

Greenhouse Gas Reduction Fund: Expenditure Record

California Energy Commission
Clean Transportation Program
Fiscal Year 2023-24

Authorizing legislation: Item 3360-101-3228 of the Budget Act of 2023 (Chapters 12, 38, and 189 of the Statutes of 2023), as amended by Senate Bill (SB) 109 (Wiener, Chapter 36, Statutes of 2024) and Assembly Bill (AB) 158 (Gabriel, Chapter 996, Statutes of 2024), appropriates to the California Energy Commission (CEC) \$670.985 million for the Clean Transportation Program funded by the Greenhouse Gas Reduction Fund. Additionally, Item 3360-001-3228 of the Budget Act of 2023, as amended by SB 109, appropriates to the CEC \$35.315 million for administrative costs.

Element 1: A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

Agency that will administer funding:

- California Energy Commission

Amount of proposed expenditure and appropriation reference:

- The total expenditure is \$706.3 million for the CEC's Clean Transportation Program per Item 3360-101-3228 of the Budget Act of 2023 as amended by SB 109 and AB 158 and Item 3360-001-3228 of the Budget Act of 2023 as amended by SB 109.

Estimated amount of expenditures for administering agency administrative costs

- Item 3360-001-3228 (amended by SB 109), Schedule 2, appropriates \$35.315 million for administrative costs, and Provision 2 identifies how these funds shall be used. Provision (2a) identifies \$5,000,000 to be used for administrative costs to support the deployment of equitable at-home charging infrastructure, Provision (2b) identifies \$12,100,000 to be used for administrative costs to support the deployment of charging and hydrogen refueling infrastructure for zero-emission drayage trucks, Provision (2c) identifies \$10,815,000 to be used for administrative costs to support the deployment of charging and hydrogen refueling infrastructure for clean trucks, buses, and off-road equipment, Provision (2d) identifies \$5,975,000 to be used for administrative costs to support the deployment of charging and hydrogen refueling infrastructure for zero-emission light-duty vehicles and medium- and heavy-duty vehicles, and Provision (2e) identifies \$1,425,000 to be used for administrative costs to support the deployment of charging and hydrogen refueling infrastructure for zero-emission transit buses.

If applicable, identify laws or regulations that govern how funds will be used

- Assembly Bill (AB) 1532 (Pérez, Chapter 807, Statutes of 2012), SB 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee,

Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32.

- AB 398 (E. Garcia, Chapter 135, Statutes of 2017) prioritized certain expenditures from the Greenhouse Gas Reduction Fund including low- and zero-carbon transportation alternatives.
- AB 126 (Reyes, Chapter 319, Statutes of 2023) extended the Clean Transportation Program to July 1, 2035, and provides direction on how the funds will be allocated to recipients, including requirements for project eligibility and program implementation.
- SB 109 (Wiener, Chapter 36, Statutes of 2024), as amended by AB 158 (Gabriel, Chapter 996, Statutes of 2024) specifies how the funds will be allocated by general program category. SB 109 (Item 3360-001-3328) and AB 158 (Item 3360-101-3228) further defines how the CEC will administer projects. All funds will be allocated and managed in accordance with these laws.

Continuation of existing Expenditure Record

- This is a new Expenditure Record.

Project Type(s)

- CEC's Clean Transportation Program

Describe the projects and/or measures that will be eligible for funding

- Per AB 158, the following projects will be eligible for funding:
 - \$95 million to support the deployment of equitable-at-home charging.
 - \$229.9 million to support charging and hydrogen refueling infrastructure for zero-emission drayage trucks.
 - \$205.485 million to support charging and hydrogen refueling infrastructure for clean trucks, buses, and off-road equipment, including, but not limited to, construction and agricultural vehicles and equipment.
 - \$113,525,000 to support charging and hydrogen refueling infrastructure for zero-emission light-duty vehicles and medium- and heavy-duty vehicles.
 - \$27,075,000 to support charging and hydrogen refueling infrastructure for the deployment of zero-emission transit buses.
- The figures listed above do not include administrative costs. The total of \$706.3 million was reduced by \$35.315 million, which is the maximum administrative costs the CEC is allowed to incur associated with this funding.
- CEC's Investment Plan Update for the Clean Transportation Program will describe the expenditures that will be made pursuant to this appropriation in greater detail.

