

MEETING
STATE OF CALIFORNIA
AIR RESOURCES BOARD

BYRON SHER AUDITORIUM
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THURSDAY, SEPTEMBER 26, 2013
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TIFFANY C. KRAFT, CSR
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APPEARANCES

BOARD MEMBERS

Mrs. Barbara Riordan, Acting Chairperson

Dr. John Balmes

Ms. Sandra Berg

Mr. Hector De La Torre

Mr. John Eisenhut

Supervisor John Gioia

Mayor Pro Tem Judy Mitchell

Supervisor Phil Serna

Dr. Alex Sherriffs

Professor Daniel Sperling

STAFF

Mr. Richard Corey, Executive Officer

Mr. Alberto Ayala, Deputy Executive Officer

Ms. Edie Chang, Deputy Executive Officer

Ms. Lynn Terry, Deputy Executive Officer

Ms. Ellen Peter, Chief Counsel

Mr. Tony Brasil, Branch Chief, Heavy Duty Diesel
Implementation Branch, MSCD

Ms. Sara Dastoum, Air Pollution Specialist, In-Use Control
Measures Section, Mobile Source Control Division

Ms. Jennifer Gress, Legislative Director, Office of
Legislative Affairs, Office of the Chair

APPEARANCES CONTINUED

STAFF

Ms. Annette Hebert, Chief Division, MSCD

Ms. Jackie Lourenco, Branch Chief, New Vehicle/Engine Programs Branch, Mobile Source Operations Division

Ms. Lisa Macumber, Air Pollution Specialist, Innovative Strategies Branch, Mobile Source Control Division

Ms. Irina Malkina, Air Pollution Specialist, Implementation Section, Air Quality Planning and Science Division

Ms. Carla Takemoto, Chief, Area Source and Emission Inventory Programs Branch, AQPS

Ms. Maryana Visina, Air Pollution Specialist, Implementation Section, Air Quality Planning and Science Division

ALSO PRESENT

Mr. Tim Carmichael, California Natural Gas Vehicle Coalition

Mr. Dave Cox, Coalition for Renewable Natural Gas

Mr. David Darling, American Coating Association

Mr. Steve Douglas, Alliance of Automobile Manufacturers

Mr. Mike Freeman, WD-40

Mr. Randal Friedman

Mr. Kurt Gabram, Blaster Corporation

Ms. Lesley Garland, Western Propane Gas Association

Ms. Jamie Hall, CALSTART

APPEARANCES CONTINUED

ALSO PRESENT

Ms. Bonnie Holmes-Gen, American Lung Association

Mr. Danny Massie, Maxima Racing Oils

Ms. Heidi K. McAuliffe, American Coating Association

Mr. Christopher Pearce, SC Johnson

Ms. Kristin Power, Consumer Specialty Products Association

Mr. Doug Raymond, WM Barr Company, National Aerosol Association, CRC Corporation, Radiator Specialties Company

Mr. John Reed, North American Power

Ms. Elaine Richardson, Calumet Specialty Products

Mr. Robert Sweger, Stoner Incorporated

Mr. Laki Tisopulos, SCAQMD

Ms. Eileen Tutt

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1 BOARD CLERK JENSEN: Mrs. Riordan?

2 ACTING CHAIRPERSON RIORDAN: Here.

3 BOARD CLERK JENSEN: Supervisor Roberts?

4 Supervisor Serna?

5 BOARD MEMBER SERNA: Here.

6 BOARD CLERK JENSEN: Dr. Sherriffs?

7 BOARD MEMBER SHERRIFFS: Here.

8 BOARD CLERK JENSEN: Professor Sperling?

9 BOARD MEMBER SPERLING: Here.

10 BOARD CLERK JENSEN: Chairman Nichols?

11 Madam Chair, we have a quorum.

12 ACTING CHAIRPERSON RIORDAN: Thank you very much.

13 I have a few opening remarks. First and more
14 importantly, I'd like to introduce our new member. That
15 is John Eisenhut. John has been a manager of the growers
16 relations at Hilltop Ranch, Incorporated, since 1994 and
17 the owner of Eisenhut Farms since 1975.

18 He's also a member of the Stanislaus County Farm
19 Bureau. And his expertise in agricultural issues really
20 will help us address a number of those issues here at our
21 Board.

22 I'm so pleased to welcome you and to welcome
23 agriculture finally getting a seat again at our Board.
24 And we welcome you and we look forward to working with
25 you.

1 BOARD MEMBER EISENHUT: Thank you so much. Good
2 morning.

3 ACTING CHAIRPERSON RIORDAN: Now, if I might, to
4 the more mundane things, but important, anyone who wishes
5 to testify and has not signed up online should fill out a
6 request to speak card available in the lobby outside of
7 our boardroom. Please turn it into the Clerk of the Board
8 as soon as possible. And you have the option also -- if
9 you have already signed up online using our online
10 feature, you do not need to fill out that request to speak
11 card. However, you must check in with the Clerk to the
12 Board. And our Clerk is seated right here next to the
13 dias. Your name, if you don't check in, unfortunately
14 might be removed from the list. And you do want to give
15 you an opportunity to speak.

16 As is our custom and for our new Board member, we
17 do limit public speaking because we do want to try to
18 finish our agenda. So each speaker is limited to three
19 minutes. We ask that you keep those comments maybe in
20 your own words. Many of our speakers have written
21 testimony. That is always made a part of the record. But
22 if you would just say what you want to say to the Board in
23 your own words, it's very helpful to the Board members.

24 And finally, for safety reasons, I need to point
25 out the exits. They are at the back of the room and

1 either left and right side of the dias. If we should have
2 a fire alarm, you are asked to vacate the building using
3 the stairs. And when we are outside, an all-clear signal
4 will be given, and we can return to this hearing room and
5 continue with the hearing.

6 Now, there is one consent item. This item is
7 before us and this is Agenda Item 13-8-1. It is
8 noncontroversial. That is why it's on consent calendar.
9 But at this time if any Board member or someone from the
10 public who wishes to speak on this item is here, then I
11 will put it in and we will handle it as a regular Board
12 item.

13 Let me ask, is there any Board member that wishes
14 this taken off the consent calendar?

15 Madam Clerk, I'm assuming there are no public --
16 okay.

17 Let me then ask that the item that is before us
18 to act on, if there is a motion to move this item.

19 BOARD MEMBER BERG: So moved.

20 BOARD MEMBER SHERRIFFS: Second.

21 ACTING CHAIRPERSON RIORDAN: Thank you.

22 Is there -- I think I can take a voice vote.

23 All those in favor signify by saying aye.

24 (Ayes)

25 ACTING CHAIRPERSON RIORDAN: Opposed no.

1 The motion is carried.

2 So we will welcome a new member to our Committee
3 and move right along to our first item on the speaking
4 calendar.

5 This is Agenda Item 13-8-2. This item is a
6 proposal to amend the alternative fuels certification
7 procedures for on-road motor vehicles and engines.

8 The alternative fuels industry approached the Air
9 Resources Board and asked for a streamlined process for
10 certifying alternative fuel conversions of motor vehicles
11 in engines. Industry advocates highlighted that the
12 increased market availability of low price natural gases
13 has resulted in more interest in converting vehicles and
14 engines to operate on that fuel.

15 Small volume alternative fuel conversion
16 manufacturers outline specific requests for ARB's
17 certification program to make it similar to the approval
18 process used by U.S. EPA to request things like
19 simplifying the application and approval process and
20 streamlining testing.

21 Staff have focused on achieving a balance in an
22 improved process that still ensures low emissions from
23 converted vehicles.

24 So at this time, Mr. Corey, I'd like you to
25 introduce this item and brief the Board.

1 EXECUTIVE OFFICER COREY: All right. Thank you,
2 Madam Chair.

3 Staff considered the input from stakeholders
4 regarding existing procedures for certifying alternative
5 conversions of motor vehicles and engines and determine
6 that changes could be made to streamline approvals and
7 lower costs.

8 This is also an opportunity to update the current
9 certification procedures to incorporate the more stringent
10 low emission vehicle standards, LEV II and LEV III. The
11 procedure was last amended in 1995.

12 Staff is, therefore, proposing to modify the
13 existing alternative fuel conversion certification
14 procedures and add a new test procedure that would reduce
15 testing and would allow for added flexibility for small
16 volume conversion manufacturers.

17 Staff has worked closely with both industry and
18 environmental organizations to find the best balance
19 between streamlining the existing procedures and
20 preserving emission benefits. We expect these changes
21 will remove the market barriers currently experienced by
22 small volume conversion manufacturers without compromising
23 the emission performance of converted vehicles and
24 engines.

25 I'll now ask Sara Dastoum of our Mobile Source

1 Control Division to begin the staff presentation. Sara.

2 (Thereupon an overhead presentation was
3 presented as follows.)

4 AIR POLLUTION SPECIALIST DASTOUM: Thank you, Mr.
5 Corey.

6 Good morning, Madam Chairman and members of the
7 Board. And thank you for the opportunity to discuss the
8 proposed amendments to the alternative fuel conversion
9 certification procedures for on-road motor vehicles and
10 engines.

11 --o0o--

12 AIR POLLUTION SPECIALIST DASTOUM: For today's
13 presentation, I'd like to start with some background
14 information on the current conversion certification
15 procedures for light- and heavy-duty vehicles. When a
16 manufacturer converts an in-use gasoline or diesel-fuel
17 based vehicle to operate on an alternative, the
18 manufacturer must demonstrate that the conversion does not
19 increase emissions of the original vehicle. ARB must
20 issue an anti-tampering exemption before the conversion
21 system can be sold.

22 To receive an exemption, conversion system
23 manufacturers must demonstrate compliance with the
24 applicable emission standards, durability testing,
25 on-board diagnostic or OBD system demonstration and

1 labeling requirements. For manufacturers, these testing
2 and demonstration procedures can be both time consuming
3 and costly.

4 Converted vehicles must be inspected by the
5 Bureau of Automotive Repair, or BAR, and must continue to
6 comply with smog checks as applicable. In addition,
7 conversion manufacturers and installers are required to
8 provide a three year, 50,000 mile warrantee coverage and
9 are subject to enforcement and confirmatory testing.

10 --o0o--

11 AIR POLLUTION SPECIALIST DASTOUM: Due to an
12 abundance of low-priced natural gas and propane, the U.S.
13 EPA has recently streamlined their conversion
14 certification procedures. In turn, the natural gas
15 industry and other alternative fuel advocates have asked
16 for similar changes to ARB's conversion certification
17 procedures.

18 Industry is requesting a number of reasonable
19 changes which include simplifying the application and
20 approval process, reducing testing where feasible to
21 reduce time and cost involved, aligning ARB's current
22 procedures with U.S. EPA's certification, shortening time
23 for approval so manufacturers can bring their products to
24 market sooner, and extending the production period for new
25 vehicle conversions to allow manufacturers a full year of

1 production.

2 --o0o--

3 AIR POLLUTION SPECIALIST DASTOUM: Staff worked
4 closely with stakeholders and held three public workshops
5 to discuss the proposed changes. These workshops were
6 comprised of both industry advocates and environmental
7 stakeholders. Staff held technical work group meetings to
8 discuss details and worked jointly with conversion
9 manufacturers. We believe that most requests for
10 additional flexibility can be accommodated without a
11 significant impact to emission reductions.

12 --o0o--

13 AIR POLLUTION SPECIALIST DASTOUM: Staff is
14 proposing to update the requirements for aftermarket
15 certification which apply to propane, natural gas, and
16 alcohol fuels. Most of the proposed amendments would
17 apply to small volume conversion manufacturers defined as
18 a manufacturer with limited California sales of retrofit
19 systems in any given calendar year. Initially, staff set
20 the volume limit at 1,500 annual sales as currently
21 identified in the staff report. Based on industry
22 feedback, staff is now proposing to raise this limit to
23 4500. Staff is proposing to modify some existing test
24 procedures and to add a new test procedure that would
25 apply to 2004 through 2017 model years.

1 Where possible, staff has harmonized proposed
2 changes with U.S. EPA's procedures. Staff believes that
3 the proposed changes will simplify the certification
4 procedures while preserving emission benefits.

5 Staff is also proposing to include a sunset
6 provision that ends most flexibility options starting with
7 the 2018 model year. Staff will track the implementation
8 of these procedures over the next few years and will
9 return to the Board to present its findings on whether or
10 not to extend the sunset provision.

11 --o0o--

12 AIR POLLUTION SPECIALIST DASTOUM: Now I'd like
13 to cover the proposed changes in detail. Staff is
14 proposing to streamline application requirements by
15 limiting documentation to OBD system changes which reduces
16 the time and cost of preparing certification
17 documentation.

18 Manufacturers will be given the option to use
19 commercially available fuels for testing because they are
20 less expensive and readily available. Manufacturers will
21 be able to use natural gas fuel that meets U.S. EPA's test
22 fuel standards. Since there is no federally certified
23 propane, the use of propane that meets ARB's motor vehicle
24 fuel requirements will be allowed. The option to use
25 testing flexibility and waivers when appropriate will be

1 available for manufacturers.

2 --o0o--

3 AIR POLLUTION SPECIALIST DASTOUM: Staff is
4 proposing to allow the use of assigned deterioration
5 factors and alternative test methods instead of requiring
6 high mileage durability emission tests. Staff is also
7 proposing to streamline OBD requirements, which will allow
8 the manufacturer to market its systems sooner.

9 If an alternative fuel conversion manufacturer
10 obtains a new vehicles or engine certification from ARB,
11 staff proposes to allow that manufacturer to take
12 advantage of an expedited process to certify an identical
13 alternative fuel conversion system as an aftermarket kit.
14 This allows the conversion manufacturer to continue
15 production after the end of the model year.

16 --o0o--

17 AIR POLLUTION SPECIALIST DASTOUM: Staff believes
18 that updating the alternative fuel conversion system
19 certification procedures will provide several benefits.
20 Many of the proposed changes will result in streamlined
21 procedures for ARB's certification process.

22 The average cost of aftermarket certification
23 will decrease, from approximately \$170,000 down to
24 approximately \$90,000. The time to receive approval for
25 aftermarket certification is also reduced by approximately

1 one to three months.

2 Manufacturers would, in turn, be able to market
3 their conversion systems sooner. Staff has worked to meet
4 industry's requests and believes that the proposed changes
5 will reduce market barriers for small volume conversion
6 manufacturers without significantly risking emission
7 performance.

8 --o0o--

9 AIR POLLUTION SPECIALIST DASTOUM: We recommend
10 the Board adopt the proposed amendments to Title 13 CCR
11 Sections 2030 and 2031, including the adoption of the new
12 test procedure specified for aftermarket certification.

13 Staff requests the Board to approve the proposed
14 staff modification on the definition for small volume
15 conversion manufacturers to less than 4500 and other
16 clarifying changes.

17 Staff believes these changes as presented are
18 appropriate in updating the aftermarket certification
19 procedures and will provide flexibility requested by the
20 small volume conversion manufacturers.

