SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Ben Hueso, Chair
2021 - 2022 Regular

Bill No:	SB 1015	**Hearing Date:**	4/18/2022
Author:	Hueso		
Version:	3/15/2022 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Sarah Smith		

SUBJECT: State Energy Resources Conservation and Development Commission: electric vehicle charging infrastructure: ports

DIGEST: This bill requires the California Energy Commission (CEC) to allocate federal monies and funds from the Clean Transportation Program (CTP) to fund electric vehicle (EV) infrastructure at ports. This bill also requires the CEC to incorporate communities impacted by port operations into assessments about EV infrastructure needs.

ANALYSIS:

Existing law:

1) Establishes the CTP, which is administered by the CEC to provide grants, loans, and other funding opportunities to develop and deploy innovative fuel and vehicle technologies to support California's climate change policies. (Health and Safety Code §44272(a))

2) Specifies criteria the CEC must use to prioritize projects for funding from the CTP. These criteria include, but is not limited to, a project's including a project's ability to reduce certain air pollutants, provide in-state economic benefits, and attract non-state matching funds. The CEC must rank projects based on each project's ability to meet statutory prioritization criteria. (Health and Safety Code §44272(c-d))

3) Specifies the types of projects eligible for funding from the CTP, including, but not limited to projects that develop and deploy alternative and renewable fuels, zero-emission vehicle (ZEV) infrastructure and technologies, programs that help commercialize ZEV and alternative fuel vehicles and workforce development projects that transition workers from fossil fuel industries to clean transportation jobs. (Health and Safety Code §44272 (e))

4) Allocates a portion of smog abatement fees to fund the CTP and sunsets the fee on January 1, 2024. (Health and Safety Code §44060.5)

5) Requires the CEC to conduct a statewide assessment of EV charging infrastructure needed to support the levels of EV adoption required for the state to meet its goals of putting at least five million ZEVs on California roads by 2030, and of reducing emissions of greenhouse gases (GHG) to 40 percent below 1990 levels by 2030. (Public Resources Code §25229 (a))

6) Specifies that the CEC's statewide assessment of EV charging infrastructure must be updated every two years and must consider workforce development and charging infrastructure needs, including, but not limited to, chargers, make-ready electrical equipment, and supporting hardware and software, all vehicle categories, road, highway, and off-road electrification, port and airport electrification, and other programs to accelerate the adoption of EVs to meet the state's EV deployment goals. This assessment shall examine existing and future infrastructure needs throughout California, including in low-income communities. (Public Resources Code §25229 (b-e))

This bill:

1) Requires the CEC to consider the EV infrastructure needs of communities impacted by ports, including the busiest port of entry in the state, when conducting its assessments of EV infrastructure needed to meet state ZEV deployment goals.

2) Requires the CEC to allocate eligible federal and CTP funds to install EV infrastructure at the state's commercial ports, including the state's busiest commercial land port of entry.

Background

Status of the CTP. The CTP is administered by the CEC to provide funding for infrastructure and technologies that help the state transition to cleaner fuels and transportation. The CEC identifies priorities for CTP funding through a regular investment plan and updates to that plan. Under existing law, the CTP is funded by a portion of smog abatement fees. Existing law sunsets the fee-based funding for the CTP on January 1, 2024. While the longstanding funding source for the CTP is scheduled to sunset by 2024, the Legislature approved $1.165 billion in additional funding for the CTP over three years. According to the most recent CTP investment plan update, the CEC has allocated over $840 million in funding for the CTP in the 2021-2011 Fiscal Year. These investments will significantly accelerate

the CTP's investments in ZEV infrastructure and technologies for the program's remaining years. However, the 2021-2022 Fiscal Year provides the greatest funding opportunities based on current funding.

Ports, including land ports of entry, are significant sources of emissions. Under existing law, the CEC must consider ports' EV infrastructure needs in biennial assessments of the charging infrastructure needed to meet the state's ZEV deployment goals. The CEC's most recent assessment notes that increased deployment of ZEVs in the medium and heavy-duty sectors are critical to improving emissions in disadvantaged communities, which are disproportionately impacted by toxic air pollutants stemming from major freight corridors. According to a 2021 report by the California Air Resources Board (CARB), recent increases in shipping traffic at the Ports of Los Angeles and Long Beach have resulted in corresponding increases in emissions associated with idling vessels and greater traffic to and from the ports. Like coastal ports, land ports of entry also experience generate a greater amount of emissions when traffic idles at border crossings.