Intended recipients

- Non-profit organizations
- Businesses
- Local transit agencies
- Individuals

- Local and Tribal Governments
- Public Agencies
- Public Schools and School Districts
- Universities/Colleges

Program structure and process for selecting projects for funding

- The CEC's *Investment Plan Update for the Clean Transportation Program* and future updates describe the general program structures and funding allocations. The *Investment Plan Updates* reflect laws, executive orders, regulations, and other funding programs to reduce greenhouse gas (GHG) emissions, petroleum dependence, and criteria pollution emissions for all Californians. Program priorities are determined with input from interested and affected groups, the Disadvantaged Communities Advisory Group, the Clean Transportation Program Advisory Committee, and CEC reports and analyses. These priorities are consistent with the program goal "to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies."
- *Investment Plan Updates* establish funding allocations each fiscal year based on identified needs and opportunities, including a focus on zero-emission vehicle (ZEV) infrastructure. The *Investment Plan Updates* also prioritize jobs, economic stimulus, and equity.
- Funding mechanisms used for the Clean Transportation Program include competitive solicitations for grants, block grants, direct agreements, and loans. The CEC evaluates these mechanisms when developing the funding implementation strategy for each allocation.

Element 2: A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

How the expenditure is consistent with the Investment Plan and the Scoping Plan

- AB 1532 (Pérez, Chapter 807, Statutes of 2012) requires that monies from the Greenhouse Gas Reduction Fund be appropriated in a manner that is consistent with the three-year Investment Plan. The "Cap and-Trade Auction Proceeds Fourth Investment Plan: Fiscal Years 2022-23 through 2024-25" recommends support for deployment of ZEVs, equipment, and associated infrastructure. The expenditures described in this record and the *Investment Plan Update for the Clean Transportation Program* are consistent with these investment recommendations.
- California's 2022 Climate Change Scoping Plan identified key strategies and recommendations to continue reducing GHG emissions and achieve the goals and purposes of AB 32 and related statutes. Key recommendations for the transportation system include ensuring that the transition to ZEV technology is affordable for low-

income households and communities and accelerating funding support for ZEVs and related infrastructure through 2030 to ensure the rapid transformation of the transportation sector. The expenditures described in the record and the *Investment Plan Update for the Clean Transportation Program* will help implement these Scoping Plan goals.

Element 3: A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Describe how expenditures will facilitate the achievement of GHG emission reductions in the State

- Expenditures will achieve GHG emission reductions by funding the purchase and installation of infrastructure for ZEVs which emit less emissions than comparable conventionally fueled vehicles or equipment.

Explain when GHG emission reductions and/or co-benefits are expected to occur and how they will be maintained

- Potential benefits can begin to accrue as soon as the ZEV infrastructure is installed and operational, giving ZEV drivers the opportunity to conveniently charge or refuel.
- The expected timeframe when reductions will be achieved and the length of time these expenditures will maintain GHG reductions varies by project. It is expected that the projects will maintain GHG emission reductions for a period of at least six years based on operational standards.
- Emission reductions will be maintained by requirements that ensure electric vehicle (EV) chargers and hydrogen refueling stations are reliable and durable during the project lifetime. Ensuring a reliable charging and refueling experience is critical to encouraging wider uptake of ZEVs and thereby lead to emission reductions. AB 2061 (Ting, Chapter 345, Statutes of 2022) requires the CEC to develop uptime recordkeeping and reporting standards for publicly funded EV charging stations. The law also authorizes the CEC to adopt tools to increase EV charging station uptime, including requirements and incentives for uptime and operations and maintenance. The CEC requires operation and maintenance plans for publicly funded ZEV infrastructure installations and provides grant funding for operations and maintenance. The CEC will also require that funded hydrogen stations provide data on downtime related to maintenance, equipment failures, or hydrogen fuel supply issues to understand the reliability of the network from a customer experience.

