor Loveridge, one of the answers to the question about
25 where the bridge is really comes down to the

1 harder-to-define issues about political leadership at the
2 local level and the regional level. We really need
3 commitments from the leaders from the City Council on up,
4 Planning Commission to help make those.

5 ACTING CHAIRPERSON LOVERIDGE: Maybe since the
6 next meeting is in Southern California, maybe we can talk
7 about that and make some -- at least offer some proposal
8 on this issue because I think it's an important issue.

9 BOARD MEMBER SPERLING: I just think -- I mean,
10 yes, leadership is important and yes, regulations are at
11 the heart of it. Policy is at the heart of it. But I
12 don't think we know really how to do it. That's kind of
13 where I am. I think we need fresh thinking to inform this
14 process. Because I think we have the basic structures,
15 more or less there. With SB 375, we need to create the
16 carrots to make it happen.

17 But we don't know where to go -- we know pieces
18 of it. But some of the integrating together land use and
19 transportation and freight, I mean, that's -- there just
20 isn't much really thinking going on even in academia. And
21 I think we could play a role in stimulating that. And so
22 before -- and then we'll get to the SIP process later.

23 DEPUTY EXECUTIVE OFFICER TERRY: Just if I may, a
24 quick comment.

25 I think what you've described is the SIP process

1 for the 2015 ozone SIPs. And that was part of what we had
2 hoped to discuss with this item today, because the
3 conventional SIPs -- a list of regulatory measures -- is
4 not what the future holds when we're looking at 2032
5 attainment and integrated planning. So we would love to
6 see this kind of approach taken over the next couple of
7 years to get the engagement of the organizations and
8 individuals that can do the thinking.

9 I will say there is some good research going on,
10 but as you say, it's piecemeal. And I think that's the
11 challenge is to pull it together.

12 EXECUTIVE OFFICER GOLDSTENE: We also have an
13 opportunity or -- you do as the Board as we work through
14 the new Scoping Plan, which we're going to be starting to
15 work on at the beginning of 2013 and bring for your action
16 at the end of 2013. That is intended also to be a process
17 where we do this visionary thinking to tackle some of
18 these problems. So both the SIP process and the Scoping
19 Plan process provided at least one avenue -- two avenues
20 for having this discussion.

21 ACTING CHAIRPERSON LOVERIDGE: Ron, did you have
22 any comments?

23 BOARD MEMBER ROBERTS: Well, I'm kind of
24 surprised by the comments, to be honest with you. I think
25 things are working.

1 Look at all these charts. And maybe I think --
2 I'm seeing I've been on this Board for a long time now,
3 and there's been considerable progress. Part of our
4 problem, we're getting down to where it's very difficult.
5 The low-hanging fruit disappeared a long time ago. You're
6 more dependent on some technological things as well as
7 political will.

8 We just went through an enormous battle in
9 changing the general plan. It was almost ten years ago.
10 We had hundreds of thousands of miles of road were
11 completely eliminated, additional road network that's
12 going to be needed. The benefits are it's brought down
13 all the cost, but we have to be out there to support it.

14 But I see we have planners and health people
15 working together hand in hand, which we didn't have
16 ten years ago. And they're working on it. There is a
17 public health thing that's out there because I guess I
18 cross over with many hats and many different roles. But
19 that was a jump bringing them together. And maybe we need
20 to look at what's happening here and what's happening in
21 San Diego and other areas, and similar things.

22 I understand there is some geography involved
23 here that -- especially in the San Joaquin Valley that may
24 make it more difficult. I'm not sure all of the things
25 that are being done in areas that are achieving, are being

1 done in those areas. And we bring all the cities together
2 and increase in the plans and you work very closely with
3 your public health officials and bring those programs in.

4 So I'm not sure -- I'm hearing something is
5 really out of whack here. It's not. Look at these
6 charts. And even though they're not maybe how to obtain
7 the standards, the progress that's been made is pretty
8 significant.

9 ACTING CHAIRPERSON LOVERIDGE: I think it's
10 really the point that was made maybe given that commentary
11 we ought to look closely enough about what the SIP
12 requires. That's really what the question is.

13 Barbara, No.

14 Just one quick narrow and more personal, but when
15 I first came to teach at U.C. Riverside in 1965, there
16 were 200 first stage smog alerts and 65 second stage smog
17 alerts in 1965.

