

Chapter 5: Incentive Programs

Summary:

Incentive programs are an integral part of the emission reduction efforts of the District. They provide an effective way to accelerate emission reductions and encourage advancements in technology, particularly in the mobile source sector, which are not under the District's regulatory jurisdiction, and are the source of 80% of the Valley's NO_x emissions. Developed in response to this jurisdictional predicament, the District's successful voluntary incentive grant program helps the Valley achieve emission reductions beyond the District's regulatory bounds.

The District's incentive programs continue to be a model for other agencies throughout the state. Recent audits noted the District's efficient, robust, and effective use of incentive grant funds in reducing air pollution. The District has been collaborating with EPA to establish criteria for the quantification of emissions reductions from SIP creditable incentive programs.

The District offers numerous incentives programs to reduce emissions from a variety of equipment such as heavy duty engines, school buses, and lawn and garden equipment. The District places particular emphasis on providing incentives to environmental justice communities. To date, the District has awarded nearly \$400 million in incentive funding resulting in more than 90,000 tons of lifetime emission reductions. District staff will continue to expand on the success of its current programs and craft new incentive programs to foster additional emissions reductions from Valley sources. This chapter will provide the details of the District's incentive program efforts.

The District currently implements the following incentive programs:

- **Heavy-Duty Engine Program.** The Heavy-Duty Engine Program is by far the District's largest and most successful incentive program. The Heavy-Duty Engine Program accepts applications for a wide variety of engines that power vehicles or equipment. Heavy-duty trucks, buses, and heavy-duty off-road engines are significant sources of nitrogen oxides (NO_x), particulate matter (PM) and reactive organic gases (ROG) emissions within the San Joaquin Valley. Although the District does not have the authority to regulate vehicle tailpipe emissions, it can provide monetary incentives to reduce emissions from these sources. The program provides funding for equipment replacements, engine repowers, or retrofits that are cost-effective in reducing emissions. Emission reductions are obtained when the project applicant purchases vehicles and engines that are cleaner than required by current emission standards or installs an emission certified retrofit device on an existing engine. Project types funded include, but are not limited to: on-road vehicles (heavy duty trucks, school buses, etc.), locomotives, off-road vehicles and equipment (construction, agricultural

tractors, etc.), agricultural irrigation pump engines, forklifts, and engine idle reduction technology.

- **Proposition 1B.** An important component of the Heavy-Duty Engine Program is the Goods Movement Emission Reduction Program, funded through Proposition 1B. This program requires a competitive application solicitation process. Emissions from every piece of equipment that is submitted to the District for funding must be calculated and proposals must be ranked by cost-effectiveness. Each eligible piece of equipment will then be funded in order of cost-effectiveness until the program funds are exhausted. There are also substantial monitoring, auditing and reporting requirements associated with these funds.
- **Truck Voucher Incentive Programs.** The truck voucher incentive program was the first of its kind when launched by the District recently as one of its newest incentive programs. The program is primarily focused on providing funding for truck replacements for small businesses that do not generally qualify for funding under the Proposition 1B and other programs. The program is designed to be streamlined, with close coordination of the application and verification process conducted with truck dealerships. District verification of all information submitted as well as physical inspections of new and old vehicles help ensure that the integrity of the program is maintained throughout the process.
- **Agricultural Equipment Replacement Program.** Another relatively new addition to the District's incentive programs, the Agricultural Equipment Replacement Program funds the replacement of various types of older agricultural equipment with the latest generation certified equipment. District staff evaluates all applications for eligibility and emissions benefits and performs extensive monitoring to verify emissions reductions. This new program has seen extensive interest and is one of the primary incentive programs operated by the District.
- **Lower Emission School Bus Program.** The Lower Emission School Bus Program was created to reduce school children's exposure to cancer-causing and smog-forming pollution. By reducing exhaust emissions from old diesel school buses, the risk to one of our most sensitive groups, children, is greatly reduced. Any California public school district that owns and operates school buses in the San Joaquin Valley Air Basin, or any Joint Powers Authority (JPA) that directly provides transportation services to public school districts, is eligible to apply for funds. The School Bus Replacement Program offers incentive funding for the replacement and retrofit of high-emitting diesel school buses with new emission certified buses and clean filter technologies. In addition to funding projects in the San Joaquin Valley, the District has also been administering the Lower Emission School Bus Program funds for a number of neighboring and other small air districts throughout the state.

