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MEMORANDUM

To: ESJPA Board of Directors
From: Mary Pitto, Program Manager
Date: December 8, 2010
RE: Air Resources Board Diesel Activities Update

In-Use Off-Road Diesel-Fueled Fleet Regulation

The off-road emission regulations were approved by the Air Resources Board (ARB) and became effective in June of 2008. There were subsequent amendments to the regulations, but none that significantly affected our rural public fleets. In early 2010, however, the ARB directed staff to consider the impact of the recession to the emission inventory from off-road and on-road vehicles and the economic impacts to both the off-road diesel vehicle and (private fleet) on-road industries. The Board directed staff to consider regulatory relief for fleets affected by the regulations. Any relief on the combined emissions benefits achieved by the regulations would need to continue to meet state implementation plan (SIP) requirements for the combined SIP categories.

RCRC submitted letters supporting any delay in implementation of the Off-Road Rule, increasing the low-use vehicle exemption hours, and requesting ARB reconsider extending the “Captive Attainment Area Fleet” to those rural counties that are classified as nonattainment for ozone and particulate matter (PM) 2.5 strictly due to intrastate transport of air pollution.

During this past year, ARB staff worked with industry representatives and stakeholders and held a series of four workshops. ARB staff presented their revised emissions inventory, which took into account the impacts of the economy to the trucking/construction business and reflected updated vehicle populations inventories. ARB’s new estimates show that the recession has significantly reduced emissions across both categories and that the off-road equipment inventory and emissions are now substantially lower. Combined, this has provided a margin for some regulatory relief to both rules.

At their final series of September/October workshops, ARB staff presented proposed regulatory amendments that provide economic relief through implementation delay and compliance obligation reductions. Prior to the final scheduled workshop in October, ARB announced an agreement with the Associated General Contractors of America (AGC) for the off-road regulations to include a number of provisions in the original staff proposal, but further delaying compliance dates and raising the low-use threshold.

The draft regulations were released for official public review at the end of October, with the ARB public hearing for consideration to be held on December 16. The proposed amendments delay and simplify the regulations and requirements, allow fleets to keep vehicles longer, and still provide rewards for early action. The amendments significantly reduce costs to industry in the early years (60-75 percent) and cut the total cost of the regulation overall (40-50 percent).

The following provides a summary of the draft major amendments to the off-road diesel regulations.

1. Delay Initial and Final Compliance Dates

The compliance dates have been delayed by four years:

- Large fleets: from March 1, 2010, to January 1, 2014, with final compliance January 1, 2024 (from March 1, 2020)
- Medium fleets: from March 1, 2013, to January 1, 2017, with final compliance January 1, 2024 (from March 1, 2020) and
- Small fleets (and public fleets in low population counties): from March 1, 2015, to January 1, 2019, with final compliance January 1, 2028 (from March 1, 2025).

2. New Combined PM and NO_x Fleet Average Requirements

The NO_x and PM fleet average targets have been combined. By combining the PM and NO_x requirements, the regulation would become less complicated since fleets will only have to meet a single annual fleet average. However, the combined fleet average targets would be adjusted to require the appropriate amount of actions to reduce emissions. The stringency of the final fleet average targets is proposed to increase. This will result in fleets having to turn over additional older, dirtier vehicles such that a greater proportion of their vehicles are equipped with Tier 4i and Tier 4 engines. By lowering the final fleet average targets, additional emission reductions will be realized.

3. Modify the Best Available Control Technology (BACT) Requirements

The PM and NO_x BACT requirements are proposed to be combined. All fleets would have the following compliance options for meeting the proposed combined BACT requirements:

- Replace older vehicles with new or cleaner, used vehicles;
- Replace diesel vehicles with electric or alternative fuel vehicles;
- Repower older engines with Tier 2 or higher engines;
- Retire vehicles from fleet;
- Designate vehicles as permanent low-use; or
- Install verified diesel emission control strategies (VDECS).

This proposal would reduce the overall annual requirements to no more than 4.8 to 10 percent of a fleet's horsepower in each year the fleet did not meet the fleet average target, as well as allow fleets the option to choose installing exhaust retrofits, turning over their oldest vehicles to newer, cleaner vehicles, or some combination thereof.

4. Increase Low-Use Threshold

The draft amendments propose to define the two types of low-use vehicles within the regulation as either year-by-year low use or permanent low use, and to increase the low-use from 100 hours annually to 200 hours annually.

5. Credit Provisions

The draft amendments allow fleets to maintain credits for actual efforts already made to reduce emissions and to further incentivize early actions by fleets, by extending the retrofit double credit period until 12 months prior to the initial compliance deadline for that fleet and amending other credit provisions. In addition, the Board may consider additional amendments to provide fleets flexibility to take credit for actions to reduce emissions between the off-road regulation and the on-road regulation.

6. New Provisions for Fleets Under 500 Horsepower

The draft amendments contain a new provision to allow fleets with under 500 horsepower to choose to comply with the fleet average requirements or the BACT requirements of the regulation solely by phasing out their Tier 0 and Tier 1 vehicles between 2019 and 2029.

7. Additional Minor Amendments

The draft amendments contain a number of minor amendments to clarify the off-road regulation, simplify compliance, and provide consistency with the major amendments discussed above

The notice and all subsequent regulatory documents are available on the ARB's website at: <http://www.arb.ca.gov/regact/2010/offroadlsi10/offroadlsi10.htm>

Additional information on the Off Road Rule is available on the ARB website, located at: <http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm>

RCRC will be submitting a letter supportive of the proposed amendments