18 Just a quick other personal comment about slide
19 21, which identifies Mira Loma site. Now in the city of
20 Garupa Valley. It's not really what I would call the
21 eastern basin. It really is in the South Coast basin.
22 The comment with this, I walk something called Mount
23 Roubidoux every morning. Within my sight line, I can see
24 the South Coast monitoring station, Roubidoux monitoring
25 station, which has usually the highest particulate

1 measures in the basin, sometimes in the country. But Mira
2 Loma is in the South Coast and now in the city of Garupa
3 Valley.

4 This is an update. There is no action required.
5 We will then move onto the next and last item, another
6 update. See what's been happening in Sacramento as we ask
7 what the Legislature has been doing general. Jennifer
8 Gress, the Legislative Director, will give us an update.
9 Do you want to introduce?

10 EXECUTIVE OFFICER GOLDSTONE: I'll introduce very
11 briefly the item. Thanks, Chairman Loveridge.

12 The two themes really that came out of last
13 year's legislative session, one is that the Legislature
14 has taken a very strong interest in the cap and trade
15 program. And we assume they will remain involved. The
16 second is that there was a lot of collaboration and
17 coalition building towards the end of the session. ARB
18 and the Energy Commission were involved in an effort to
19 re-authorize incentive funding for clean air programs such
20 as the Carl Moyer Program and the 118 Program.

21 Whether this bill SB 1455 by Senator Kehoe fell
22 two votes short of the two-thirds necessary for passage on
23 the last night of session, the bill brought together a
24 large and diverse coalition that included the air
25 districts, oil companies, environmental organizations,

1 auto manufacturers, and clean energy companies. And it
2 was a really very impressive effort to get these programs
3 re-authorized.

4 Senator Kehoe, by the way, is now the Chair for
5 the Plug-In Electric Vehicle Collaborative. She was
6 selected last week for that position.

7 Legislative Director Jennifer Gress is here to
8 provide an overview of the year and describe key
9 legislation and highlight what we think may be coming in
10 the next year. Ms. Gress.

11 (Thereupon an overhead presentation was
12 presented as follows.)

13 LEGISLATIVE DIRECTOR GRESS: Thank you. Good
14 morning. It is a pleasure to be here presenting the
15 legislative summary for 2012.

16 2012 was the second year of the two-year session
17 and it was a busy one. As you might imagine, the cap and
18 trade program was a prominent subject. As the
19 implementation of the cap and trade program drew near, so,
20 too, did the Legislature's interest in the program. We
21 conducted a number of one-on-one briefings with members,
22 group briefings with staff, responded to countless
23 letters, e-mails, and telephone calls and participated in
24 seven legislative hearings and town hall meetings.

25 While support for AB 32 appears strong among many

1 members of the Legislature, members had questions and some
2 concerns about how the cap and trade program would work,
3 its treatment of various regulated entities, the potential
4 for market manipulation, and impacts on consumers. And of
5 course, there was the WCI, Inc., which became a source of
6 concern and numerous legislative inquiries.

7 What ultimately made this year successful was
8 that members and staff are now more familiar with and
9 involved in the program, particularly with regard to WCI,
10 Inc., which now boasts two members of the Legislature on
11 its Board of Directors.

12 And we, as an organization, have strengthened our
13 efforts to keep the Legislature informed.

14 It is important to have a strong relationship
15 with the Legislature, and I think the interest and
16 activity we experienced this year has helped to put us on
17 a good course.

18 --o0o--

19 LEGISLATIVE DIRECTOR GRESS: With regard to
20 legislation, there was significant activity regarding
21 several ARB programs, most notably cap and trade. The
22 bills that the Legislature passed and the Governor signed
23 all strengthen ARB's mission and programs.

24 There were about 2,000 bills introduced in 2012;
25 52 percent of which reached the Governor's desk. The

1 Governor signed about 88 percent of the bills before him.

2 We the Legislative office tracked 255 bills
3 related to air quality and climate change, which included
4 some two-year bills from 2011. Common themes included
5 advanced technology, clean energy, incentives.

6 --o0o--

7 LEGISLATIVE DIRECTOR GRESS: This chart breaks
8 down the number of bills we tracked by major subject area.
9 As you can see, the majority of legislation that we
10 tracked related to climate and energy, as opposed to ARB's
11 historical focus, air quality.

12 --o0o--

13 LEGISLATIVE DIRECTOR GRESS: With that overview,
14 I turn now to some key pieces of legislation.

15 Last year, I told you about two bills that relate
16 to Board structure and functions: AB 146 Dickinson and AB
17 1095 Berryhill. AB 146, which was signed by the Governor
18 this year, adds a member to ARB's Board from an air
19 district in the Sacramento ozone non-attainment area.

