

M e m o r a n d u m

To: Chair Weisenmiller
Commissioner Scott
Commissioner Douglas
Commissioner Hochschild
Commissioner McAllister

Date: January 7, 2019

From: Samantha Arens
Attorney, Transaction Unit
Chief Counsel's Office

Subject: Proposed California Environmental Quality Act Compliance
Regarding the Proposed Funding Modifications to the *2017-2018 Investment Plan Update* for the Alternative and Renewable Fuel and Vehicle Technology Program

At the January 9, 2019 Commission business meeting, staff from the Commission's Alternative and Renewable Fuel and Vehicle Technology Program ("ARFVTP") plan to propose funding modifications to the *2017-2018 Investment Plan Update* ("Modified Investment Plan") for the Commission's consideration and approval.

For purposes of complying with the California Environmental Quality Act ("CEQA," Public Resources Code § 21000 et seq.), I recommend the Commission find that approving this Modified Investment Plan is not a "project" for purposes of CEQA.

Under CEQA, a "project" means "an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment..." (Pub. Resources Code § 21065.) The definition of "project" does not include:

The creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. [14 Cal. Code of Regulations § 15378.]

This Modified Investment Plan meets this exception to the definition of a "project" under CEQA because it only proposes funding for categories of activities. Decisions to fund specific projects will be made in the future through competitive solicitations or other selection mechanisms. Because no commitment to any specific project is made in this Modified Investment Plan, approving it will not cause a direct or reasonably foreseeable indirect change in the environment.

California Energy Commission Business Meeting
January 9, 2019

Item 1c: Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program

On January 9, 2019, the California Energy Commission will consider approval of funding modifications to the *2017-2018 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP)*.

The funding modifications will subtract \$300,000 from the Natural Gas Fueling Infrastructure funding allocation and \$20,529 from the Advanced Freight and Fleet Technologies funding allocation, and add \$320,529 to the Natural Gas Vehicle Incentives funding allocation. This reallocated funding would allow the Energy Commission to quickly repurpose expiring funds toward natural gas vehicle incentives for replacing the state's oldest diesel school buses under solicitation GFO-17-607.

The modifications are summarized in Table 1, with changes shown in bold and underlined font.

Table 1: Fiscal Year 2017-2018 Funding Summary Table with Proposed Modification

Category	Project/Activity	Current Allocation (in millions)	Proposed Modified Allocation (in millions)
Alternative Fuel Production	Biofuel Production and Supply	\$22.9	\$22.9
Alternative Fuel Infrastructure	Electric Charging Infrastructure	\$16.6	\$16.6
	Hydrogen Refueling Infrastructure	\$19.4	\$19.4
	Natural Gas Fueling Infrastructure	\$2.4	<u>\$2.1</u>
Alternative Fuel and Advanced Technology Vehicles	Natural Gas Vehicle Incentives	\$9.7*	<u>\$10.0*</u>
	Advanced Freight and Fleet Technologies	\$17.5**	<u>\$17.5**</u>
Related Needs and Opportunities	Emerging Opportunities	\$0.4	\$0.4
	Workforce Training and Development Agreements	\$3.4	\$3.4
	Manufacturing	\$4.9	\$4.9
Total		\$97.2	\$97.2

Current allocation amounts are *\$9,700,000 and **\$17,500,000 respectively.

Proposed modified allocation amounts are *\$10,020,529 and **\$17,479,471 respectively.

Each year, the California Budget Act appropriates funds to the ARFVTP and establishes fiscal deadlines for the encumbrance and expenditure of those funds. With the exception of Hydrogen Refueling Infrastructure funding, FY 2017-2018 funding must be encumbered by June 30, 2019. If the funding is not encumbered, it will revert to the Alternative and

Renewable Fuel and Vehicle Technology Fund (ARFVT Fund) and will become unavailable to be used for the purposes described in the *2017-2018 Investment Plan Update*.

If approved at the January 9, 2019 Business Meeting, these modifications will be incorporated as part of the *2017-2018 Investment Plan Update*.

If you have any questions about these specific funding reallocations or about the ARFVTP in general, please contact Patrick Brecht, ARFVTP Investment Plan Project Manager, at (916) 654-4084 or patrick.brecht@energy.ca.gov.