21 This concludes our presentation. Thank you.

22 ACTING CHAIRPERSON RIORDAN: Thank you very much.

23 Mr. Corey, any final remarks before I open up for
24 Board questions of staff?

25 EXECUTIVE OFFICER COREY: No further comments.

1 ACTING CHAIRPERSON RIORDAN: All right. Board
2 members, this is an opportunity before I open it up for
3 public testimony for any questions that you might have of
4 staff at this time. I don't see any. That means an
5 excellent report.

6 We have four speakers. John Reed, you are the
7 first speaker, if you'd come up to the microphone. And
8 followed by Lesley Garland, Tim Carmichael, and David Cox.
9 If you would give us your name and who you represent for
10 the record, please, and then we will begin your three
11 minute time.

12 MR. REED: Good morning, Board. I'm Dr. John
13 Reed. I represent North American Power. We are a North
14 American company --

15 ACTING CHAIRPERSON RIORDAN: Let's get your
16 microphone working.

17 DR. REED: I'm Dr. John Reed. I represent North
18 American Repower. We're a California company based in
19 Oceanside. We produce technology to allow heavy-duty
20 engines run on biogas, biomethane, propane, hydrogen, and
21 any exotic combination of the above. We've been doing
22 this for some time. I've surrounded myself with people
23 who are a lot smarter than myself to do this.

24 I urge the Board to pass these regulations. The
25 staff has worked very, very hard, especially with the

1 light-duty folks to make this a reality. By passing
2 these, we have the opportunity to change what's happening
3 here with particulate matter, with greenhouse gases, with
4 a lot of things that you've worked very hard to try to
5 reduce. And now that the 9th Circuit has upheld the
6 low-carbon fuel standard, this is an opportunity for us to
7 make AB 32 happen.

8 So I'm proposing a few other minor, not so much
9 changes, but some direction that I'm asking the Board give
10 to the staff to deal with heavy duty. The staff was given
11 a lot to task with, especially for light duty, OBD, a lot
12 of fuel stuff. They did a great job.

13 There's not a lot of people that try to do
14 heavy-duty conversions. Let me be clear what my company
15 does. We take big truck and bus engines that normally run
16 on diesel, turn them into spark ignited auto cycle engines
17 that run on gaseous fuels. We do it in an
18 emission-compliant way.

19 The old rules were unworkable for a number of
20 reasons. The majority of those have been taken away.
21 Staff took care of that. There is one thing, however,
22 that is not explicit that the heavy-duty folks can do. We
23 cannot use the assigned deterioration factors that EPA
24 generated.

25 Now, I've spoken with staff, and they've said to

1 me, well, we'd be willing to work on a one-to-one basis
2 and go case by case. I'd just like to have that direction
3 given to the staff so that they can do this so we can look
4 at how diesel engines converted to natural gas with spark
5 ignition are basically big gasoline engines now, why can
6 we not use the numbers that EPA already generated?

7 Concern from staff was they don't have
8 deterioration factors from old diesel engines. Well, EPA
9 didn't have that data. So in their directive, they said,
10 "We don't have this." But ARB actually does. We're in a
11 unique position. Because of the diesel particulate
12 filters we've mandated for all the old trucks, old diesel
13 engines had to be tested again. There is FTP data for
14 in-use diesel engines. So we can compare that to what the
15 OEMs submitted when they first certified. We can look,
16 are these deterioration factors real? Were there
17 problems? And how will this actually apply to a
18 spark-ignited auto cycle conversion? So I'm asking that
19 of the Board.

20 I'm also asking one other thing. That is for us,
21 as heavy-duty conversions, that we only have to do a
22 federal testing protocol, the FTP.

23 If I can have one more minute.

24 ACTING CHAIRPERSON RIORDAN: You can have about
25 one more sentence.

1 DR. REED: If I had the same size engine that was
2 initially on gasoline but now I turned it and ran it on
3 natural gas, I would only have to do the FTE. The fact
4 that my engine originally ran on diesel but is basically
5 identical with spark ignition auto cycle, why is it that I
6 have to do diesel specific testing in order to get my
7 conversion?

8 ACTING CHAIRPERSON RIORDAN: Okay.

9 MR. REED: Thank you.

10 ACTING CHAIRPERSON RIORDAN: Thank you, Mr. Reed.
11 Mr. Corey, would you like to just respond a
12 moment?

13 EXECUTIVE OFFICER COREY: Sure, Madam Chairman.
14 Staff has been engaged in productive
15 conversations with Mr. Reed concerning the points that
16 he's raised. And what I'd like to do is call on Annette
17 Hebert to provide a little bit more short context.

18 But my overall summation is we believe we have
19 the flexibility to continue to work with him. And it may
20 translate into a subsequent proposal and return to the
21 Board.

22 But with that, I wanted to ask if Annette had
23 anything to add to my comments.

24 BRANCH CHIEF LOURENCO: I'm going to jump in
25 here.

1 What John Reed is asking for, the assigned
2 deterioration factors are developed for the type of
3 engine, whether diesel or gasoline. And there are factors
4 for both kinds of engines and different technologies and
5 that sort of thing. So they are available to us. We can
6 also review the assigned deterioration factors that are
7 developed and also look at on a case by case basis if
8 there is better data or if a manufacturer has better data
9 so we can adjust those.

10 So the main thing is we look at how the engine
11 works and whether it really looks like a diesel or really
12 looks like a gas engine. And then we would assign the
13 factors accordingly. That would be something that would
14 be done at a typical certification process. So it would
15 be something within the regulations. So we do not need to
16 make a change today, but it will be something that will be
17 through the normal certification process.

18 The other term that he raised was test cycles.
19 Again, test cycles are very important. They're there to
20 make sure that engines are tested to represent the way
21 these engines are going to be used in real life. So there
22 are multiple test cycles to do that, to generate the data,
23 to show that the engines will be compliant regardless of
24 whether they're driving around in the city or they're
25 driving around on the highways. And so the manufacturers

1 do testing. Some of the testing they provide to us. Some
2 of the testing they basically say, "I've done the testing.
3 I attest that my engines will comply," to make sure that
4 again those engines will comply in the real world. So the
5 data should be available and the manufacturer should test
6 it. For these alt fuel vehicles, we like to seem them do
7 pretty much the same kind of testing that the original
8 manufacturers did.

9 ACTING CHAIRPERSON RIORDAN: Okay. I think, Mr.
10 Corey, if I hear you correctly, I hear the justification,
11 the opportunity that is there to work with Mr. Reed and
12 some of these issues; is that correct?

13 EXECUTIVE OFFICER COREY: That is correct. And
14 the process affords the flexibility that Ms. Lourenco just
15 spoke of. But to the extent that we would discover that
16 it doesn't as we work through the process, we would advise
17 the Board on that. And the discussion would be our future
18 amendments would be necessary.

19 ACTING CHAIRPERSON RIORDAN: Thank you, Mr. Reed,
20 for raising those points. We appreciate your comments.

21 Mr. Garland -- or Lesley. Excuse me. Sorry.

22 MS. GARLAND: Good morning. Thank you for having
23 me. And thank you for your consideration.

24 I come to you today representing the Western
25 Propane Gas Association, which represents about 125

1 propane companies that operate in the state of California.
2 I come today in support of this, and I ask the Board's
3 consideration to please vote in support of this.

4 The propane industry has been critics of the Air
5 Resources Board certification procedures for quite some
6 time because, quite frankly, we have looked in envy
7 towards many of our colleges and other states where there
8 are only EPA regulations. And so there are several
9 hundred propane vehicle options that are available for
10 retrofits that aren't available in California because of
11 the market barriers.

12 We believe this proposal is moving us in the
13 right direction, although we believe it's also just the
14 start of a conversation. As Mr. Reed has pointed out,
15 while the staff has done a Herculean job of revising this
16 proposal -- or these regulations, we still believe there
17 are some other issues that we'd like to consider in the
18 future.

19 So again, I would just like to urge you to
20 support and also thank the staff. They have done a
21 tremendous job. And they have been willing to meet with
22 us time and time again, especially in these last few weeks
23 after the proposal. I'd just like to thank them
24 personally. You made yourselves available to answer every
25 single question and even multiple questions over and over

1 again to help us understand. So thank you. And again,
2 thank you for your consideration.

3 ACTING CHAIRPERSON RIORDAN: Thank you. And
4 thank you for those kind words.

5 Tim Carmichael.

6 MR. CARMICHAEL: Good morning. Tim Carmichael
7 with the California Natural Gas Vehicle Coalition. Good
8 to see you all.

9 The Natural Gas Vehicle Coalition is more than 25
10 companies that care about natural gas transportation here
11 in California. Among that membership are three of the
12 industry leaders in converting gasoline or diesel vehicles
13 to run on natural gas; IMPCO Technologies, BAF
14 Technologies, and Landi Renzo USA.

15 Two years ago this month, I was on back-to-back
16 panels with Tom Cackette at a forum talking about
17 alternative fuels. And I made some somewhat pointed
18 comments about this program. And afterwards, Mr. Cackette
19 walked up to me and let me know what he thought of my
20 comments and wondered where I got my misinformation. And
21 I assured him I didn't make it up. I was hearing a lot of
22 concerns from my membership about this program. And in
23 fact, I think I characterized the program as an obstacle
24 to getting more clean vehicles on California roads. And
25 why would the Air Resources Board be supporting a program

1 like that or imposing a program of that.

2 That led to a series of conversations, a workshop
3 last summer, a workshop in January of this year and a lot
4 of hard work from Annette Hebert and her team. And I'm
5 pleased to say we're here to strongly support the proposal
6 before you and note that it is going to significantly
7 lower costs, significantly shorten the time period, and
8 significantly simplify this process for getting clean
9 vehicles onto the roads of California. All very good
10 things.

11 That said, I want to echo some of the comments
12 that have already been made. Not every issue is being
13 addressed in this proposal. Not everything in this
14 proposal are we in love with. There is a sunset. We
15 didn't think that there was a need for a sunset. There's
16 some issues around assigned deterioration factors, as has
17 already been mentioned. There's at least one testing
18 protocol we question the value of. These are things we
19 have heard from staff we can continue to talk about, see
20 what comes from the implementation of this program early
21 on, and hopefully come back to you with some additional
22 changes to improve this program further.

23 With that, again I want to thank the staff for
24 their work on this and note that this is a significant
25 step forward. I think Mr. Corey noted the last time this

1 program was updated was the mid '90s. And a lot has
2 happened in the development of technology since then. So
3 we're pleased to be here in support. Thank you very much.

4 ACTING CHAIRPERSON RIORDAN: Thank you. We're
5 glad to know where the genesis is for this effort. We'll
6 have to give you some credit there.

7 Mr. Cox.

8 MR. COX: Honorable members, my name is David
9 Cox. I am representing the Coalition for Renewable
10 Natural Gas. We're an industry association. We're a
11 nonprofit, and we represent the biomethane industry, also
12 referred to as biogas or renewable natural gas.

13 This morning, in the interest of time, I wanted
14 to associate our position with Dr. Reed's and Mr.
15 Carmichael's. We're in support. We thought the staff did
16 an excellent job. Increasingly, my members are looking to
17 transportation fuels because of the benefits of biomethane
18 can bring because of the reduction and because of the work
19 you've done with the low carbon fuel standard. California
20 is a very attractive market for biomethane.

21 So with that, I would ask that you favorably
22 consider the proposal before you and thank you for your
23 time.

24 ACTING CHAIRPERSON RIORDAN: Thank you for your
25 testimony. Thank you very much.

1 Board members, any questions? Ms. Berg.

2 BOARD MEMBER BERG: I just had a follow up. Mr.
3 Carmichael reminded me that I wanted to ask about the date
4 that you'll be circling back on that sunset class. Not a
5 specific date, but about when do you think you'll be
6 coming back to the Board? And is that in the Resolution?

7 DIVISION CHIEF HEBERT: We anticipate that be
8 about 2016, 2016 calendar year.

9 BOARD MEMBER BERG: Is that commitment in the
10 Resolution to circle back with the Board?

11 BRANCH CHIEF BRASIL: The commitment in the
12 Resolution, that date specific, isn't identified. It
13 would be within roughly a three-year period.

14 BOARD MEMBER BERG: I don't need a date specific.
15 Thank you.

16 ACTING CHAIRPERSON RIORDAN: Yes, Dr. Sperling.

17 BOARD MEMBER SPERLING: I have a few short
18 questions. One is just so we understand better.

19 With these certification process, is it a
20 principle -- I'm wondering what the principle underlying
21 is. This is a naive question. I don't have any agenda
22 here. But I would think that the idea would be if you're
23 using an alternative fuel, it should be at least as good,
24 if not better. So if the emission rates are less and the
25 deterioration factor is no worse, is that acceptable? Is

1 that the principle we're operating on here?

2 DEPUTY EXECUTIVE OFFICER AYALA: That is
3 essentially the basic concept. What we are trying to do
4 is achieve a balance between promoting changing technology
5 that we think makes sense to cleaner fuels. But at the
6 same time, we want to make sure that through testing and
7 system monitoring and making sure that OBD systems are
8 working just as good as in the original system, we want to
9 make sure those emission benefits remain for the life of
10 the conversion. So that's essentially the concept.

11 BOARD MEMBER SPERLING: But the presumption is
12 they're going to be at least as good as the diesel or
13 gasoline engines they're replacing.

14 DEPUTY EXECUTIVE OFFICER AYALA: The presumption
15 based on what we know is that they are going to be much
16 better. What we want to do is make sure we have a
17 framework in the program that will allow us to document
18 that.

19 BOARD MEMBER SPERLING: The second question is as
20 these emission standards for these gasoline and diesel
21 engines get tightened over time, I would think that
22 retrofits are just not going to be viable and be it so
23 complicated and so difficult. Do I misunderstand the
24 business?

25 DEPUTY EXECUTIVE OFFICER AYALA: So a couple

1 things. You're right on target in terms of the standards
2 getting more stringent. That's really the justification
3 for the sunset provision.

4 The other point is these are more sophisticated
5 conversions than simple retrofits. These are really
6 essentially putting a new engine, replacing a conventional
7 engine. So these are fairly sophisticated system changes.

8 So again, we recognize that the industry has
9 stepped up to do this. And some of them spoke today.

10 All we're trying to do is remove the barriers
11 that the regulation may have, and at the same time allow
12 for these conversions which we think makes sense to occur.

13 BOARD MEMBER SPERLING: Last, is it really
14 necessary to come back to the Board on this? I mean, it
15 seems given that the principles are pretty clear and seems
16 pretty straight forward to me.

17 DEPUTY EXECUTIVE OFFICER AYALA: We think we do
18 need to come back because the applicability of the sunset
19 provision is something that we do need to track. And I
20 think staff would like to take the opportunity to come
21 back to the Board and report on where we see the
22 technology making progress.

23 As Mr. Carmichael pointed out, a lot has happened
24 in the last couple decades. We think that this is going
25 to transform the transportation sector to some extent by

1 allowing more of these conversions to happen. I think
2 it's advisable for us to come back and give the Board just
3 a brief update on -- I think this is a good new story and
4 we'd like to share that with you.

5 ACTING CHAIRPERSON RIORDAN: Thank you. Yes?

6 BOARD MEMBER MITCHEL: This is kind of a
7 technical question. But now you can buy on the market a
8 natural gas vehicle. You probably can buy a natural gas
9 heavy duty truck as well.