20 AB 1095 would have required ARB to establish a
21 Hearing Board to hear disputes and requests for variances
22 related to AB 32 programs on a facility-by-facility basis.
23 This bill was amended to deal with another subject matter
24 and, therefore, did not move forward in that form.

25 --o0o--

1 LEGISLATIVE DIRECTOR GRESS: The program area
2 that received the most attention was cap and trade. We
3 saw a total of 20 cap and trade related bills. There were
4 two types of bills, those dealing with elements of the
5 regulation and how it is implemented and those dealing
6 with how to spend auction proceeds.

7 In the end, the Legislature passed and the
8 Governor signed three bills:

9 SB 1018, the budget trailer bill, prohibited ARB
10 from linking its programs with that of other jurisdictions
11 until the Governor makes specified findings, and it added
12 two legislators as non-voting ex officio members to the
13 WCI Board in order to provide greater legislative
14 oversight over the organization.

15 SB 1018 also established administrative
16 requirements for cap and trade revenues and limited which
17 rate payers can receive utility auction revenue to
18 residential customers, small businesses, and emission
19 intensive trade-exposed entities.

20 The Public Utilities Commission is undertaking a
21 rulemaking to determine how utility auction revenue can be
22 used and a proposed decision is expected soon.

23 --o0o--

24 LEGISLATIVE DIRECTOR GRESS: AB 1532 by speaker
25 Perez establishes procedural and programmatic guidelines

1 for allocating cap and trade auction proceeds for fiscal
2 years 2013/14 and later. It directs the Department of
3 Finance to submit to the Legislature on behalf of the
4 Governor and in consultation with ARB and other State
5 agencies a three-year investment plan that establishes a
6 framework for the expenditure of the funds. This plan
7 must be updated every three years. The bill requires the
8 investment plan and annual appropriations be considered
9 during the annual budget process.

10 Under the bill, ARB must hold at least two public
11 workshops in different regions of the State, and one
12 public hearing prior to the Department of Finance
13 submitting the investment plan to the Legislature.

14 SB 535 was coupled with AB 1532, and it directs
15 the California Environmental Protection Agency to identify
16 disadvantaged communities for investment opportunities of
17 cap and trade auction proceeds. The bill also requires
18 the Department of Finance to allocate in the investment
19 plan it develops pursuant to AB 1532 a minimum of 25
20 percent of available moneys to projects that benefit
21 disadvantaged communities and a minimum of ten percent of
22 projects located within such communities.

23 --o0o--

24 LEGISLATIVE DIRECTOR GRESS: On the energy side,
25 biomethane was a major interest this year. Fueled by the

1 desire to better utilize California's own biomethane
2 resources, a number of bills were introduced and
3 ultimately supported by the Governor that helped achieve
4 the Governor's clean energy jobs goal.

5 AB 1900 by Assembly Member Gatto removes existing
6 statutory and tariff barriers that have effectively
7 prevented biogas from California's landfills from being
8 injected into common carrier natural gas pipelines. ARB
9 is part of a multi-agency effort to develop health
10 standards that will be applied to biomethane to protect
11 public health and safety.

12 AB 2196 by Assembly Member Chesbro is intended to
13 incentivize the use of biomethane from California
14 landfills and other sources by conforming RPS eligibility
15 of biomethane with procurement requirements under the new
16 33 percent RPS law enacted last year, and that bill
17 requires that a direct environmental benefit to California
18 be demonstrated.

19 SB 1122 by Senator Rubio requires the Public
20 Utilities Commission to direct the State's electrical
21 corporations to collectively procure and provide a
22 feed-in-tariff for at least 250 megawatts of generating
23 capacity from generators of bioenergy that begin operation
24 on or after June 1, 2013. The bill allocates the amount
25 of megawatts eligible for different bioenergy project

1 categories and allows PUC to reallocate the project
2 allocations, if needed, in consultation with a number of
3 State agencies, including ARB.

4 --o0o--

5 LEGISLATIVE DIRECTOR GRESS: Mobile source
6 pollution is typically an active area for legislation.
7 This year, a major focus was on incentives for clean
8 vehicles and advanced technology. Three bills, all signed
9 by the Governor, exemplify the Legislature's desire to
10 support clean vehicle technologies incentives.

