

California lawmakers unplug the state's electric car program

By Liam Dillon and Chris Megerian

Los Angeles Times, Thursday, June 16, 2016

A few months ago, Gabriel Lua purchased a 2013 Chevy Volt to replace his 1987 Honda Civic, which had been giving him exhaust headaches and made him worry about the health of his children, ages 3 and 5.

Even though the old Civic had failed the state's smog test three times and was costing him hundreds of dollars a month in maintenance, Lua said he couldn't afford to replace it until he learned about a state incentive that helps low-income residents in California's most polluted communities replace their dirty cars. The state covered more than half the new car's price tag.

"It saves me gas. It saves me money. I feel safer. And most important, it's for my kids," said Lua, a 31-year-old mail carrier for a San Joaquin Valley school district.

Lua's experience is exactly what Gov. Jerry Brown and lawmakers were aiming to achieve when they decided to spend money from the state's greenhouse gas reduction fund on subsidizing the purchase of low- and zero-emission vehicles.

But now they're cutting off the cash, the result of a political impasse and questions over the future of the state's climate change programs. Without the funds, California could have a harder time meeting its ambitious goals for getting cleaner vehicles on the roads and protecting public health in smog-ridden areas of the state.

The state's largest clean-car program and additional subsidies designed for low-income residents in the San Joaquin Valley and Los Angeles have so far put 150,000 low- and zero-emission vehicles on the road in the last seven years, with demand ramping up to thousands of cars per month recently.

"I think it's ridiculous to play politics with kids' lungs," said Dean Florez, a former state senator and member of the California Air Resources Board, the agency that regulates greenhouse gas emissions.

The state's new budget, which is awaiting Brown's signature after the Legislature's approval Wednesday, includes nothing for the vehicle subsidies or other efforts to make heavy-duty trucks more environmentally friendly. Meantime, the clean-car programs are pushing people to waiting lists.

Unlike most budget cuts, the decision to slash funding isn't due to a lack of money.

California's greenhouse gas reduction fund gets its cash from auctions that are part of the cap-and-trade program, which requires businesses like oil refineries and manufacturers to buy permits based on how much they pollute.

Although the latest auction of permits produced almost no revenue, the state had previously stockpiled \$1.4 billion in the fund. Some of that cash is left over from last year, when the governor and lawmakers were unable to reach an agreement on how to spend it.

Environmental advocates are growing increasingly frustrated that the dollars aren't hitting the streets. Some believe the governor is holding onto the money as an incentive for lawmakers to reach a deal this summer on extending the life of the cap-and-trade program, which is facing legal questions over whether it can keep operating past 2020.

"With the urgency of the climate crisis, we really shouldn't delay in investing in projects that reduce emissions," said Bill Magavern, policy director for the Coalition for Clean Air.

The Brown administration acknowledged the existing climate change dollars could be used as leverage in negotiations on the cap-and-trade program's future. This week, Brown endorsed extending the program through new legislation.

"An extension will not only provide market certainty, but will ensure ongoing funding for clean-energy programs, especially in vulnerable communities," Brown spokeswoman Deborah Hoffman told The Times.

The clean-vehicle programs are essential to the state's ambitious climate change goals. Air Resources Board Chairwoman Mary Nichols has said all internal combustion engine cars must be off the road by 2050 to meet Brown's target of drastically reducing greenhouse gas emissions by that time.

Targeting incentive programs toward low-income drivers is particularly important not only because they struggle to afford electric cars, but also because they're often stuck behind the wheel of older, dirtier vehicles that cause more pollution.

Currently, 3% of cars sold in California are zero-emission models – the highest percentage of any state. Even so, Brown has lamented that the pace has lagged far behind the state's needs.

The program for low-income residents managed by the San Joaquin Valley Air Pollution Control District has taken a 1972 Ford Courier, 1979 Chevrolet Impala, 1979 Ford Ranchero and hundreds of other cars 20 years and older off the road in favor of electric vehicles and hybrids.

Sayed Sadredin, the district's executive director, said cars and heavy-duty trucks make up more than 65% of pollution in the valley. The state-funded zero-emission vehicle incentives are indispensable to meeting the region's climate change goals and its requirements under the federal Clean Air Act, he said, but the district expects to drain the last of its \$6.4 million for incentives within the next two months.

"That could be devastating to our efforts," Sadredin said.

Any San Joaquin Valley residents applying for vehicle incentives now get placed on a waiting list, as do those seeking similar dollars in Los Angeles. In recent weeks, the website of the state's main low-emission vehicle rebate program has been updated to greet visitors with a graphic saying that it has run out of money and anyone eligible would go on a waiting list.

Automobile industry representatives also are concerned about the funding problems.

Carmakers signed agreements with the state committing to the production of cleaner vehicles with the understanding that public dollars would go toward incentive programs, said John Bozzella, the president and chief executive officer of Global Automakers, an umbrella group representing the U.S. divisions of 12 motor vehicle manufacturers.

"If you're measuring based on the requirements in the [zero-emission vehicle] program, the numbers are very low," Bozzella said. "And that would suggest to us that you need every tool in the toolbox."

Earlier this year, officials were operating under a different plan.

In January, Brown proposed spending \$500 million on low-carbon transportation programs in the coming year, including \$230 million on the primary low-emission rebate program for consumers and \$30 million to expand programs targeted to low-income residents in the San Joaquin Valley and Los Angeles. The new dollars were supposed to get 100,000 clean cars on the road.

Last week, a Brown administration finance official told a legislative budget committee that significantly lower than expected revenue from the most recent cap-and-trade auction contributed to the decision to hold back the cash.

But others, including Senate leader Kevin de León (D-Los Angeles), said the existing greenhouse gas money should be spent as soon as possible.

"Every time we don't spend money, more carbon is emitted into the atmosphere," De León said.