10 So I'm wondering, these conversions, would
11 someone prefer to do a conversion rather than buy a new
12 vehicle that meets this that can be converted? I wonder
13 how those two things inter-relate.

14 MSCD BRANCH CHIEF BRASIL: Currently, there are
15 some new natural gas engines that would fit in the heavy
16 duty sector. But there are two issues. One is for
17 existing vehicles that owners already have, they can make
18 conversions of their existing diesel or gasoline engine
19 and operate on a fuel that's essentially half the cost of
20 operating on diesel.

21 Also addresses diesel PM issues that we do have
22 other regulations that are trying to reduce. There isn't
23 a new engine available for all types of vehicles. There
24 is for some, but not for most.

25 So there is a market segment that isn't served by

1 new engine certifications currently. And we do hope that
2 that does change in the future. But currently conversions
3 are really the only option.

4 BOARD MEMBER MITCHELL: I see. Okay. Thank you.
5 That answers that.

6 ACTING CHAIRPERSON RIORDAN: Any other questions?
7 All right.

8 Staff, I appreciate your comments and let us
9 bring it back. I'm going to close the record now on this
10 agenda item. However, the record will be reopened when
11 the 15 day notice of public availability is issued.
12 Written or oral comments received after this hearing date
13 but before the 15 day notice is issued will not be
14 accepted as part of the official record on this agenda
15 item.

16 When the record is reopened for the 15 day
17 comment period, the public may submit written comments on
18 the proposed changes which will be considered and
19 responded to in the Final Statement of Reasons.

20 The Board has before them a Resolution, which is
21 in your packet, numbered 1335. Do I have a motion to
22 adopt and I need a second.

23 BOARD MEMBER DE LA TORRE: Moved.

24 BOARD MEMBER SPERLING: Second.

25 ACTING CHAIRPERSON RIORDAN: I'm going call for a

1 roll call vote. All those in favor signify by saying aye.

2 (Ayes)

3 ACTING CHAIRPERSON RIORDAN: Opposed no.

4 Motion carries.

5 Thank you very much. And thank you, staff. I
6 know you did a lot of good work with your stakeholders,
7 and we know you'll continue to do that.

8 While they're changing positions there, we'll
9 move onto our next item.

10 BOARD MEMBER BERG: Madam Chair, while they're
11 making a staff change, I'd like to let you know I'm
12 reusing myself from this next item, as LS Paint Company is
13 a manufacturer of aerosol paint products. So I'll see you
14 at the next item.

15 ACTING CHAIRPERSON RIORDAN: Ms. Berg, thank you
16 very much. I'll note that for the record.

17 For the record, while everybody is getting
18 organized out there, we are considering the adoption of
19 the proposed amendments to several of the State consumer
20 products regulations.

21 At this point, I'd like to ask Mr. Corey to
22 introduce the item.

23 EXECUTIVE OFFICER COREY: Thank you, Madam
24 Chairman.

25 Staff will begin the presentation by providing an

1 overview of ARB's Consumer Products Program. And then
2 we'll describe the proposed amendments.

3 ARB's Consumer Products Program is an important
4 part of our overall effort to achieve reductions in
5 volatile organic compounds, or VOCs, that along with
6 nitrogen oxides react to form ozone. Reducing VOC
7 emissions is necessary to meet ozone air quality
8 standards.

9 Regulating consumer products can be challenging
10 due to the large number and diversity of products and
11 frequent changes that occur in the marketplace. It's also
12 an area where both ARB and air districts have specific
13 regulatory authority, making program coordination
14 important. The South Coast Air Quality Management
15 District has adopted requirements to achieve additional
16 emission reductions in its region.

17 Today's proposed actions include regulatory
18 amendments that ensure ARB and South Coast requirements
19 are coordinated and achieve expected reductions.

20 Staff is proposing amendments to four of the five
21 consumer products regulations, plus other supporting
22 changes to aid in the implementation and compliance. The
23 purpose of the proposed amendments is to lower the impact
24 of VOC emissions from the use of consumer products. When
25 fully effective, the amendments will reduce VOC emissions

1 by about four tons a day statewide.

2 I'll now ask Maryana Visina of our Air Quality
3 Planning and Science Division to provide an overview of
4 the program. Following Maryana's overview, Irina Malkina
5 will present the proposed amendments. Maryana.

6 (Thereupon an overhead presentation was
7 presented as follows.)

8 AIR POLLUTION SPECIALIST VISINA: Thank you, Mr.
9 Corey.

10 Good morning, Madam Chairman and members of the
11 Board.

12 --o0o--

13 AIR POLLUTION SPECIALIST VISINA: Before we
14 describe our proposal, I will present an overview of the
15 Consumer Products Program.

16 --o0o--

17 AIR POLLUTION SPECIALIST VISINA: To reduce
18 volatile organic compounds, or VOC emissions, we have been
19 developing and implementing the consumer products
20 regulations for 25 years. Three regulations have been
21 adopted to establish requirements for various types of
22 consumer products. Two regulations have been adopted to
23 provide compliance flexibility.

24 There are also federal consumer product
25 regulations. However, as allowed by federal law, ARB

1 regulates many more categories and, in general, VOC limits
2 are lower. As set forth in State law, ARB is required to
3 achieve the maximum reduction in VOCs that is
4 technologically and commercially feasible. We also cannot
5 eliminate product forms. We also have responsibilities
6 under AB 32 to reduce greenhouse gas emissions from
7 consumer products.

8 --o0o--

9 AIR POLLUTION SPECIALIST VISINA: Consumer
10 products are defined as chemically formulated products
11 used by household and institutional consumers. Examples
12 of consumer product are listed on this slide. It is a
13 dynamic market with new types of product being regularly
14 introduced. Note that architectural coatings are
15 separately regulated by the districts.

16 --o0o--

17 AIR POLLUTION SPECIALIST VISINA: Among the
18 challenges of regulating consumer products is that VOCs
19 are often the compounds that make the product work. They
20 are also the propellents used in aerosol products and are
21 the ingredients that provide a product's scent.

22 --o0o--

23 AIR POLLUTION SPECIALIST VISINA: VOC reductions,
24 including those from consumer products, are an important
25 part of State Implementation Plan to attain ambient air

1 quality standards.

2 The amendments proposed today will achieve the
3 VOC reductions from consumer products that were expected
4 when the 2007 SIP was adopted.

5 While each individual can of glass cleaner or
6 deodorant may seem to be a small emission source, the
7 combined use of consumer products by over 40 million
8 California residents results in consumer products being a
9 significant source of VOC emissions.

10 We estimate that VOC emissions from use of
11 consumer products constitute about 12 percent of the
12 statewide inventory. And they will be the largest source
13 of VOC emissions in the South Coast district in future
14 years. Because consumer products VOC emissions continue
15 to grow, as California's population grows, further
16 reductions will be necessary in the future.

17 --o0o--

18 AIR POLLUTION SPECIALIST VISINA: In addition to
19 developing and interpreting our consumer products
20 regulations, there are numerous ongoing implementation
21 activities. We have a fully equipped laboratory and staff
22 to analyze products for compliance and enforcement
23 inspectors to pursue rule violations.

24 The program also offers compliance flexibility
25 with emissions averaging and innovative products programs.

1 Staff reviews, approves, and carefully tracks
2 these programs to ensure that overall emission reduction
3 benefits are maintained.

4 Because the market changes rapidly and
5 California's population continues to grow, we also
6 regularly update the emissions inventory. When requested,
7 we also assist other jurisdictions.

8 As needed, we also report to the Board on
9 specific issues. The next few slides provide information
10 on some specific program activities.

11 --o0o--

12 AIR POLLUTION SPECIALIST VISINA: To guide
13 regulatory development, staff conducts surveys of the
14 consumer products industry to obtain the information
15 necessary to assess the feasibility of further reducing
16 VOC emissions.

17 We collect detailed information on product sales
18 and VOC ingredients. We also collect economic information
19 to help us evaluate the costs to comply with our
20 requirements.

21 The survey data are also used to update our
22 emissions inventory.

23 --o0o--

24 AIR POLLUTION SPECIALIST VISINA: To control VOC
25 emissions, we use both mass-based and reactivity-based

1 standards.

2 Under a mass-based approach, the standards are
3 set to limit the total amount of VOCs a product can
4 contain. However, these VOC limits do not apply to low
5 vapor pressure VOCs.

6 Under a reactivity-based approach, standards are
7 set to limit the types of VOCs. This strategy considers
8 the ozone forming potential of different VOCs and requires
9 use of less reactive compounds.

10 --o0o--

11 AIR POLLUTION SPECIALIST VISINA: In the previous
12 slide I mentioned that low vapor pressure VOCs, or LVP
13 VOCs, are exempt when determining compliance with VOC
14 standards. These LVP VOCs are large compounds that
15 evaporate at a slower rate and are less likely to
16 participate in ozone chemistry.

17 However, some recent initial research conducted
18 by South Coast staff suggests that some of these LVP VOCs
19 may be more volatile and readily evaporate and therefore
20 could be available to form ozone.

21 In light of these findings, we are undertaking a
22 research program to evaluate the air quality impacts of
23 these compounds. The research results will be used as
24 part of an assessment to determine if the LVP VOC
25 exemption should be modified.

1 --o0o--

2 AIR POLLUTION SPECIALIST VISINA: I mentioned
3 earlier that we also have reactivity based VOC limits.
4 Reactivity is a concept that each VOC has a different
5 ability to form ozone. The reactivity of VOCs is
6 quantified and compared using the maximum incremental
7 reactivity, or MIR, scale.

8 Our proposed amendments to the aerosol coating
9 products regulations, which will be presented today, use
10 the reactivity-based approach to control VOCs. This
11 strategy targets VOC reductions from the types of VOCs
12 that are most reactive with respect to ozone formation.

13 --o0o--

14 AIR POLLUTION SPECIALIST VISINA: Another example
15 of our ongoing implementation is our process to monitor
16 the progress of manufacturers in meeting upcoming limits.
17 At the direction of this Board, staff conducted a
18 technical assessment to ensure feasibility of the 3
19 percent by weight VOC limit for multi-purpose solvent and
20 paint thinner products.

21 Staff concluded that the limits can be
22 implemented as scheduled at the end of this year.
23 Implementation of these limits will achieve about 4 tons
24 per day VOC reduction as expected.

25 --o0o--

1 AIR POLLUTION SPECIALIST VISINA: I also want to
2 mention that State law allows air districts to adopt
3 standards for consumer products if ARB has not adopted
4 standards for the same product category. In addition, the
5 district's rule remains in effect if it pre-dates ARB
6 action.

7 The South Coast Air District has exercised this
8 authority for a few categories, but other consumer product
9 categories are regulated on a consistent statewide basis.

10 --o0o--

11 AIR POLLUTION SPECIALIST VISINA: In conclusion,
12 the Consumer Products Program has been successful in
13 reducing VOC emissions by almost 50 percent statewide.
14 These reductions have been achieved even though
15 California's population has grown by almost 40 percent
16 since we began regulating these products.

17 In addition, exposure to toxic air contaminants
18 has been reduced by over 13 tons per day by prohibiting
19 use of certain chlorinated compounds.

20 We have also reduced the impacts of greenhouse
21 gases emitted from consumer products. Even with this
22 progress, new lower ozone standards will likely require
23 more VOC reductions from consumer products.

24 And now Irina Malkina will present proposed
25 amendments to the consumer product regulations.

1 --o0o--

2 AIR POLLUTION SPECIALIST MALKINA: Thank you,
3 Maryana.

4 Good morning, Madam Chairman and members of the
5 Board.

6 --o0o--

7 AIR POLLUTION SPECIALIST MALKINA: As Mr. Corey
8 mention, today, we are proposing for your consideration
9 changes to four of the five consumer products regulations.
10 Three regulations would be amended, and the fourth
11 regulations, the hair spray credit program, would be
12 repealed. This regulation was designed to sunset in 2010.

13 We are also proposing amendments to test method
14 310, which is used to determine compliance with the
15 regulatory requirements.

16 In addition, we are proposing to reorganize the
17 tables of MIR values which are used in the aerosol
18 coatings regulations.

19 We also have minor modifications to our original
20 proposal.

21 --o0o--

22 AIR POLLUTION SPECIALIST MALKINA: First, I'll
23 present proposed amendments to the consumer products
24 regulation, which is often called the general consumer
25 product regulation. Most VOC standards affecting consumer

1 products are in this regulation.

2 --o0o--

3 AIR POLLUTION SPECIALIST MALKINA: The proposed
4 amendments to the consumer products regulation include new
5 requirements for several aerosol adhesives and provisions
6 for multiple purpose solvent and paint thinner products,
7 particularly for those sold in the South Coast district.

8 In addition to these primary elements, numerous
9 other amendments and definitional changes are proposed.

10 Many of the definitional changes, such as those
11 for hair care products, lubricants, and single purpose
12 products are in response to industry requests for
13 clarifications.

14 When fully implemented, these amendments would
15 reduce VOC emissions by about .4 tons per day.

16 --o0o--

17 AIR POLLUTION SPECIALIST MALKINA: Staff's
18 proposal for aerosol adhesives would set new or lower
19 limits for three categories.

20 We are also proposing to prohibit the use of
21 three chlorinated toxic air contaminant solvents and limit
22 the types of greenhouse gases used in these adhesives. To
23 allow time for research and development efforts to
24 reformulate these products, their requirements would
25 become effective on January 1, 2017.

1 --o0o--

2 AIR POLLUTION SPECIALIST MALKINA: Maryana
3 earlier mentioned that districts may adopt standards for
4 consumer products if ARB has not, or if it is prior to
5 ARB's action. Such is the case for multi-purpose solvent
6 and paint thinner products.

7 As shown here, in 2009, the South Coast district
8 adopted rule 1143 which set VOC limits for these
9 categories.

10 After this action, in 2010, VOC limits adopted by
11 ARB for these two product categories became effective.

12 However, neither the South Coast district's rule
13 nor ARB's rule has achieved all of the expected air
14 quality benefits.

15 --o0o--

16 AIR POLLUTION SPECIALIST MALKINA: This slide
17 summarizes the issues the proposed amendments are designed
18 to address.

19 First of all, we have seen aerosol products
20 entering the market for the first time because the current
21 requirements only apply to non-aerosol products.

22 Second, specialty thinners for industrial
23 maintenance coatings are currently exempt from regulatory
24 requirements. While there is a need for the exemption, it
25 is being inappropriately used.

1 Third, and probably most important, we have seen
2 products relabeling to avoid compliance with the South
3 Coast district rule.

4 --o0o--

5 AIR POLLUTION SPECIALIST MALKINA: To illustrate
6 their relabeling concern, here is an example product
7 label. The front of the label displays the term odorless
8 mineral spirits, which is consistent with a multi-purpose
9 solvent category. If sold in the South Coast, based on
10 the front of the label only, this product would be subject
11 to the South Coast district's rules.

12 --o0o--

13 AIR POLLUTION SPECIALIST MALKINA: However,
14 language on the back of the label indicates that product
15 is a general purpose degreaser. Because of provisions in
16 our regulation and the multi-purpose solvent definition in
17 South Coast's rule, this product becomes subject to ARB's
18 rule and is regulated as a general purpose degreaser.