11 AB 2405 by Assembly Member Blumenfield allows
12 enhanced advanced technology partial zero-emission
13 vehicles, such as plug-in hybrids like the Chevy Volt and
14 zero emission vehicles like the Nissan Leaf to access high
15 occupancy vehicle toll lanes without charge regardless of
16 occupancy. This is an important incentive because it does
17 not rely on existing State resources to support consumer
18 choice of the cleanest most advanced vehicles.

19 AB 2583 also by Assembly Member Blumenfield
20 directs the Department of General Services and Caltrans to
21 develop advanced technology vehicle parking incentive
22 programs. It also directs DGS to encourage the use of
23 alternative fuels in State-owned vehicles, the development
24 of alternative fueling infrastructure at state vehicle
25 sites, and the promotion of State employee operation of

1 alternatively fueled vehicles.

2 Finally, SB 1128 by Senator Padilla extends
3 eligibility for a sales tax exclusion to advanced
4 manufacturing projects administered by the California
5 Alternative Energy Advanced Transportation financing
6 Authority, otherwise known as CAEATFA. It also adds
7 greenhouse gas emission reductions as one of the quality
8 characteristics for advanced transportation technologies
9 and designates ARB to advise CAEATFA on whether potential
10 projects meet specified criteria.

11 --o0o--

12 LEGISLATIVE DIRECTOR GRESS: This takes me to SB
13 1455, which sought to re-authorize various motor vehicle
14 tire and equipment fees until December 31st, 2013. These
15 fees support the Carl Moyer Program to clean up diesel
16 vehicles, air district programs that complement the Moyer
17 program, and AB 118 programs.

18 To secure support for re-authorization, the bill
19 also dedicated funding to establish hydrogen fueling
20 infrastructure to support the pending introduction of fuel
21 cell vehicles coupled with regulatory relief from the
22 clean fuels outlet regulation.

23 Agreement was reached eight days prior to the end
24 of session. And in that short time, garnered over 160
25 supporters. Because the measure extended fees, it

1 required a two-thirds vote in accordance with Proposition
2 26. We succeeded in the assembly, but fell just two votes
3 short in the Senate as the clock struck midnight on the
4 final night of session. It was dramatic.

5 These incentive programs provide about 300
6 million annually and are critical to achieving the near-
7 and long-term emission reductions necessary to meet the
8 State's air quality, climate change, and fuel diversity
9 goals.

10 Looking to the coming year, we are working with
11 the California Air Pollution Control Officers Association
12 and other stakeholders as part of a coalition to reduce
13 the bill and several members of the Legislature have
14 signaled strong interest in authoring it.

15 --oOo--

16 LEGISLATIVE DIRECTOR GRESS: So what are likely
17 to be the big issues next year?

18 As I mentioned, certainly reauthorizing incentive
19 funding will be a priority. As I'm sure there will be
20 plenty of activity regarding cap and trade auction
21 proceeds.

22 As a subset of those issues, towards the end of
23 the past session there were several bills focused on the
24 utility of auction revenue which sought to undue the
25 provision in the budget trailer bill limiting who is

1 eligible for these revenues. I expect that issue to be
2 raised again this year.

3 The low carbon fuel standard is also likely to be
4 a target for this activity. We have been hearing the
5 Western States Petroleum Association will be releasing a
6 report that includes recommendations for modifying the
7 LCFS, among other regulations, with the idea that it could
8 serve as a resource for potential legislation.

9 Finally, CEQA reform appears to be at the top of
10 the agenda. ARB is not typically involved in CEQA
11 legislation, but we will be following it closely and it
12 could have an indirect impact on other legislation that
13 affects ARB.

14 --o0o--

15 LEGISLATIVE DIRECTOR GRESS: What does the
16 environment look like for these issues in the coming year?
17 Let's talk about the elections. Two things of note:
18 There will be significant turn-over in the Legislature and
19 there are very few members now that were present in 2006
20 and voted aye on AB 32. Six senators and 22 Assembly
21 Members are termed out and 22 members of both houses are
22 leaving for other reasons, such as re-districting,
23 retirement, or winning a race for higher office. The
24 bottom line is that there are about 37 new members of the
25 Assembly, almost half of the 80-member house, and nine new

1 members in the Senate. Of those, only nine returning
2 members voted aye on AB 32, eight in the Senate and one in
3 the Assembly.