Element 4: A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency

- In addition to providing GHG benefits, these expenditures will provide air quality, public health, and economic benefits.
- Air Quality and Public Health Benefits:
 - All ZEV infrastructure projects will enable the use of clean vehicles, thus reducing criteria pollutant forming emissions of oxides of nitrogen (NO_x), reactive organic gases (ROG), and particulate matter (PM) that contribute to ozone and PM air pollution. By reducing NO_x, ROG, and PM emissions, these projects help California meet the health-based air quality standards and reduce toxic hot spots in California, including those near transportation hubs.
 - Improving the public's perception of charging and hydrogen refueling infrastructure reliability will result in greater adoption of ZEVs. Increased ZEV adoption results in a greater use of electricity as a fuel and reduces fossil fuel consumption and reduces the impacts of air pollutants.
 - Converting diesel and other fossil-fueled trucks and buses to ZEVs will significantly reduce local air pollutants, which are often affecting low-income and disadvantaged communities around major freight corridors and ports.
 - Several of the projects may be designed to limit participation to the regions of California in and near disadvantaged communities in order to maximize air quality and public health benefits in these regions. Installation of ZEV infrastructure will yield environmental and public health co-benefits for disadvantaged community residents from displacement of emissions from conventionally fueled vehicles.
- Economic Benefits:
 - Installation and maintenance of ZEV infrastructure is expected to have a positive impact on job creation due to an increased need for contractors, technicians, electricians, and others to develop, install, and maintain the infrastructure.
 - Several companies that manufacture ZEV infrastructure components and vehicles are located in California. ZEV infrastructure deployment promotes the purchase of ZEVs and provides an economic benefit to these companies and supports California-based jobs.
 - Overall, financial incentives provided through these projects help reduce the cost of zero-emission transportation options and equipment for low-income consumers, public and private drayage fleets, cities, counties, K-12 school districts, community-based organizations, and tribal governments.
 - Installation of ZEV infrastructure can yield economic benefits through reduced transportation costs relative to conventionally fueled vehicles.

- Switching from fossil fuel use to hydrogen or charging helps with energy security that may affect consumer budgets, consumption of goods and services, and gross domestic product.

How the project will support other objectives of AB 32 and related statutes

- These projects will support other objectives of AB 32 by reducing GHG emissions in a manner that:
 - Improves and modernizes California's transportation energy infrastructure.
 - Maximizes additional environmental and economic co-benefits for California.
 - Complements the State's efforts to improve air quality.
 - Reduces air pollution to improve equitable outcomes, given that air quality burdens fall disproportionately on low-income residents and people of color.
 - Directs public and private investment toward the most disadvantaged communities in California.
- ZEV infrastructure technologies being funded provide criteria pollutant and air toxics co-benefits thereby complementing the State's efforts to improve air quality. Increasing zero-emission infrastructure helps replace heavily polluting medium-and heavy-duty combustion vehicles, which accounts for a significant amount of GHG emissions in California because of comparatively low fuel efficiency and high number of miles traveled per year.
- Many projects are focused on direct investments in disadvantaged communities in California and provide economic benefits to low-income consumers and public and private fleets.

Percentage of total funding that will be expended for projects that are located in and benefit priority populations¹ per CARB guidance

- The administering agency has established a target to expend at least 50 percent of the total project funds received under this fiscal year appropriation to fund projects that meet AB 126 (Reyes, Chapter 319, Statutes of 2023) and AB 1550 (Gomez, Chapter 369, Statutes of 2016) criteria.

Describe the benefits to priority populations per CARB guidance

- Projects will provide incentives for ZEV infrastructure that reduces criteria air pollutant or toxic air contaminant emissions by funding infrastructure within disadvantaged and low-income communities.

Explain strategies the administering agency will use to maximize benefits to disadvantaged communities

- To help maximize benefits to disadvantaged communities, the CEC coordinates with local community-based organizations, Tribes/Tribal organizations, and other interested

¹ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B Funding Guidelines for more information on the definitions of priority populations.

parties to host workshops that allow the public to provide input on the types of funded projects.

- Projects located within a disadvantaged or low-income community are prioritized and may receive additional points in scoring or be eligible for higher incentive levels.

Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens

- The CEC will consult directly with communities through various means including workshops and public comments on program requirements to identify potential burdens. The CEC will make programmatic adjustments to eligibility criteria, and ultimately funding decisions, as necessary to avoid potential substantial burdens to disadvantaged and low-income communities.

Element 5: A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance

- The CEC will require funding recipients to maintain records and submit quarterly status reports. In addition, the CEC will conduct periodic reviews of selected projects. If a funding recipient does not perform in accordance with program requirements, the recipient will be subject to the remedies for non-performance, as identified in the CEC's solicitations and grant agreements.

Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion

- The CEC will calculate the GHG emission reductions and co-benefits expected and achieved from projects using quantification methodologies that CARB will develop in coordination and collaboration with the CEC.

Type of information that will be collected to document results, consistent with CARB guidance

- To determine the employment outcomes (jobs), the CEC will compile data from funding recipients on jobs provided, both the quality and quantity, consistent with CARB guidance.
- The CEC will collect data on project location, baseline and estimated energy usage, energy costs, type of upgrade that was installed, expected quantification period, and other data, as applicable and as specified in CARB guidance.
- Once operational, the CEC will collect information on project outcomes for selected projects, consistent with CARB guidance.

How the administering agency will report on program status

- The CEC will report to CARB consistent with CARB guidance. The CEC will provide regular updates on the program, including expenditure amounts, GHG emission reductions, and other benefits, as applicable.