19 In reality, this product is a multi-purpose
20 solvent. However, manufacturers are using provisions in
21 ARB's rule which are designed to ensure that our limits
22 are not circumvented to avoid complying with the
23 district's rule. This is not intent of our regulation,
24 and we are proposing amendments to close this loophole.

25 Next, I'll discuss proposals to address these

1 issues.

2 --o0o--

3 AIR POLLUTION SPECIALIST MALKINA: We are
4 proposing to specify VOC limits for non-aerosol products
5 sold in the South Coast district that are consistent with
6 those in the district's rule.

7 We are also proposing:

8 To set new VOC limits for aerosol forms,
9 strengthen the exemption criteria for specialty thinners,
10 extend safety labeling provisions. And finally, we would
11 clarify at what dilution the limits would be applied by
12 specifying that VOC content of non aerosol products would
13 be determined prior to any recommended dilution.

14 --o0o--

15 AIR POLLUTION SPECIALIST MALKINA: We are
16 proposing to set a ten percent by weight VOC limit for
17 aerosol products.

18 We are also proposing to prohibit use of three
19 chlorinated toxic air contaminants solvents, limit the
20 types of greenhouse gases used, and set one percent by
21 weight aeromatic compound content limit. The last three
22 proposals are consistent with already adopted requirements
23 for non-aerosol forms.

24 --o0o--

25 AIR POLLUTION SPECIALIST MALKINA: The proposed

1 amendments pertaining to multi-purpose solvent and paint
2 thinner products sold in the South Coast district are
3 shown here.

4 To address the labeling issue, we are proposing
5 language such that, regardless of claims made on the
6 label, non-aerosol products must comply with the
7 district's rule.

8 To further ensure that relabeling does not change
9 rule applicability, we are proposing to specify a VOC
10 limit of 25 grams per liter for non-aerosol products,
11 which mirrors the limit in the South Coast district's
12 rule.

13 These changes can be implemented quickly, on
14 January 1st, 2015, because they only require labeling
15 changes. This date is about as early as the law allows.
16 In addition, all provisions of the State's rule would
17 apply.

18 The goal of these proposals is to ensure that the
19 district is able to fully achieve the expected air quality
20 benefits from their rule.

21 --o0o--

22 AIR POLLUTION SPECIALIST MALKINA: Stakeholders
23 have asked for a specific exemption to stove and heater
24 fuels. However, stove and heater fuels are not regulated
25 under ARB's consumer products regulations as long as they

1 are prominently and predominantly labeled as fuel and no
2 other claims are made that the fuel is suitable for use as
3 another regulated consumer product category. In our view,
4 no exemption is needed. Examples of labels are provided
5 on the next slide.

6 --o0o--

7 AIR POLLUTION SPECIALIST MALKINA: While the
8 product on the left indicates in small font that it may be
9 used as a stove fuel, the predominant claims are that it
10 is an alcohol and cleans glass. In this case, the
11 denature of alcohol would not be considered a fuel. It is
12 a consumer product.

13 The label on the right, which clearly and
14 prominently indicates it is a fuel, would not be subject
15 to regulations by ARB, as long as no other claims are made
16 or implied elsewhere on the label or any other product
17 literature.

18 --o0o--

19 AIR POLLUTION SPECIALIST MALKINA: As to other
20 amendments, staff is proposing an exemption from the VOC
21 definition in both the consumer products and the
22 antiperspirants and deodorants regulations for the
23 hydrofluoroolefin fin shown here. This propellant has a
24 negligible ozone formation potential, a low global warming
25 potential, and is nonflammable.

1 Based on results of a multi-media evaluation,
2 staff concluded that the exemption would not likely pose
3 any adverse health or environmental impacts.

4 --o0o--

5 AIR POLLUTION SPECIALIST MALKINA: In addition,
6 we are proposing to prohibit use of three toxic
7 chlorinated solvents in single purpose cleaner and single
8 purpose degreaser products. As a result of a technical
9 assessment and discussions with industry, we are also
10 proposing to extend the effective date of the ten percent
11 by weight VOC limit for multi-purpose lubricants for three
12 years. We have determined that extra time is needed to
13 ensure product efficacy.

14 --o0o--

15 AIR POLLUTION SPECIALIST MALKINA: Next, I will
16 discuss the proposed amendments to the aerosol coating
17 products regulation.

18 --o0o--

19 AIR POLLUTION SPECIALIST MALKINA: The proposed
20 amendments to the aerosol coating products regulation are
21 primarily designed to lower the ozone-forming potential of
22 aerosol coating emissions.

23 Other amendments include modification and
24 clarification of existing regulatory language, new or
25 modified definitions, deletion of expired mass-based

1 provisions, and alignment with specific provisions in the
2 consumer products regulations to provide consistency.

3 As mentioned earlier, reactivity limits are based
4 on the numerical MIR scale. Our other proposed amendments
5 would clarify assignment of MIR values and add provisions
6 to clarify the testing and compliance processes.

7 --o0o--

8 AIR POLLUTION SPECIALIST MALKINA: We are
9 proposing new or lower reactivity limits for six general
10 coating categories and ten specialty coating categories.
11 These 16 categories represent over 90 percent of aerosol
12 coating emissions.

13 Therefore, the proposal is designed to focus
14 research and development efforts on those categories where
15 the greatest air quality benefits can be achieved.

16 For the remaining 23 small specialty coating
17 categories, we are proposing to set limits that cap the
18 ozone-forming potential of these products. Most of these
19 limits are lower than the current limits and are set as
20 low as possible to preserve air quality benefits without
21 requiring reformulation.

22 --o0o--

23 AIR POLLUTION SPECIALIST MALKINA: The proposed
24 reactivity limits would result in an equivalent VOC
25 reduction of about 3.7 tons per day statewide with about

1 1.6 tons per day of the reductions occurring in the South
2 Coast district beginning in 2017.

3 --o0o--

4 AIR POLLUTION SPECIALIST MALKINA: We are also
5 proposing several changes to the test method 310, which is
6 used to determine compliance with our regulations.

7 --o0o--

8 AIR POLLUTION SPECIALIST MALKINA: We are
9 proposing to add testing procedures for multi-purpose
10 solvents and paint thinners sold in the South Coast
11 district to closely assign with testing procedures used by
12 the district. However, there could be minor differences
13 in results.

14 We are also proposing amendments to add an
15 improved analysis for hydrocarbon solvents. And although
16 not shown on this slide, we would also modify analytical
17 procedures for fabric softener products.

18 --o0o--

19 AIR POLLUTION SPECIALIST MALKINA: As part of the
20 rulemaking, we evaluated the environmental and economic
21 impacts.

22 --o0o--

23 AIR POLLUTION SPECIALIST MALKINA: The overall
24 benefit of the proposed amendments is a four tons per day
25 VOC emission reduction.

1 Other amendments pertaining to multi-purpose
2 solvent and paint thinner products are designed to achieve
3 the expected air quality benefits from regulation of these
4 products.

5 The prohibition on the use of certain toxic air
6 contaminants and certain types of greenhouse gases will
7 prevent their use as products are reformulated to comply
8 with the proposed VOC limits.

9 --o0o--

10 AIR POLLUTION SPECIALIST MALKINA: We have also
11 evaluated the economic impacts of our proposal and
12 determined that, depending upon the types of products
13 purchased, the annual cost to the consumer would be about
14 10 cents to \$1.60.

15 The cost effectiveness of the proposed amendments
16 is estimated to be \$1.82 per pound of VOC reduced, which
17 is comparable with other consumer products rule makings.

18 The overall cost to manufacturers to comply with
19 the proposed limits is about \$5.3 million per year over a
20 project horizon of five years.

21 This concludes our discussion of the staff's
22 original proposal.

23 --o0o--

24 AIR POLLUTION SPECIALIST MALKINA: We have minor
25 proposed modifications to our original proposal.

1 First, in the consumer products regulation, we
2 have a clarification on the process to determine VOC
3 content for multi-purpose solvent and paint thinner
4 products sold in South Coast.

5 Second, we are correcting drafting errors in test
6 method 310.

7 --o0o--

8 AIR POLLUTION SPECIALIST MALKINA: In conclusion,
9 we are recommend that the Board approve adoption of the
10 staff's proposed amendments to the consumer products
11 regulations and method 310 and staff's suggested
12 modifications presented today.

13 This concludes my presentation. At this time, we
14 will be happy to answer any questions you may have.

15 ACTING CHAIRPERSON RIORDAN: Thank you very much.

16 Are there any questions, Board members, before we
17 hear the testimony from the public at this time?

18 I see nothing, so we will move onto those who
19 have signed up to speak. We have approximately twelve.
20 And I will begin by calling Laki Tisopulos. If you would
21 give us your name and who you represent, followed by
22 Kristin Power and Christopher Pearce.

23 DR. TISOPULOS: Good morning, Madam Chair and
24 members of the Board.

25 My name is Dr. Laki Tisopulos, Assistant Deputy

1 Executive Officer with the South Coast Air Quality
2 Management District.

3 I would like to start my comments by thanking
4 staff for formulating the proposal before you. We fully
5 support the proposal. Specifically, the portions of the
6 proposal that relate to -- that clarify that multi-purpose
7 solvents and paint thinners in the South Coast will have
8 to meet the South Coast Rule 1143 limits. These changes,
9 in addition to the tightening of the exemption applicable
10 to the maintenance coating thinners, will go a long way to
11 alleviate some of our challenges that we experienced in
12 the past -- with enforcement challenges that we
13 experienced in the past and also will allow the 17 million
14 southern Californians to experience fully the air quality
15 benefits of Rule 1143 and the consumer products
16 regulations estimated at 10 tons per day in South Coast
17 alone.

18 We fully support the changes, the clarifications
19 and changes, that have been introduced within the 15 day
20 procedure. They are very reasonable. And in fact,
21 they'll provide some added flexibility to the formulators
22 to experiment with alternative solvents such as soy-based
23 products.

24 And lastly, we are looking forward to continue
25 our working relationship as it relates to the LVP issue,

1 the low vapor pressure issues, and the research that will
2 be conducted on this particular area and hope that will
3 result in a much more refined tool that we can both use in
4 our future control strategy development.

5 With that, I would like to conclude by again
6 thanking staff for the very good work in formulating the
7 proposal that is before you and urge the Board to adopt
8 the proposal as proposed. Thank you.

9 ACTING CHAIRPERSON RIORDAN: Thank you very much.

10 And you're right, it should help you with your
11 enforcement because it was a bit troubling to see the
12 label that was being used and very, you know, I think
13 misleading.

14 DR. TISOPULOS: Absolutely.

15 ACTING CHAIRPERSON RIORDAN: Thank you.

16 Kristin Power.

17 MS. POWER: Madam Chair, members of the Board,
18 I'm Kristin Power with the Consumer Specialty Products
19 Association representing the interests of companies
20 engaged in the manufacture, formulation, distribution, and
21 sales of more than \$100 billion annually in the U.S. of
22 familiar consumer products that help household and
23 institutional customers create cleaner and healthier
24 environments.

25 We appreciate the efforts of the Air Quality

1 Planning and Science Division to engage stakeholders in
2 the development of the consumer products regulation. CSPA
3 and our member companies have been very actively engaged
4 in the development of the proposed regulation.

5 We are particularly appreciative of the efforts
6 to address our concerns with provisions in early draft
7 impacting the low vapor pressure volatile organic
8 compounds. And as I stated at your June ARB meeting, we
9 do support the research plans that includes two LVP
10 research projects.

11 At this time, we are in support of the proposed
12 regulation and will continue to work with staff on several
13 of those technical issues identified this morning which we
14 understand will be the subject of the 15 day public
15 comment period.

16 I do wish to call your attention to our written
17 comments, specifically our support for ARB's proposal to
18 clarify the South Coast AQMD standard for non-aerosol and
19 multi-purpose paint thinner apply in that district, while
20 maintaining the existing ARB standards as applying in
21 other parts of the state.

22 While we do not believe that incorporation of the
23 South Coast regulation is necessary to accomplish this
24 goal and could cause confusion since the standard is
25 enforced by different test methodologies, we understand

1 the importance of clarifying what standards apply in each
2 jurisdiction. However, CSPA urges that ARB not use this
3 action as precedent for any other categories of consumer
4 products.

5 CSPA members commit to investing the necessary
6 resources to reformulate products to comply with these new
7 VOC limits and related regulatory requirements. Thank you
8 for the opportunity to comment.

9 ACTING CHAIRPERSON RIORDAN: Thank you. And your
10 written comments will be made part of the record. Thank
11 you very much.

12 Christopher Pearce followed by Heidi McAuliffe
13 and Robert Sweger.

14 MR. PEARCE: Madam Chairman and members of the
15 Board, thank you for the opportunity to testify today.

16 My name is Christopher Pearce. I'm Director of
17 Government Relations with the consumer product company SC
18 Johnson and Son. SC Johnson is a family company that
19 manufacturers and markets a variety of household cleaning
20 products, as well as products for air care, pest control,
21 and shoe care that are regulated by ARB for VOC content.

22 Let me say at the outset we strongly support the
23 goal of improving air quality for all California
24 residents. We have a long history of working alongside
25 ARB and through our trade association CSPA, the previous

1 speaker, to develop and implement regulations that have
2 resulted in significant reductions in emissions of VOC
3 compounds. And I assure you, our company will continue
4 its efforts to manufacture products that deliver maximum
5 benefits to consumers with minimal environmental impact to
6 California and around the country.

7 In the time I have today, I just want to touch
8 upon four brief points. First, SC Johnson fully supports
9 the proposed limits and definitions contained in the
10 amendment to the aerosol coating and consumer product
11 regulations. We especially appreciate the inclusion of
12 new and revised definitions that not only improve clarity
13 in the regulation, but also recognize the characteristics
14 of water-based aerosol technologies.

15 Second, we're pleased that ARB remains committed
16 to conducting additional research of the air quality
17 impacts of low pressure VOC compounds you've heard about
18 already this morning, rather than taking any regulatory
19 action relative to LVPs in this particular rulemaking.
20 The vast majority of our products have been optimally
21 formulated using LVP compounds. We stand ready to work
22 with ARB to ensure that any regulatory decisions affecting
23 the current exemption will be grounded in the best
24 available science. To that end, we look forward to being
25 an active participant that ARB has formed on this issue.

1 Third, we encourage the ARB to consider ways to
2 expand the current alternative control plan program, which
3 we believe has over the years produced quantifiable
4 environmental benefits. Together, with CSPA, we would be
5 very pleased to work with the staff to enhance and broaden
6 the current ACP in a manner that provides additional
7 flexible and verifiable compliance options, including
8 opening the ACP to aerosol coating products without
9 overburdening ARB staff resources.

10 Finally, we wish to recognize the very open and
11 transparent manner in which the ARB staff has conducted
12 this rulemaking, which has provided ample opportunity for
13 stakeholder input and engagement with the regulated
14 community.

15 In conclusion, we urge your support for the 2013
16 amendments that have been proposed. And thank you again
17 for the opportunity to speak today.