4 So we will have quite a bit of work to do this
5 year to educate the new members a ARB and about AB 32
6 specifically.

7 --o0o--

8 LEGISLATIVE DIRECTOR GRESS: Before I close, I'd
9 like to acknowledge the excellent work of my staff. Bruce
10 Oulrey, who was Chief of Staff until October when he
11 accepted a position in the Enforcement Division. Robin
12 Neese, our Executive Assistant. Our analyst, Ken Arnold,
13 Dongmin Low, Daniel Seeman, Nicole Sotak and Steve
14 Trumbly. Jake Henshaw, a great joy in our office, retired
15 earlier this year. And our dedicated student assistant,
16 Andrew Breeze, was able to secure a full-time position at
17 another agency. I could not ask for better staff.

18 --o0o--

19 LEGISLATIVE DIRECTOR GRESS: A copy of the annual
20 legislative report is available through our office and on
21 ARB's website. Thank you very much. I would be happy to
22 answer any questions.

23 ACTING CHAIRPERSON LOVERIDGE: Thank you for the
24 overview. There's no public testimony.

25 Questions or comments by members of the Board?

1 Seeing none, thank you for the report. We will
2 indeed be tracking what takes place next year under cap
3 and trade.

4 Before going to public comment, I would call upon
5 James Goldstene for a couple of announcements.

6 EXECUTIVE OFFICER GOLDSTENE: We want to
7 introduce two new staff to you.

8 One, who you've been seeing this morning is Tracy
9 Jensen, who new Board Clerk, who replaced Mary Alice.
10 Tracy Jensen, here is the Board. She was recently
11 promoted to that position from another position she had in
12 the legal office. And of course, you've seen her on the
13 other side of the room working the slides and other things
14 during Board meetings. So welcome, Tracy.

15 And the other person I'd like to introduce is Dr.
16 Alberto Ayala. Are you here? Alberto has been selected
17 to replace Mr. Cackette. So we wanted to give him a
18 chance to say a few words. I don't know, Tom, if you want
19 to say a few words about Alberto who has been working for
20 you for a while.

21 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Yes, I
22 would like that.

23 I think you all know him and have met him before.
24 He's currently the Division Chief of the Monitoring and
25 Laboratory Division, which is one of the divisions that

1 works for me. He has a Ph.D. from U.C. Davis. He's an
2 internationally recognized expert in measurement
3 technology particularly for motor vehicles. He's
4 published over 50 papers. But since being a researcher,
5 he's moved onto other things in the monitoring and
6 laboratory division.

7 It's not obvious, but like almost all of our
8 divisions, they get assigned to do regulations. So he's
9 been developing and has developed and been in front of the
10 Board for evaporative regulations. There's several more
11 coming to you in the next year. He's been responsible for
12 our enhanced vapor recovery and service station controls,
13 which I think as you know is always and will continue to
14 be a controversial program. He's handled that extremely
15 well, including some real oops we had with possible safety
16 problems that you heard about earlier on. And that's been
17 all taken care of under his guidance.

18 And so also an excellent manager. Been working
19 for several years as the Division Chief and really has
20 shown his interest and enthusiasm in achieving the Board's
21 objectives, both technically and keeping us well
22 administered -- keeping us administered as well. So I'm
23 really confident that he will serve the Board extremely
24 well and feel very lucky he's my replacement. So Alberto.

25 DEPUTY EXECUTIVE OFFICER AYALA: Thank you.

1 Thank you, Tom. That's a very gracious introduction.

2 I need to start off by acknowledging the fact
3 that I'm still trying to get my head around just exactly
4 what I got myself into.

5 But putting that aside, I'm just incredibly
6 honored to have this opportunity. Obviously, Tom has set
7 a very high bar for us. And as Jennifer said, I, too, am
8 lucky because I have three divisions with extremely
9 talented staff. The executive team is excellent and just
10 very much looking forward to helping the Board and all of
11 us continue on the path and continue the track of
12 excellence that Tom is leaving behind us. And again just
13 want to thank you and looking forward to it.

14 ACTING CHAIRPERSON LOVERIDGE: Do we have time to
15 say thank yous to Tom and --

16 EXECUTIVE OFFICER GOLDSTONE: The December Board
17 meeting I think will be the meeting of celebration. But
18 in the mean time, all --

19 CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: I just
20 want to say my comment about that will be my last meeting,
21 I didn't mean to in any way imply I'm relishing not being
22 in front of the Board. It's been really tremendous. And
23 I'll keep my eye on what's going on here and maybe share a
24 comment once in a while as I watch the Board proceed
25 toward what are the large number of remaining challenges

1 in front of you. So thank you.