- **REMOVE Program.** The REMOVE Program provides incentives for specific projects that will reduce motor vehicle emissions within the District. The purpose of the REMOVE Program is to assist the District in satisfying the requirements of the California Clean Air Act. This is accomplished by allocating funds to cost-effective projects that have the greatest motor vehicle emission reductions resulting in long-term impacts on air pollution problems in the Valley. All projects must have a direct air quality benefit to the District. Eligible project types include high-polluting vehicle scrappage, E-mobility (video-telecommunications), light- and medium-duty vehicle purchase, bicycle infrastructure, alternative fuel vehicle mechanics training, public transportation and commuter vanpool subsidies.
- **Polluting Automobile Scrap and Salvage.** This innovative program provides a variety of incentives to encourage the early retirement of the highest polluting light-duty vehicles by encouraging the scrapping or repair of these vehicles. The State Bureau of Automotive Repair (BAR) currently has a statewide program that encourages the early retirement of vehicles that fail their smog check. The PASS repair program is a relatively new addition to the District's incentive programs, with the District sponsoring 15 well-attended events since the launch of the program in 2011.
- **Drive Clean!** During 2011-12, the District revamped its incentive program aimed at encouraging Valley residents to drive advanced clean vehicles, establishing a new incentive structure that provides a variety of incentives for electric and other alternative-fueled vehicles. Additionally, in addition to clean vehicle rebates, Drive Clean! includes incentives that cover a portion of the charging infrastructure cost associated with electric vehicles.
- **Public Benefit Grants Program.** The Public Benefit Grant Program is another recent addition to the District's incentive programs, and provides funding to Valley cities, counties and other public agencies for a wide variety of clean-air public-benefit projects that provide benefits to Valley residents. Eligible applicants are cities, counties, special districts (i.e. water districts, irrigation districts, etc.) and public educational institutions (i.e. school districts, community colleges, state universities, etc.) located within the geographic area of the SJVAPCD.
- **Burn Cleaner Program.** The Burn Cleaner Wood Stove Change-Out Program is offered to help Valley residents upgrade their current wood-burning devices and open fireplaces to cleaner devices to alleviate the problem of particulates, which cause significant health impacts to Valley residents during the fall and winter months. The District offers a financial incentive to any interested resident and an additional incentive to low-income residents through a streamlined voucher program that involves partnering with interested retailers.
- **Lawn Mower Replacement Program.** The District has run a highly successful lawn mower replacement for a number of years. The program is designed to

operate through either events or mail order, and includes verification that an old lawn mower has been replaced.

- **Smoking Vehicle Program.** The District also administers the Smoking Vehicle Program; a voluntary compliance program intended to inform drivers that their vehicle has been witnessed emitting excessive smoke and pollutants. Anonymous reports are received by the District's Smoking Vehicle telephone hotline, website, or through regular mail. Owners of the reported smoking vehicles are contacted via letter informing them that their vehicles were seen emitting excessive smoke, along with information on ways they could repair their vehicles.
- **Technology Advancement Program.** The District created the Technology Advancement Program (TAP) in late 2010 to encourage the development of advanced new emission reduction technologies in the Valley. The program provides funding for clean air technology advancement projects in several focus areas.

The District is engaged at every level of state and federal government to craft policy and funding targets that account for the Valley's unique challenges and need to accelerate emissions reductions from mobile sources. To that end, the District is working closely with the Valley's legislative delegation to ensure that the Valley's needs are well represented in discussions of where to focus funding throughout the state and the region as a whole. In addition, the District is focused on how to effectively allocate the limited funding received for its incentive programs.

The District continues to dedicate significant effort to ensure that the San Joaquin Valley receives its share of state and federal incentive funds through a variety of sources. In addition to aggressively pursuing funding from state funding sources such as the Carl Moyer Program and Lower Emission School Bus Program, the District has been very successful in securing grants from the highly-competitive federal Diesel Emission Reductions Act (DERA) and the state AB 118 Air Quality Incentive Program (AQIP). Many of the funding sources for these programs are scheduled to sunset during the scope of this plan. This chapter will provide information on the statewide and District efforts to re-authorize and maintain funding for these important programs.