18 ACTING CHAIRPERSON RIORDAN: Thank you, Mr.
19 Pearce.

20 Heidi McAuliffe and followed by Robert Sweger and
21 Elaine Richardson.

22 MS. MCAULIFFE: Good morning, Madam Chair,
23 members of the Board, and ARB staff.

24 The American Coatings Association supports the
25 proposed amendments to the aerosol coating regulation.

1 ACA represents paint coatings, adhesives, and sealant
2 manufacturers and are raw material suppliers to these
3 industries.

4 We recognize that the standards, the product
5 weighted MIR standards and the aerosol coatings
6 regulations, are very aggressive. In some cases, these
7 reductions are 30 to 40 percent for some of the general
8 categories. The survey and the rulemaking process that
9 we're engaged in by the staff and the stakeholders was
10 very comprehensive, thorough, and transparent. We had a
11 lot of very, very frank discussions about the survey
12 results and the state of aerosol coatings technologies.
13 We can support these limits.

14 We support the bifurcated compliance deadline.
15 This allows our manufacturers to manage their resources,
16 the human resources required to reformulate the thousands
17 of formulas in those general categories.

18 There are new categories, amended categories, and
19 there are some clarifying amendments in this regulation
20 that we worked very hard with Air Resources Board staff to
21 hammer out language that was reasonable and much more
22 reflective of how these product are formulated, marketed,
23 and used in the field. And many of these changes were
24 brought to the Air Resources Board by the industry. We
25 certainly appreciate their patience in discussing these

1 changes with us and adopting some of these changes.

2 We are very, very supportive of use of the 2010
3 table of MIR values. We believe this is of vital
4 importance to the aerosol coatings industry and our
5 formulators. It is very, very important that the most
6 scientifically accurate MIR values are available to the
7 industry to use as quickly as possible.

8 The proposed changes to how product weighted MIR
9 is calculated are very important also. Use of a default
10 value, use of the MIR value for isomers and clarifying
11 which compounds receive a zero value is very important to
12 the industry and will help provide a level playing field
13 for all manufacturers in this industry.

14 Again, we certainly appreciate the rulemaking
15 process that was executed by this ARB staff. It was very
16 transparent. It was as transparent as the confidentiality
17 regs allow in California. It was executed very
18 professionally. We had many, many stakeholder meetings
19 where we discussed many of the technical issues confronted
20 by our formulators, and we do appreciate the ARB staff's
21 patience.

22 Having said that, we do have some remaining
23 issues with the aerosol coatings regulations, and I want
24 the highlight just two of those very briefly. We had lost
25 emissions over the course of time. And when I say lost

1 emission --

2 ACTING CHAIRPERSON RIORDAN: You can have a real
3 long sentence.

4 MS. MCAULIFFE: I need two really long sentences.

5 My first long sentence is aerosol coating
6 manufacturers historically manufactured their products
7 below the current standards. What this means is that
8 there are emission reductions that occurred over the
9 course of time that are not accounted for in this
10 rulemaking. These emission reductions are 2.23 tons per
11 day. There should be some way for the Air Resources Board
12 to take credit for that in the State Implementation Plan.
13 We encourage that conversation to continue.

14 My second long sentence the effective date for
15 the rulemaking needs to be as quickly as possible. The
16 changes this regulation are really reflective of how these
17 products are marketed. And aerosol coatings manufacturers
18 need to begin immediately to comply with this regulation
19 in order to come into compliance on the date specific.

20 So I'd like to continue talking with the Air
21 Resources Board staff about that. Thank you for your
22 patience.

23 ACTING CHAIRPERSON RIORDAN: Thank you very much.

24 Robert Sweger, Elaine Richardson, followed by
25 Mike Freeman.

1 MR. SWEGER: Good morning, Madam Chair, members
2 of the Board, ARB staff.

3 My name is Bob Sweger. I'm the R&D team leader
4 at Stoner Incorporated. Stoner Incorporated is a small
5 specialty chemical manufacturer privately owned, family
6 owned. Been in business for over 70 years specializing in
7 cleaners, lubricants, coatings, and automotive care
8 products.

9 We are here today to support the amendments for
10 the consumer products regulation. Stoner has a number of
11 issues, but in particular, we support the new definitions
12 for the single purpose cleaners and degreasers. The
13 addition of these terms clarifying the regulations and we
14 feel they were needed.

15 We support the new definitions changes to the
16 multi-purpose lubricant definition, which also adds
17 products designed for a single use are exempt from this
18 definition. We believe the clarification to the dry
19 lubricant definition was needed. Dry lubricants are,
20 indeed, unique. And we believe they cannot be regulated
21 as another lubricant.

22 We also support the extension of time for the ten
23 percent VOC limit for the multi-purpose lubricants.

24 And finally, we support the additional definition
25 changes to the aerosol coating regulation. We appreciate

1 the staff's willingness to work with us on these technical
2 issues and clarifications to the rules. Thank you.

3 ACTING CHAIRPERSON RIORDAN: Thank you. Thank
4 you for your testimony.

5 Elaine Richardson, Mike Freeman, and Kurt Gabram.

6 MS. RICHARDSON: Good morning. Thank you for
7 allowing me the opportunity to speak.

8 My name Elaine Richardson. I'm here representing
9 Calumet Specialty Products Partners. We are a producer of
10 LVP solvents, as you've heard about for the regulation.

11 For many years, ARB has urged manufacturers to
12 use LVP solvents in their formulations for consumer
13 products.

14 I want to thank you for listening to our
15 customers, many of whom are here today and continuing to
16 allow the use of the LVP solvent exemption to promote
17 products with lower volatile emissions. Calumet supports
18 this proposed regulation, and we support the scientific
19 research studies currently being conducted regarding this
20 issue. Thank you.

21 ACTING CHAIRPERSON RIORDAN: Thank you very much.
22 Mike Freeman.

23 MR. FREEMAN: Good morning. My name is Mike
24 Freeman. I'm President of the Americans for the WD-40
25 company. We have a long history of working successfully

1 with CARB leadership and staff and look forward to
2 continuing to build on that foundation.

3 The WD-40 company fully supports the staff's
4 approach to low vapor pressure, or LVP, issue. The
5 scientific studies are justified. Without LVPs, we would
6 not be able to be compliant with any of the VOC
7 regulations for WD, WD-40, Spot Shot, and a number of our
8 brands. We feel LVPs have been very successful the last
9 20, 25 years in generating clean air and good business
10 results. So we just say let the science speak.

11 We also fully support the change in the future
12 effective date of multi-purpose lubricants from 2015 to
13 2018. We spent significant time, talent, and treasure the
14 past several years to try to come up with compliance
15 methods for the 10 percent VOC limit. It's been our
16 number one R&D priority since the regulation came into
17 existence.

18 In 2008, we scoured the globe looking at
19 thousands of universities and companies to find a formula
20 that already existed that met our performance criteria
21 which is work as well WD-40 and also meet the regulatory
22 compliance. Unfortunately, came back with notta, zero.
23 So we had to go out and invent something.

24 We've done lots and lots of marketing research
25 over these years. Two key take-aways. One, 93 percent of

1 WD-40 end users expect any new formula to be at least as
2 good or better than the current WD-40 in performance.

3 And second of all, despite all the regulatory
4 agencies telling us you're WD-40 and you can charge
5 whatever you want and they'll just come buy it, the market
6 research does not support that.

7 We did a price elasticity study, ten million data
8 points, three years, all the trade classes in the U.S.
9 that does not support that kind of approach. And
10 unfortunately, we have several real life price increase
11 experiences that do not say that's not a true statement.

12 So we have to be sensitive about pricing. We did
13 come around and generate a new product. It's not
14 petroleum based, but soy based. And the challenges with
15 it -- and it works as well as WD-40 -- it costs 30 percent
16 more and has a two-year shelf life, where WD-40 is
17 indefinite.

18 We took that soy-based formula and put it into
19 our Blue Works brand that goes towards the industrial end
20 user. We did a test market in the South Coast Air Quality
21 Management District for about 15 to 18 months and sold a
22 whopping \$1,200 worth of product.

23 Meanwhile, in twelve months, we sold over \$100
24 million of WD-40 in the United States, to bet a \$100
25 million brand on that kind of sales result and not that

1 good a business decision. We took that same formula and
2 put it into a new category that we're developing where we
3 thought it had a very, very relevant place. We took that
4 to Walmart, Home Depot, Lowe's, Ace, True Value, and
5 everybody was very interested. And all the offers we have
6 on this category, except for the one soy-based product.
7 No one was interested in it at all.

8 In conclusion, we still have lots of work to do.
9 We need more time. Thank you.

10 ACTING CHAIRPERSON RIORDAN: Thank you very much.
11 Kurt Gabram, Danny Massie, and David Darling.

12 MR. GABRAM: Good morning, Madam Chair, members
13 of the Board and staff.

14 My name is Kurt Gabram. I'm the Vice President
15 of Operations for the Blaster Corporation.

16 For 50 years, the Cleveland, Ohio, based Blaster
17 Corporation has manufactured penetrants, lubricants, rust
18 inhibitors, and a full line of specialty formulas for the
19 automotive industry, industrial industry, and hardware.

20 My purpose here today is to support amendments to
21 consumer products regulations. And I would like to
22 comment on specific amendments being made.

23 First of all, Blaster is in full support of the
24 change and effective date for the ten percent VOC limit.
25 Blaster research and development is working diligently,

1 but needs the extension to develop feasible technology
2 that will meet the very stringent ten percent limit.

3 Blaster also supports the clarification to the
4 dry lube definition. Dry lubricants should not be
5 categorized with other lubricant categories. The change
6 in definition makes the issue very clear.

7 Finally, Blaster supports the single purpose
8 cleaner and degreaser definition, clarification that all
9 cleaners and degreasers are not multi-purpose was needed.

10 Thank you for your time and consideration on
11 those comments.

12 ACTING CHAIRPERSON RIORDAN: Thank you very much.
13 Thank you for being here.

14 Danny Massie followed by David Darling and Doug
15 Raymond.

16 MR. MASSIE: Good morning, Madam Chair and
17 members of the Board.

18 My name is Danny Massie. I'm the President of
19 Maxima Racing Oils. We're a California-based company,
20 privately held, located in San Diego.

21 I'm here today to support two very important
22 amendments to the consumer products regulation.

23 Our company develops product for the racing
24 industry. The definition change to gear wire and chain
25 lubricant which exempts chain-over vehicles was a needed

1 change to preserve the products based on fundamentals of
2 safety.

3 We also support the new definitions for single
4 purpose cleaners and degreasers. As stated before, our
5 products are specifically designed for racing and are not
6 general purpose products. CARB and their staff made
7 themselves available to discuss these details in much more
8 detail, and we appreciate the staff's willingness to meet
9 with us to discuss the issues.

10 And thank you for the opportunity to comment.

11 ACTING CHAIRPERSON RIORDAN: Thank you. We
12 appreciate your input. And we recognize staff has really
13 tried to reach out. We appreciate that, too.

14 David Darling.

15 MR. DARLING: Hi. Good morning. My name is Dave
16 Darling with the American Coatings Association. Here
17 today to support the use of the ARB method 310. It's a
18 different compliance with the 25 gram per liter VOC
19 standard for multi-purpose solvent and paint thinner
20 products sold in South Coast. We also support the CSPA
21 technical comments on method 310. And we really
22 appreciate the staff's help on this issue. Thank you.

23 ACTING CHAIRPERSON RIORDAN: Thank you very much.
24 Thank you for being here.

25 Doug Raymond. And you're going to be followed by

1 Bonnie Holmes-Gen, our last speaker.

2 MR. RAYMOND: Good morning, Madam Chair, members
3 of the Board. I'm here to represent four companies or
4 organizations and try to do that in three minutes.

5 The first three is -- the first one is the
6 National Aerosol Association, association which represents
7 fillers, marketers, and suppliers to the aerosol industry.
8 Second one is CRC Industries. The third is Radiator
9 Specialty Corporation. And both the last two are
10 manufacturers of household, industrial, and automotive
11 products.

12 The first three organizations fully support the
13 amendments that are put in. And we support the LVP issue
14 as the scientific studies will proceed.

15 The last one is the WM Barr company. The WM Barr
16 company is the largest supplier of retail solvents in the
17 country. And unfortunately, we cannot support the
18 amendments as put in. We would like clarification to the
19 one issue that was brought up with the fuels. We
20 appreciate the two slides that were put up. We appreciate
21 that we have worked with Kurt, Terry, and Carla on all of
22 these issues that we have the multi-purpose solvent issue
23 down to the one last issue of fuels. We respectfully
24 request that we get an exemption for fuels put into the
25 definition.

1 They're going out for a 15 day comment period.
2 Again we respectfully request that fuels -- or packaged
3 fuels for stoves, lamps, and heaters be specifically
4 exempt as they have exempted rubbing alcohol. We
5 appreciate the two slides. But in a couple of years when
6 a customer asks us a question, we don't want to have to
7 pull out slides from this proceeding to show them that
8 it's not being regulated.

9 Throughout the Initial Statement of Reasons,
10 we've been portrayed as circumventing the rule. We did
11 not purposely circumvent the rule. We met the letter of
12 the law of the rule. And we want to do that here. And we
13 want to make sure there is no confusion in any of the
14 labeling that we plan to go ahead with.

15 So again, we would respectfully request that the
16 staff add that simple exemption. You've put it up on the
17 slide. You've put two slides up. I don't see where the
18 issue is.

19 One last thing is we really appreciate the staff
20 being available. My frequent flyer miles this year have
21 been outrageous. And we thank you for that, too. But
22 we've come a long way from where we started with this.
23 And we think this should settle all the issues with the
24 South Coast. Thank you very much.

25 ACTING CHAIRPERSON RIORDAN: Thank you, Mr.

1 Raymond.

2 Staff, before I have Bonnie -- and Bonnie, why
3 don't you come towards this podium?

4 Do you want to comment on this request?

5 CHIEF TAKEMOTO: This is Carla Takemoto.

6 Yes, we are aware of the request. And as Mr.
7 Raymond mentioned, we did have slides in our presentation
8 specific to this.

9 Staff does not believe that an exemption is
10 needed. We have clearly stated on the record we do not
11 regulate the stove fuels, as long as they are properly
12 labeled.

13 And to be honest with you, the company that is
14 making the request is a company that has been involved in
15 creative labeling. And we just want to ensure that we're
16 not opening up another loophole by providing an exemption
17 for this category which isn't regulated as long as it's
18 carefully labeled.

19 ACTING CHAIRPERSON RIORDAN: So it's sort of we
20 will agree to disagree.

21 CHIEF TAKEMOTO: I think that's correct.

22 ACTING CHAIRPERSON RIORDAN: Okay. Bonnie
23 Holmes-Gen.

24 MS. HOLMES-GEN: I actually was hoping to speak
25 on the next item. Somehow my card got in there. We

1 certainly support your efforts with this regulation.

2 ACTING CHAIRPERSON RIORDAN: It's nice to see
3 you, Bonnie.

4 MS. HOLMES-GEN: We certainly support your
5 efforts with this regulation.

6 ACTING CHAIRPERSON RIORDAN: Mr. Corey, do you
7 have any final comments before we bring this back to the
8 Board?

9 EXECUTIVE OFFICER COREY: No, I do not.

10 ACTING CHAIRPERSON RIORDAN: All right. Board
11 members, you've heard the witnesses. I'm going to close
12 the record now on this agenda item. Any written or oral
13 comments received after this comment period will not be
14 accepted as part of the official record on this agenda
15 item.