2 ACTING CHAIRPERSON LOVERIDGE: No public comment.
3 Someone just signed up.

4 Would invite Karen Snyder up.

5 MS. SNYDER: I'm just short.

6 After I spoke to you last month, Chairman Nichols
7 asked Mr. Goldstene that what was in place at ARB for
8 someone who feels bullying is happening here at the ARB.
9 Of course, he properly answered that we had an EO office
10 and that I could go to that or other off-site entities.

11 Let me assure you that I have taken the
12 appropriate steps before coming to speak on public record
13 to the Board. Workplace bullying does not fall under EEO
14 issues, because it cannot be connected to a protected
15 class, then it is not covered under EEO issues.

16 However, for myself the one time that it did fall
17 under sexual harassment, the EEO office swept it under the
18 rug. And when the EEO officer's own staff tells you not
19 to bother to take it to the EEO officer, then you don't.
20 And you begin to seek other avenues to be heard, up to and
21 including desperately trying to bringing it to the
22 attention of a Deputy officer -- I'm sorry -- Deputy
23 executive, the Chairman, and the Executive Officer.

24 So let me state again something I have stated
25 before. When I arrived at the ARB, I was excited to work

1 here and excited for the possibility to work for an agency
2 that fought against climate change and for the health of
3 not only the people of California but for those around the
4 world.

5 I very early on made the mistake to think that I
6 could talk reasonably to someone about decisions made
7 about myself. And since then, I have been unable to do
8 anything right. Since then, my work product, my work
9 ethic, my personality, and even the way I dress have been
10 attacked. I was accused, tried, and convicted of
11 workplace violence for cussing while coming in from my
12 lunch break and still outside of the building. And let me
13 tell you, the cussing flows freely on my floor.

14 Every part of my being has been attacked these
15 past five years. So much so that on occasion I have been
16 so utterly despondent I have been nearly suicidal. My
17 health has suffered significantly and my ability to move
18 on to a better position and away from my attackers have
19 been blocked.

20 May I finish?

21 ACTING CHAIRPERSON LOVERIDGE: Keep going.

22 MS. SNYDER: All of which is very well
23 documented. Right now, as you can probably guess, I'm
24 angry and bitter and frustrated. And thank goodness for
25 that because that is the only thing that has kept me

1 going.

2 I again strongly emphasize I'm not the only one
3 this is happening to. And currently, what is going on in
4 our own HR department is a travesty. I may be the only
5 one speaking up, but I'm not the only one suffering these
6 attacks. Both for my own well being and the well being of
7 my co-workers, I will continue to speak up. And I will
8 continue to try to make sure this is investigated by an
9 outside entity.

10 I appreciate the time and opportunity to speak to
11 you. Thank you very much.

12 ACTING CHAIRPERSON LOVERIDGE: Now move to closed
13 session. Do we need to say some words about closed
14 session?

15 CHIEF COUNSEL PETER: Not at this time, Mr.
16 Chairman. We will just recess into closed session and
17 come back and make a report at the conclusion of it if the
18 Board chooses to take any action during the closed session

19 ACTING CHAIRPERSON LOVERIDGE: There will be a
20 report after closed session.

21 CHIEF COUNSEL PETER: There will be a notice of
22 any action taken. There is none anticipated. But we will
23 come back and then adjourn the meeting at that point.

24 ACTING CHAIRPERSON LOVERIDGE: Thank you.

25 (Whereupon the Board recessed into closed

1 session at 10:45 AM and returned at 11:27 AM.)

2 ACTING CHAIRPERSON LOVERIDGE: I would ask the
3 Executive Officer is there anything we need to address
4 after closed session.

5 EXECUTIVE OFFICER GOLDSTONE: I'll ask Ellen
6 Peter, the Chief Counsel, to comment on closed session.

7 CHIEF COUNSEL PETER: Mr. Chairman, as you know,
8 we had a closed session. We discussed pending litigation.
9 And no action was taken by the Board so we have nothing to
10 report on.

11 ACTING CHAIRPERSON LOVERIDGE: Therefore we stand
12 adjourned.

13 (Whereupon the Air Resources Board meeting
14 adjourned at 11:28 AM)

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CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of December, 2012.

TIFFANY C. KRAFT, CSR, RPR
Certified Shorthand Reporter
License No. 12277

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