16 There is a resolution before us, and I think we
17 can ask questions. Why don't we put the Resolution at
18 least on the table and then follow it by discussion or
19 questions that you might have. Is there a motion for the
20 Resolution, which is 13-36?

21 BOARD MEMBER DE LA TORRE: So moved.

22 BOARD MEMBER SHERRIFFS: So moved.

23 ACTING CHAIRPERSON RIORDAN: I have a mover and a
24 seconder.

25 Any further discussion or questions of staff?

1 Ms. Mitchell.

2 BOARD MEMBER MITCHELL: Not of staff. Is this
3 time for discussion?

4 ACTING CHAIRPERSON RIORDAN: Yes.

5 BOARD MEMBER MITCHELL: I just want to say that
6 as the representative from South Coast district, I
7 appreciate staff's working with our staff at South Coast
8 on this rule. It's been around for a while, and there
9 have been discrepancies between the ARB approach to this
10 issue and South Coast.

11 And also mention how important this rule is to
12 South Coast, because as you know, we struggle to get to
13 attainment. And the reduction in VOCs is a very difficult
14 issue. But this could, as Laki said, mean as many as ten
15 tons per day. The staff report says four tons per day.
16 But it's very important to South Coast that we adopt this
17 Resolution. So thank you staff for working with South
18 Coast on this.

19 ACTING CHAIRPERSON RIORDAN: Thank you. Thank
20 you for those comments.

21 Yes, Dr. Balmes.

22 BOARD MEMBER BALMES: As the official physician
23 member of the Board, even though there is another
24 physician member, I have to comment on one public health
25 aspect I'm really pleased with, which is the prohibition

1 on the use of methylene chloride perc and
2 trichloroethylene in the multiple consumer product
3 categories. These are highly toxic chemicals that have
4 been shown in occupational studies to make workers sick,
5 including some recent deaths from industrial use of
6 methylene chloride, which we're not prohibiting here. But
7 I just think it's a good idea, and I'm glad we're doing
8 it.

9 ACTING CHAIRPERSON RIORDAN: Okay. Thank you.

10 Any further comments or discussion? All right.
11 Let me take a voice vote on the motion to adopt Resolution
12 13-36. All those in favor signify by saying aye.

13 (Ayes)

14 ACTING CHAIRPERSON RIORDAN: Opposed no.

15 The motion carries.

16 DEPUTY EXECUTIVE OFFICER TERRY: I just wanted to
17 let the Board know that Carla Takemoto is retiring this
18 year. I didn't want that to go unacknowledged since she
19 has been doing this for over 20 years and incredibly
20 successful program and a great leader with her team. So
21 thank you, Carla.

22 ACTING CHAIRPERSON RIORDAN: Thank you, Carla.

23 Yes, I must say for all the years I've been on the Board,
24 I've really appreciated the work that you have done and
25 your team has done. I think we sometimes forget the

1 consumer products a little bit. We concentrate on fuels,
2 and we concentrate on engines and all sorts of other
3 things. But really we do have a lot of consumer products.
4 And just from the numbers today, we have to recognize
5 there is a lot of success. Thank you. And so we are
6 sorry you're retiring. It seems like everybody is
7 retiring. But we wish you well. We do indeed.

8 CHIEF TAKEMOTO: Thank you, Madam Chair. It's
9 been a pleasure to serve.

10 ACTING CHAIRPERSON RIORDAN: All right. We will
11 change staff. Those of you who are on the Board know you
12 can take a break at any time. We can hear the meeting in
13 every room of this meeting. So they're not really missing
14 the testimony.

15 Staff do you want to indicate -- are you ready?

16 You know, I would be remiss if I didn't
17 acknowledge Mr. Dunlap, a former Chair of this Board. And
18 it's good to see you this morning, Mr. Dunlap. Long, long
19 time advocate for clean air, both in the South Coast and
20 the state of California. So we're happy to see you.

21 All right. We will move on to -- this is the
22 last agenda item. We have an optional closed session
23 later.

24 But this item is really an update and amendments
25 to the AB 118 Air Quality Improvement Program, which we

1 call AQIP funding plan for fiscal year 2013-14, which we
2 approved when we met last July. And just very succinctly,
3 if you'll remember July's meeting, we are extremely
4 successful people in terms of this program. We just
5 didn't have any money to go with our success. And we sort
6 of said to the staff, do something, do something magic.
7 And I think some people did some magic.

8 And let's just move right on into -- part of that
9 was legislative. And we have our Legislative Director
10 here, who I think will give us a brief update on the
11 significant legislation regarding ARB's incentive program.
12 Jennifer, would you like to share with us what happened?

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

15 LEGISLATIVE DIRECTOR GRESS: Thank you. Good
16 morning.

17 I'm pleased to report on several bills the
18 Legislature passed this year that bolster funding for the
19 State's incentive programs. Most notably, AB 8 by
20 Assembly Member Perea will extend the motor vehicle
21 related vessel and tire fees, the AB 118, and local air
22 district programs until January 1, 2024, pending the
23 Governor's approval. This bill will preserve our current
24 funding for these programs for the next ten years.

25 AB 8 also dedicates 20 millions per year from the

1 California Energy Commission's 118 program to fund
2 hydrogen fueling stations. Station providers have been
3 reluctant to build stations due to lack of fuel cell
4 vehicles on the road, and the auto makers have been
5 reluctant to offer fuel cell vehicles because of the lack
6 of fueling infrastructure.

7 AB 8 addresses this problem by fully funding the
8 number of stations needed to complete a fueling network
9 that will support the initial commercial launch of fuel
10 cell vehicles beginning in 2015. It is for this reason
11 that ARB has withdrawn amendments to the clean fuels
12 outlet regulation that you would have considered today.

13 AB 8 was supported by unprecedented coalition
14 that included industry, such as agriculture, oil,
15 trucking, and clean energy businesses, environmental
16 organizations, government entities such as the Energy
17 Commission, the air districts, and of course, us, as well
18 as many others. We anticipate the Governor will sign this
19 bill.

20 While AB 8 preserves our existing funding, the
21 Legislature passed two bills that augment funding for this
22 fiscal year: SB 95, which we affectionately refer to as
23 budget bill junior, appropriates 24 and a half million to
24 the Air Quality Improvement Program, which as you know
25 funds projects like the Clean Vehicle Rebate Project. SB

1 359 by Senator Corbett also provides funding for AQIP. SB
2 359 provides loans of 20 million to the Clean Vehicle
3 Rebate Project, ten million to the Hybrid and Zero
4 Emission Truck and Bus Voucher Incentive Project, and ten
5 million for Truck Loan Assistance.

6 As we approach the most critical phase of the
7 truck and bus rule, the Truck Loan Assistance Program will
8 be key to easing the transition for small fleet owners.
9 The staff will be updating you on the implementation of
10 the truck and bus rule at the October Board meeting.

11 SB 359 also increases available funding for the
12 Enhanced Fleet Modernization Program by eight million.
13 The Enhanced Fleet Modernization Program, EFMP, is a
14 vehicle retirement program authorized by AB 118 and
15 administered by the Bureau of Automotive Repair. We
16 anticipate the Governor will approve this funding.

17 Finally, SB 459 by Senator Pavely provides
18 direction for revising the enhanced fleet modernization
19 program regulations to ensure that the program is
20 achieving air quality benefits, while also ensuring that
21 low income drivers are served by the program. And this
22 bill is pending approval by the Governor.

23 ARB was heavily involved in this bill, and it
24 will give the flexibility necessary to implement
25 beneficial changes to the program. You'll be hearing an

1 update on this program at the November Board meeting.

2 A couple points are worth noting. The collective
3 funding made available through these bills supports
4 cleaner vehicles and equipment across the transportation
5 sector, including passenger vehicles, heavy-duty vehicles,
6 on-road, off-road, and the program's focus on near-term
7 emission reduction strategies to turn over the existing
8 vehicle fleet and long-term strategies, such as investing
9 in advanced technologies.

10 The last point I want to highlight is simply to
11 acknowledge that the program supported by these measures
12 have been successful in reducing emissions and advancing
13 cleaner technologies and service to air quality and
14 climate goals that the Governor and the Legislature
15 support and believe in.

16 That concludes my update today. I will be
17 providing a full legislative report at the November Board
18 hearing. Until then, I would be happy to answer any
19 questions you have.

20 ACTING CHAIRPERSON RIORDAN: All right. Maybe
21 what we'll do is let's hold our questions for Jennifer
22 until we finish the entire staff presentation.

23 And Mr. Corey, would you like to introduce the
24 rest of the staff presentation?

25 Thank you, Jennifer.

1 EXECUTIVE OFFICER COREY: Certainly. And I'm
2 couldn't miss the opportunity to just express so much
3 appreciation for the collaborative that led to the summary
4 that Jen just provided, including very close working
5 relationship with the districts and many, many others, and
6 obviously the Legislature. So it's a good day. Very good
7 day.

8 All right. AB 118 was signed into law in 2007,
9 created the Air Quality Improvement Program, which
10 provides ARB between 30 and \$40 million annually depending
11 on revenues through 2015 to invest in clean vehicle and
12 equipment projects to reduce criteria pollutants and air
13 toxic often with concurrent greenhouse gas benefits.

14 AQIP is ARB's only incentive program structured
15 in able investments and technology-advancing projects that
16 provide immediate emission reductions.

17 AQIP also provides a unique opportunity to fund
18 loan assistance for truckers facing compliance deadlines
19 with the in-use truck and bus regulation.

20 In July, the Board approved the 2013-14 AQIP
21 funding plan identified in four projects for funding:
22 Clean Vehicle Rebate Project, the Hybrid and Zero Emission
23 Truck and Bus Voucher Incentive Program, Advanced
24 Technology Demonstration Projects, and the Truck Loan
25 Assistance Program.

1 The funding plan also identified a modest reserve
2 to be used for projects that demonstrate additional need.
3 As you heard in July, despite the significant investments
4 of AQIP funding, demand for these projects, in particular
5 AQIP's deployment projects, was expected to outstrip
6 available funding. For example, the demand for the Clean
7 Vehicle Rebate Project alone is greater than what AQIP had
8 available.

9 Because of this, the Board directed staff to
10 continue an evaluation to clean vehicle rebate project and
11 explore options for supplemental funding to the project
12 and to the Truck Loan Assistance Program.

13 Since July, as mentioned, staff has continued to
14 engage stakeholders in a focused process to develop a more
15 sustainable vision for the project. This process remains
16 ongoing. Despite the additional funding as highlighted by
17 Jen for this year, a longer-term vision for both the
18 sustainability and effectiveness of the AQIP remains a
19 high priority for this team.

20 We'll continue the dialog with stakeholders with
21 regard to the Clean Vehicle Rebate Project and our other
22 AQIP projects over the course of this next year. And next
23 month, we'll return to the Board with a comprehensive
24 update on the truck and bus regulation and our overall
25 strategy for assisting truckers affected by the rule's

1 upcoming implementation deadlines.

2 Now Lisa Macumber of the Innovative Strategies
3 Branch will provide an update on the progress made over
4 the past few weeks, including an overview of the
5 longer-term process underway, and present staff's proposal
6 for near-term changes to AQIP. And with that, I'll turn
7 it over to Lisa.

8 (Thereupon an overhead presentation was
9 presented as follows.)

10 AIR POLLUTION SPECIALIST MACUMBER: Thank you,
11 Mr. Corey. Good morning, Madam Chair and members of the
12 Board.

13 Today, I will present an update on the Air
14 Quality Improvement Program, or AQIP, and staff's
15 recommendations for adjustments to the approved fiscal
16 year 2013-2014 funding plan.

17 --o0o--

18 LEGISLATIVE DIRECTOR GRESS: AQIP is one of three
19 incentive programs created by Assembly Bill 118, signed in
20 2007. The other two programs are administered by the
21 Bureau of Automotive Repair and the California Energy
22 Commission. The Bureau of Automotive Repair funds early
23 vehicle retirement, while the Energy Commission focuses on
24 fuel and vehicle projects that help meet California's
25 climate change goals.

1 AQIP has traditionally received funding authority
2 for up to \$35 million each year from a variety of fees to
3 pay for clean vehicles and equipment projects designed to
4 reduce criteria pollutants and toxics with concurrent
5 climate change benefits.

6 As noted earlier by Jennifer Gress, recent
7 legislation proposes to extend funding for AQIP from 2015
8 through 2023. This extension is great news, as AQIP is
9 ARB's only incentive program with the statutory authority
10 to target mobile source technology advancing projects that
11 are critical to meet California's post-2020 air quality
12 and climate change goals.

13 --o0o--

14 LEGISLATIVE DIRECTOR GRESS: AQIP has funded four
15 key projects in recent years. First, the clean vehicle
16 rebate project, or CVRP, provides consumer rebates to
17 partially offset the higher incremental costs of
18 light-duty zero emission and plug-in hybrid electric
19 vehicles relative to comparable conventional vehicles.

20 Currently, the rebate is \$2500 for a
21 zero-emission vehicle, such as a Nissan Leaf or Ford Focus
22 electric and \$1500 for a plug-in hybrid, such as a Chevy
23 Volt or Toyota Prius plug-in.

24 To date, AQIP has funded the deployment of 34,000
25 near zero and zero emission light duty cars in California

1 since 2010.

2 Complimenting CVRP, the Hybrid and Zero Emission
3 Truck and Bus Voucher Incentive Project, or HVIP, provides
4 vouchers for California fleets to buy down the incremental
5 cost of hybrid and zero emission trucks. HVIP has paid
6 for over 1700 vehicles through vouchers averaging about
7 \$30,000 per hybrid truck and \$35,000 per electric truck.
8 HVIP has driven 37 percent of all hybrid sales since it
9 went into operation and represents 75 percent of all
10 electric truck sales nationwide.

11 The Truck Loan Assistance Program enables lenders
12 to provide affordable financing to small business owners
13 that fall just outside conventional underwriting standards
14 and that may not qualify for traditional financing.
15 Financing is used to upgrade or retrofit trucks ahead of
16 regulatory compliance schedules for existing in-use fleet
17 rules. Without this program, there may be no financing
18 options for these business owners.

19 And last, our Advanced Technology Demonstration
20 Projects help accelerate the next generation of advanced
21 emission reduction technologies with a focus on
22 technologies within three years of commercialization.

23 --o0o--

24 LEGISLATIVE DIRECTOR GRESS: Now I'll update you
25 on why we are here today. In July, staff proposed and the

1 Board approved the fiscal year 2013-14 funding plan for
2 AQIP, which identified funding for the projects just
3 discussed.

4 One of the critical issues in approving the plan
5 was a lack of sufficient funding to meet demand for all
6 four of AQIP's projects. In recent years, our revenue has
7 come in lower than anticipated, resulting in about \$25
8 million annually for the program, while at the same time
9 demand for the program increased.

10 The Board heard from many stakeholders about the
11 importance of our projects, especially CVRP, and directed
12 staff to continue to evaluate opportunities to extend
13 available funding or seek out additional funding to
14 support CVRP and the Truck Loan Assistance Program.

15 --o0o--

16 LEGISLATIVE DIRECTOR GRESS: Throughout August
17 and September, staff continued an ongoing evaluation of
18 CVRP and participated in efforts to secure additional
19 funding through several AQIP projects.

20 As you've already heard, efforts at the State
21 Capitol to secure additional funding for AQIP projects
22 were successful. Senate Bill 95 directs \$24.5 million to
23 AQIP, and Senate Bill 359 directs \$20 million to CVRP, \$20
24 to HVIP, and \$10 million for truck loans. These funding
25 additions, once approved by the Governor, are a big win

1 for AQIP this year and will go a long way toward achieving
2 critical air quality and climate change benefits in
3 California. In addition to acting on our new under
4 funding allocations, staff is here today to seek
5 amendments to the funding plan and to provide support for
6 truck loans.

7 --o0o--

8 LEGISLATIVE DIRECTOR GRESS: Regarding CVRP,
9 since July, ARB staff continued a stakeholder process
10 which considered options for near-term refinements to
11 stretch current year funding, long-term options for
12 supporting market sustainability while optimizing future
13 program funding, and identifying measures of success to
14 help define when incentives are no longer needed. These
15 topics were discussed in numerous meetings with CVRP
16 stakeholders, including two public work group calls.
17 While there was common agreement that an effective and
18 fiscally maintainable program moving forward is necessary
19 for continued success, additional funding to support CVRP
20 remained a priority for the current fiscal year.

21 In response to the anticipated infusion of
22 funding, staff is asking the Board today to approve an
23 additional \$44.5 million for the project, bringing the
24 total for this fiscal year to \$59.5 million. With enough
25 funding to support current demand for the year, staff is

1 transitioning its efforts towards an evaluation of metrics
2 for gauging overall program success and will continue to
3 work with stakeholders on potential longer-term options
4 and metrics.

5 Staff plans to have recommendations for the Board
6 when we present our fiscal year 2014-15 AQIP funding plan
7 next year.

8 --o0o--

9 LEGISLATIVE DIRECTOR GRESS: As an update on
10 HVIP, when we presented the AQIP funding plan to the Board
11 in July, we reported on their funding shortfall and
12 identified that funding demand projections ranged from 15
13 to \$25 million. As a part of funding plan, the Board
14 approved \$5 million for HVIP. Combined with the \$10
15 million from Senate Bill 359, \$15 million in HVIP will
16 support between 400 and 500 new hybrid and zero emission
17 trucks and buses in California over the course of this
18 next fiscal year.

19 --o0o--

20 LEGISLATIVE DIRECTOR GRESS: The Truck Loan
21 Assistance Program was developed as one component of ARB's
22 comprehensive funding assistance program to support the
23 in-use truck and bus regulation. The program reduces
24 lenders' financial risk, thereby enabling them to provide
25 financing to small business fleet owners to upgrade their

1 fleets. Specifically, ARB funds are set aside in a
2 lender's loan loss reserve account as loans are enrolled
3 in the program. The more loans a lender makes, the more
4 dollars are deposited into the loan loss reserve account
5 to cover potential losses resulting from loan defaults,
6 thereby enabling more loans to be issued.

7 To date, about 80 percent of the loans issued
8 through the program have been to owner-operators with one
9 truck which would not obtain financing elsewhere. Also,
10 for every dollar we have spent in the form of loan
11 assistance, participating lenders have provided about
12 six-and-a-half dollars in private financing to a trucker,
13 thereby maximizing our limited State incentive dollars.

14 Moving forward, the Truck Loan Assistance Program
15 remains a key component of our ongoing and multi faceted
16 strategy for implementing the in-use truck and bus
17 regulation. Recognizing the importance of the upcoming
18 compliance dates for the regulation, at the October
19 meeting, staff will update the Board fully on all elements
20 of our comprehensive strategy to ensure effective and
21 equitable implementation of the regulation.

22 --o0o--

23 LEGISLATIVE DIRECTOR GRESS: Based on our need to
24 continue financing assistance for a significant number of
25 small fleet owners, additional funding for the Truck Loan

1 Assistance Program is necessary to carry the program
2 through 2014. In addition to the \$2 million already
3 allocated to the program, staff recommends allocating
4 another \$8 million from AQIP. Under staff's
5 recommendation, \$5 million will come from the reserve
6 established in this year's funding plan. The other \$3
7 million will come from the reallocation of the funding
8 from advanced technology demonstration projects, thereby
9 postponing funding for the identified demonstrations this
10 year.

11 Advanced technology demonstration projects remain
12 an important part of AQIP, and staff understands the
13 impacts of reallocating funding away from these projects
14 this year. To address this, we plan to partner with local
15 air districts and the Energy Commission to find
16 alternative ways to fund projects that are ready for
17 demonstration.

18 When combined with an additional \$10 million from
19 Senate Bill 359, the total allocation for truck loans for
20 this fiscal year is \$20 million. With this, the program
21 should support upgrades for over 3,000 cleaner trucks in
22 the small business trucking sector.

23 --o0o--

24 LEGISLATIVE DIRECTOR GRESS: This slide
25 summarizes the changes in allocations to AQIP projects

1 from what was approved in July to what is proposed today.
2 As you can see, for CVRP, \$59.5 million from ARB and CEC
3 has been allocated. With roughly \$15 million spent so far
4 this fiscal year, about 45 million of that remains.

5 The bills sent to the Governor will bring a new
6 total for HVIP to \$15 million, which will help support a
7 robust program. And the Truck Loan Assistance Program
8 sees a critical and necessary increase of \$20 million,
9 which is expected to carry the program through the fiscal
10 year.

11 --o0o--

12 LEGISLATIVE DIRECTOR GRESS: Moving forward,
13 staff recommends that the Board approve the additional
14 allocation for funding to CVRP. ARB staff will continue
15 its assessment of the project as part of the development
16 of the next funding plan.

17 An increase of \$10 million is also anticipated
18 for HVIP for the current fiscal year.

19 Staff recommends that the Board approve further
20 support of truck loans with the transfer of \$8 million to
21 the Truck Loan Assistance Program.

22 Last, as noted earlier, staff plans to return to
23 the Board in October to update the Board on all elements
24 of our comprehensive strategy to ensure effective and
25 equitable implementation of the in-use truck and bus

1 regulations.

2 That concludes my presentation. We would be
3 happy to take any questions you have at this time.

4 ACTING CHAIRPERSON RIORDAN: Let me give the last
5 word to Mr. Corey, and I'll open it up to questions.

6 EXECUTIVE OFFICER COREY: I think the summary
7 covers it. We're prepared to respond.

8 ACTING CHAIRPERSON RIORDAN: Board members, to my
9 left, are there any questions for staff? Ms. Berg.

10 BOARD MEMBER BERG: Just congratulations. We sat
11 here in July thinking how is this going to happen. You
12 guys pulled the rabbit out of the hat. And thank you to
13 the Legislature and all the coalition, because there's no
14 question this was a very joint, very focused effort. And
15 so it is as Mr. Corey said a great time for
16 congratulations.

17 ACTING CHAIRPERSON RIORDAN: Supervisor Gioia.

18 BOARD MEMBER GIOIA: I'm glad we're able to do
19 this. One of the things we talked about at the last
20 meeting was a program of research to understand the
21 effectiveness of the various programs. Can you just sort
22 of update us on that? Because these are for this
23 particular fiscal year, as we get into the funding levels
24 for the following fiscal year, we want to understand, you
25 know, the effectiveness of this investment of dollars,

1 which we think is the right thing, but we want to
2 understand through research. We approved some contracts I
3 believe on that before. Talk a bit about that. You're
4 looking around to see who's going to answer that question.

5 DEPUTY EXECUTIVE OFFICER AYALA: I'll give it a
6 try.

7 I think in general when you look at every project
8 funded, we always keep an eye on it and try to track it to
9 answer that very question. Because it's obvious to us
10 that we want to make sure that the investment is getting
11 us what we're expecting.

12 So we're very actively -- in fact, it's
13 integrated into the framework of how we allocate the
14 funding. And there's always opportunity to add specific
15 research. For example, any demonstration project that we
16 may fund for advanced technology, we always look for
17 opportunities, particularly working with the districts, to
18 see if there is additional investigation we can do to make
19 sure we're getting the benefit we're expecting. It's
20 included in the program. We would be more than happy to
21 structure some information for you and others that may be
22 interested to get more specific in terms of --

23 BOARD MEMBER GIOIA: I know we had talked about,
24 for example, the level of the rebate. What's the right
25 level of a rebate. How does that affect, you know, a

1 consumer's purchasing decisions, all of that. So I
2 think -- I thought we had talked about working with the
3 industry on this.

4 DEPUTY EXECUTIVE OFFICER AYALA: That's a very
5 good point and that's a very specific point. We most
6 definitely want to do that. And as staff reported, what
7 we would like to do is to include that assessment as part
8 of the next fiscal funding plan. But that, to me, is a
9 very critical aspect of what remains to be done, because
10 there are different knobs that we can turn to structure
11 the program. There are different combinations of turning
12 the knobs. What we need to do is to get to a point where
13 we can balance the benefit versus the investment.

14 The amount of the rebate is one of the key
15 points, one of the key knobs, as you pointed out. There
16 are other options. So that's something that we are going
17 to be undertaking as we move forward. And we will bring
18 you back our findings as we bring back also the
19 recommendation for funding.

20 BOARD MEMBER GIOIA: What's the timing of that?

21 DEPUTY EXECUTIVE OFFICER AYALA: Typically, we
22 like to bring you back the funding plan in the midyear
23 time frame. This year, we came in July. We're shooting
24 for June. But you will hear back again not only a
25 recommendation for next year's funding plan, but also and

1 most importantly, the very issue that you're getting to.
2 That's one of the issues we hope to work with stakeholders
3 on.

4 ACTING CHAIRPERSON RIORDAN: So you'll put that
5 on the agenda for June of next year.

6 EXECUTIVE OFFICER COREY: We will. I did want to
7 amplify because it goes directly to Supervisor Gioia's
8 question and Albert's response is really the question
9 about what is the longer-term strategy. There's
10 underlying questions with respect to having the
11 longer-term strategy. One is the amount and how those --
12 what research, what analysis, what industry data can help
13 to inform a response. Because obviously you want to
14 continue to send the right signal.

15 The other is the role the dealers play. There is
16 information that needs to be further culled in terms of
17 the overall structure of the program, the role the dealers
18 have. There is information in terms of sales of existing
19 vehicles and then understanding consumer response
20 information. So that underlying research, that underlying
21 data is what needs to be further explored and what needs
22 to inform this longer-term plan proposal that is brought
23 back to you all.

24 BOARD MEMBER GIOIA: Right. I know a few Board
25 members had a tour of Tesla a while back. I remember in

1 my conversation with their CEO after the tour, I asked him
2 so what percent of folks who buy a Tesla -- of course
3 Tesla is an \$80,000 car. What folks avail themselves of
4 the rebate. He thought the number was 50 percent, which
5 tells me when someone is buying an expensive car like
6 that, the rebate means a lot less to them and is less a
7 factor in their decision making. For Volt or another
8 vehicle it would be more important. We know it's a good
9 thing. We want to incentivize EV. Exactly how much it
10 incentives. I think it's important to have that data.

11 EXECUTIVE OFFICER COREY: We agree with that.
12 That needs to be part of the assessment.

13 ACTING CHAIRPERSON RIORDAN: Dr. Sherriffs, did
14 you have a --

15 BOARD MEMBER SHERRIFFS: Thank you.

16 And yes, while congratulations staff. I think
17 table one speaks for itself. Those kinds of numbers that
18 we've been able to bring to bear to the entire AQIP
19 program, because its success really is predicated on again
20 the multi-faceted approach that we engage in.

21 Coming from the agricultural heartland, I have to
22 speak to the truck issue strongly. And I'm very glad
23 we're coming back in October. But it gets closer and
24 closer to the January deadline. I get more and more
25 nervous.

1 I certainly strongly support the staff's
2 proposition to move funding around and reallocate \$8
3 million towards this. And that's a very important move.
4 Now we're calculating the Truck Loan Assistance Program.
5 This might be 3,000 trucks, which is extremely important.
6 This is an extremely important group that we're reaching.

7 And even though this has been coming for five
8 years, got postponed for a couple of years because of the
9 recession. And certainly ARB has put extra effort in the
10 last two years in terms of outreach and working on this.
11 But we're probably talking at least at a minimum five
12 times as many firms that we need to reach. So it is
13 important that we continue to -- there is a lot of work to
14 do between now and October and thinking about creative
15 ways to try to move that forward and be in an assisting
16 role because nobody likes to be in the enforcing role.

17 ACTING CHAIRPERSON RIORDAN: Yes. Good point.
18 Well taken.

19 Ms. Mitchell.

20 BOARD MEMBER MITCHELL: I just want to echo what
21 Dr. Sherriff's has said, because the single owner-operator
22 truck driver in our area is also very important as we do
23 goods movement and agriculture, Central Valley, they do
24 lots of movement through there, too.

25 And thanks, staff, for finding the money

1 somewhere, our legislative staff. Thank you so much for
2 working on this so well. We're very pleased. The AQIP
3 program was extremely important. The truck loan project
4 is certainly important. There was no money for either one
5 of them so -- or limited funds. We're very happy to see
6 this AB 118 extended and AB 359 come into play.

7 The other thing I want to mention is that some
8 money was taken from technology advancement to put into
9 the Truck Loan Program. And I support that because the
10 truck loans are really important. But so is advanced
11 technology. And we hope that in the future you will find
12 some money to fill that gap so we can move technology
13 forward. That's really important to the zero emissions
14 initiative and moving that forward in the state.

15 So thank you staff very much for squeaking some
16 blood out of the turnip or out of the rock or whatever it
17 is. Thank you very much.

18 ACTING CHAIRPERSON RIORDAN: Okay. We do have
19 some speakers. And let me invite Jamie Hall, Eileen Tutt
20 and Bonnie Holmes-Gen, in that order.

21 I assume maybe they were some of our partners in
22 pushing this legislation. I think there are some others
23 of you in this room who probably helped, too. And we say
24 thank you. Because it has to be a collaborative effort.
25 And some of our folks from the districts, I'm assuming

1 they helped as well. It takes a big team to move the
2 Legislature. Okay.

3 Jamie.

4 MR. HALL: It does, indeed. Good morning,
5 everyone. My name is Jamie Hall. I'm Policy Director for
6 CALSTART. We were a sponsor and major supporter AB 8 and
7 SB 359, so I agree with what a lot of people have said
8 today. It's a good day. It feels good to be here. This
9 is a lot different place than we were in about a month
10 ago.

11 I want to thank Board members and staff for
12 working with us over the past several months on the HVIP
13 and CVRP programs in particular. These program are
14 critically important if we want to meet our long term
15 clean air and zero emission goals as a state. They're
16 really one of the only tools we have to drive zero
17 emission vehicle deployment and get to economies of scale.
18 And this hasn't been mentioned today, but they are
19 directly supporting jobs in California at advanced vehicle
20 manufacturers and suppliers that moved here in part
21 because of these incentive programs. It's a real win-win.

22 I want to thank the Board and staff for working
23 closely with stakeholders to figure out how to address the
24 funding shortfall. As has been mention with the passage
25 of SB 95 and SB 359, it looks like we'll be able to

1 totally avoid the market disruption in the program and the
2 light duty vehicle market, which is really good news.

3 There's now enough funding for the HVIP program.
4 The program is currently on hold until the FY 13-14 funds
5 become available. Now that we know there are sufficient
6 resources, we've been working with staff to minimize the
7 gap in HVIP funding, get things up and running quickly.
8 And we appreciate the creative thinking and engagement on
9 that issue, too.

10 Like I said, things are looking much better than
11 they were recently. These are very successful programs.
12 We look forward to working with you over the next several
13 months on a sustainable long-term plan for the vehicle
14 deployment programs and also for advanced technology
15 demonstration because that is an important category as
16 well.

17 So thank you everyone. It's a good day.

18 ACTING CHAIRPERSON RIORDAN: Thank you, Jamie.

19 Eileen.

20 MS. TUTT: Good morning, Madam Chair and members
21 of the Board. I'm Eileen Tutt with the California
22 Electric Transportation Coalition.

23 It is a good day. I told Lucina I was going to
24 hug her, but I'm going to wait until after the meeting.

25 So I decided not to coordinate the group to stand

1 behind me this time. I don't know if you remember that.
2 But they're all still here. They're all either watching
3 or in this room. And they're very committed to working
4 with you, the staff, the Board. It will take Board member
5 support as it did this last time to develop a long-term
6 plan.

7 I want to make it clear that we don't think this
8 program we should plan to wind down. We actually think we
9 need to plan to wind up because we got fuel cell vehicles
10 coming. We need to do something about the heavy duty and
11 non-road fleet. So that's the direction we're thinking
12 about going with, and that is a heavier lift. So we're
13 all going to be needed.

14 And everybody did support this legislative
15 action, everybody you mentioned. The only folks I haven't
16 heard and they were critical to this effort was the
17 Governor's office, in all honesty. All the way up to the
18 Governor, they really helped us design a strategy and push
19 this through. And we already know the Governor's already
20 said publicly to the press he's going to sign AB 8 and SB
21 359.

22 So congratulations everyone and thank you very
23 much. And we do look forward. Our coalition is still
24 committed to working over the next year with you and even
25 less than a year I guess to develop this long-term plan.

1 So thank you.

2 ACTING CHAIRPERSON RIORDAN: Thank you very much.

3 And Bonnie.

4 MS. HOLMES-GEN: Bonnie Holmes-Gen, Senior
5 Director for Policy and Advocacy at the American Lung
6 Association of California.

7 And we were very pleased to be a co-sponsor along
8 with CALSTART and the Air Pollution Control Officer's
9 Association and really the Air Board and others on AB 8.
10 And I did want to thank you all for the hard work and
11 thank Board Member Berg, who put a lot of work in to try
12 to build the coalition that we made, this unprecedented
13 coalition of groups. People keep looking at us saying,
14 "Are you really on the same page as some of these groups?"
15 And, yes, for this bill, we were. Yes.

16 And you know, the bill, AB 8, also provided us --
17 it's a monumental accomplishment, but it provided us with
18 the opportunity to educate the Legislature -- that's very,
19 very important -- about the importance of both efforts,
20 the Carl Moyer program and getting these near-term
21 reductions in soot pollution that assist communities, and
22 the AB 118 program which puts us on the road to getting
23 these near and longer term solutions in terms of the
24 electric vehicles, plug-ins, the fuel cell vehicles.
25 There is a lot of education for legislators to understand.

1 We need both of these and they're both critical to
2 reaching our air quality and greenhouse gas goals.

3 I think it's important to note that we need
4 ongoing education of legislators as these programs
5 continue to roll out. We need to be front and center and
6 showing the successes that are achieved. Because of the
7 bill, we had a great effort of listing and categorizing
8 all of the successes in the past. And we need to keep
9 doing that and bringing those forward and publicizing the
10 great projects that are improving health, improving air
11 quality, and transitioning our state to cleaner fuels and
12 technologies.

13 So also of course want to support the staff
14 recommendations here today. And on the Truck Loan
15 Program, you know, this is really important. We've been a
16 strong supporter of the State Truck and Bus Program. Look
17 forward to the update next month on this. But it's just
18 incredibly important to keep this loan program going. And
19 we want to urge you to not only help with these financial
20 assistance funds, but to continue the important work
21 you're doing in terms of outreach to the truck operators,
22 ensuring all the operators are fully informed about the
23 rule deadlines and financial assistance tools available
24 and the penalties for non-compliance. And this on track
25 moving forward, and California needs these reductions.

1 So thank you again for all these efforts. Again,
2 the Lung Association is a strong supporter of AB 118 and
3 AQIP. We look forward to working with you to implement
4 these programs. And we're just truly excited to be a
5 partner with you in this effort. Thanks.

6 ACTING CHAIRPERSON RIORDAN: Thank you very much.
7 Mr. Douglas.

8 MR. DOUGLAS: Thank you, Mrs. Riordan and members
9 of the Board.

10 I just wanted to be very quickly and take an
11 opportunity to say that we sincerely appreciate all the
12 work the Board has done. Our members have invested tens
13 of billions of dollars into plug-in hybrid vehicles,
14 battery electric vehicles, and the development, the
15 production, and promotion of these vehicles.

16 We were pleased to partner with a large
17 coalition, both on AB 8, extending that as well as on the
18 CVRP for this year, the funding for that. And finally on
19 the HOV line extensions which were extended for four years
20 in this legislative session.

21 And finally, we're committed to working with our
22 coalition partners and with the Air Resources Board. I
23 agree with what Eileen said that we shouldn't look to ramp
24 this program down. It's still a very nascent market.
25 It's still one percent of the market. There is a long

1 ways to go. There's a lot of new technologies coming out.
2 So we're looking forward to working with the Board and the
3 coalition as well. So thank you.

4 ACTING CHAIRPERSON RIORDAN: Thank you very much.
5 And thank you for assisting the effort. And you know,
6 it's amazing what can happen when everybody gets together
7 on the same page. I'm just so pleased about that. Thank
8 you, Steven.

9 Let me close the record on this agenda item and
10 it's such a pleasure. Know that having this rather
11 pleasant meeting on this item and many others, that's just
12 to get the Board ready for the marathon next month. So if
13 you think this was a nice Board meeting, just wait until
14 next month.

15 So Board members, are there any comments that
16 you'd like to make or I'll entertain a motion to adopt the
17 resolution that is before us. That's Resolution 13-38.

18 BOARD MEMBER BERG: So moved.

19 BOARD MEMBER SHERRIFFS: Second.

20 ACTING CHAIRPERSON RIORDAN: Moved and seconded.
21 All right.

22 Any further discussion? Seeing none, I'll have a
23 voice vote. All those in favor signify by saying aye.

24 (Ayes)

25 ACTING CHAIRPERSON RIORDAN: Opposed, no.

1 Motion carries.

2 Board members, we have one item public comment.
3 Randal Friedman, if you'd come forward. Were you part of
4 the coalition, I hope?

5 MR. FRIEDMAN: Actually, I'm here as a private
6 citizen today.

7 ACTING CHAIRPERSON RIORDAN: Okay. Introduce
8 yourself.

9 MR. FRIEDMAN: Madam Chair and Board members
10 Randal Friedman, today as a private citizen and Nissan
11 Leaf EV owner.

12 My first observation is the abysmal state of the
13 charging network in California. Once I stopped to drive
14 my Leaf to the city of Berkeley. Thankfully the city of
15 Vacaville on its own installed a Level III station. It
16 single-handedly makes feasible driving from the bay area
17 to Sacramento. With limited public charging support in
18 Berkeley, I had to charge at a private home and ended up
19 getting a parking ticket.

20 A second incident occurred when Vacaville's Level
21 III charger was broken, while the Level II charger worked
22 for me, a poor airman from Travis Air Base was stuck fr
23 several hours on his way to the base.

24 A third incident occurred last Sunday on a second
25 drive to Berkeley. The Vacaville Level III was fine in

1 the morning, but broken for the return. At 9:30 p.m.,
2 there were three Leafs waiting for several house,
3 including a woman by herself that had to make it back to
4 San Francisco. I got home at midnight.

5 Why should a basic trip to the State Capitol be
6 dependent on city's decision to construct and maintain this
7 charging station?

8 Further, from Sacramento, I cannot go to Lake
9 Tahoe, Reno, Oregon, given the lack of a charging network.
10 Thankfully I still have my Prius.

11 My fear, a backlash as words gets out people
12 can't really use EVs for anything by a hobbyist car and
13 all this public money used for incentives is down the
14 drain. Imagine the discussion on certain talk radio.

15 Speaking of Oregon, look at any charging station
16 and you'll be amazed at their support. If I can just get
17 my Leaf to the border, I could do many wonderful trips. I
18 haven't found a way to do it yet. Why doesn't someone
19 pick up the phone and see how Oregon and Washington have
20 done it?

21 There is this great concept called the West Coast
22 Green Highway. Per its website, it doesn't exist in
23 California.

24 To conclude my first point, ARB should identify
25 California's deficiency in public charging stations and

1 establish an immediate goal to implement Governor Brown's
2 Executive Order. If no other agency will do it, use your
3 AB 32 powers. The West Coast Green Highway must not stop
4 at the Oregon border.

5 My second point concerns the significant cross
6 benefits from EVs on water quality not addressed in your
7 programs. I've submitted information showing a key to
8 successful and more efficient compliance with federal
9 stormwater standards is clean transportation. I'm proud
10 to say my Leaf has no oil that needs to be changed, no oil
11 filter, no transmission or coolant anti-freeze, et cetera.
12 Nothing to drip, nothing to create expensive
13 externalities. The regenerative brakes significantly
14 reduced toxic copper loading. Oh, and there is no
15 tailpipe.

16 ARB should be working hand in hand with the State
17 Water Board to maximize these cross benefits to water
18 quality. Sadly, this isn't happening.

19 In closing, I'd like to relate Facebook post
20 within the San Francisco Bay Area Nissan Leaf owner. A
21 woman, a music teacher for the Berkeley school district,
22 wrote how sad she was that the despite hours of effort,
23 she couldn't find a way to take her Leaf to Pismo Beach for
24 vacation. She had to take her old diesel truck. Think of
25 those air and water quality impacts that could have been

1 avoided.

2 People won't move to the future with these
3 limitations. You need to use your authority so people
4 like myself, the teacher, can make EVs our only car. So
5 that woman last Sunday isn't stuck alone late at night. I
6 offer my assistance, and I'm sure as do many other EV
7 drivers. Let's fix this and move California in a clean
8 direction. Thank you.

9 ACTING CHAIRPERSON RIORDAN: Thank you, Randal.

10 Let me, if I may Board members, assign this to
11 the appropriate staff. Mr. Corey, I'll leave it up to you
12 to then assign to somebody.

13 I do have some concerns about this, as we
14 probably all do. And you know, hopefully we can put our
15 collaborative effort together to figure out a way to do
16 this. I know Ms. Berg has great experience not driving
17 necessarily from the bay area.

18 BOARD MEMBER BERG: I'd like to echo it, because
19 I just trailered my Leaf from Los Angeles to Davis because
20 I couldn't get it up. So I would like to lend my full
21 support as well, Madam Chair.

22 ACTING CHAIRPERSON RIORDAN: And I'm sure we all
23 want to be successful.

24 I would give you just one little capsule of
25 information. And that is we were invited, some of the

1 Board members, to tour the Tesla facility. I think
2 Supervisor Gioia mentioned that. And key to their thought
3 process to make Tesla successful is the installation of
4 charging facilities for their vehicles.

5 Now, I wasn't sure -- and Mr. De La Torre, maybe
6 you can remember -- but I think there was some talk that
7 if they placed their charging station, there might be a
8 way if it was a match between the car you were driving and
9 their Teslas they would let somebody use their charger.
10 Do I remember that correctly? I think there was just a
11 brief sentence.

12 BOARD MEMBER DE LA TORRE: The swapping out of
13 the battery.

14 BOARD MEMBER GIOIA: They talked about the
15 swapping out.

16 ACTING CHAIRPERSON RIORDAN: I don't think -- no.
17 This had to do with the charger. Forget that. But the
18 point is that they were key to making that successful.
19 They had told me that one of the locations -- I think
20 they're going to do one at the Tejon Ranch and one at
21 Harris Ranch to make that drive up.

22 On my return after my meeting last time we were
23 here, believe it or not, I stopped at the Harris Ranch,
24 which I always do, and there is their charging station.

25 So the point is, you know, to make it successful,

1 they know what to do. We better know what to do for some
2 of our other facilities and auto makers.

3 So Mr. Corey, would you take this on, please?

4 EXECUTIVE OFFICER COREY: Hearing direction from
5 several Board members, you bet.

6 I do want to make a few points, but recognizing
7 at the core, the core point is the need for additional
8 stations and the need for their strategic location. That
9 absolutely is correct.

10 And within the Governor's ZEV Action Plan -- and
11 there was about a week ago an announcement by several
12 companies, both private additional charging stations are
13 being put in, as well as some the public can have access
14 to. Not the solution in its entirety, but part of the
15 solution. Part of the solution is the reauthorization
16 that we talked to about this as because it's going to be
17 several elements to ultimately deal with this and deal
18 with it in an effective way. But keying off of Chair's
19 and other comments and that of Ms. Berg, we will follow
20 up. We'll be following up with CEC and others on what the
21 long term plan is.

22 ACTING CHAIRPERSON RIORDAN: Great. And
23 especially these highly used potential traffic, i.e., the
24 Bay Area to Sacramento.

25 Now, the next item on our agenda Board members is

1 something that we are offering. It's called an optional
2 closed session, which means that we will adjourn to a
3 closed session, as indicated on our public notice for
4 today's meeting. The purpose of this optional closed
5 session is for Board members to confer with and receive
6 advice or information from our legal counsel regarding
7 pending litigation listed on today's public agenda.

8 But where it becomes optional, because it was
9 somewhat short notice for you, if you can join us, fine.
10 If you have a meeting scheduled, we understand. And you
11 can return. I will come back and announce any action, if
12 there is any -- I don't anticipate any, but you never
13 know. So I'll leave that open. So I won't close the
14 meeting until we've had the closed session. We hold the
15 closed session back here in the same room in the corner of
16 this building, this floor. And unless there is some other
17 comment, I'm going to adjourn us to our optional closed
18 session.

19 (Whereupon the Air Resources Board recessed
20 into closed session from 11:27 a.m.
21 to 12:02 p.m.)

22 ACTING BOARD MEMBER RIORDAN: Thank you. We
23 finished our closed session and I will ask our Counsel
24 Peter to make any comments that are appropriate for that.

25 CHIEF COUNSEL PETER: Yes, Madam Chair. The

1 Board did meet in closed session. We discussed pending
2 litigation, and no action was taken at the closed session.

3 ACTING BOARD MEMBER RIORDAN: Thank you. And we
4 will adjourn the meeting.

5 (Whereupon the Air Resources Board adjourned at
6 12:02 p.m.)

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