Bill emphasizes land-based ports of entry in addition to coastal ports. While the CEC's biennial ZEV assessment already addresses EV infrastructure needs associated with ports, it is not clear that this assessment specifically addresses land-based ports of entry such as border crossings. This bill would require the CEC to specifically include the needs of California's busiest land commercial port of entry in its biennial assessments of ZEV infrastructure needed to meet state goals. Existing law also makes ZEV infrastructure at ports eligible for CTP funding. This bill requires the CEC to allocate applicable federal funds and CTP monies deploy light, medium, and heavy-duty vehicle charging infrastructure at ports, including California's busiest commercial land port of entry. According to the U.S. Department of Transportation, the San Ysidro Border Crossing between California and Mexico is California's busiest land port of entry; however, the majority of San Ysidro's traffic is comprised of light-duty personal vehicles. The Otay Mesa border crossing is California's busiest land port of entry for trucks. Both the Otay Mesa and San Ysidro border crossings are in San Diego County.

Batteries vs. Hydrogen: the medium and heavy-duty ZEV conundrum. Both coastal ports and commercial land ports of entry generate proportionately higher emissions from commercial trucking and heavy-duty port operations. However, medium and heavy-duty trucks and port vehicles lack the variety of battery EV and fueling options available to light-duty vehicles. Truck manufacturers are developing new models of battery electric and hydrogen fuel cell trucks based on unique needs of the goods movement industry. However, there is not yet a consensus on which type of ZEV technology is best or is most cost-effective in the long term for medium and heavy-duty fleets. This bill requires the CEC to allocate eligible CTP

and federal funds for deploying EV infrastructure at ports, including California's busiest commercial land port of entry. While nothing limits the CEC from allocating CTP funds for hydrogen refueling at ports, this bill would not require the CEC to allocate funding for hydrogen refueling infrastructure at ports, including commercial land ports of entry.

Bill may align with Administration-proposed heavy-duty ZEV investments. Addressing emissions at ports, including commercial land ports of entry, requires the prioritization of solutions that reduce emissions from the heavy-duty transportation sector and off-road vehicles used at ports. Heavy-duty vehicles, including dryage trucks, play a critical role in goods movement across the nation, particularly in distributing goods unloaded at ports. Dryage trucks are heavy-duty trucks that transport goods from ports and railyards to other destinations. While heavy-duty transportation is an important link in the delivery of essential goods, the heavy-duty transportation sector is also a significant source of certain air pollutants; according to data reported by the Legislative Analyst's Office, heavy-duty vehicles are responsible for 29 percent of the state's nitrogen oxide emissions, which contribute to the formation of smog and acid rain.

In September 2020, Governor Newsom issued Executive Order N-79-20, which established a goal that 100 percent of the state's medium and heavy-duty vehicles will be ZEVs by 2045 and 100 percent of the state's dryage vehicles will be ZEVs by 2035. The Governor's proposed 2022-23 State Budget includes an additional $6.1 billion in funding for ZEV projects. This funding package proposes to use both federal and state funds to accelerate ZEV deployment across the transportation sector; however, it prioritizes investments in the heavy-duty sector. The Governor's proposed ZEV package includes approximately $700 million for heavy-duty vehicle and infrastructure funding in the 2022-23 fiscal year. To the extent that new funding is approved for ZEV projects in the heavy-duty transportation sector, this bill may align with those proposed investments by prioritizing investments in locations with a significant relationship to heavy-duty vehicle use.

Need for Amendments. As currently drafted, this bill requires to allocate funds to deploy EV infrastructure at ports, including the state's busiest commercial land port of entry. However, the federal Department of Transportation (DOT) does not necessarily classify vehicles moving through land ports of entry as commercial or personal. According to DOT annual border crossing entry data, San Ysidro is the busiest port of entry for light-duty vehicles. Otay Mesa was constructed to divert commercial truck traffic from San Ysidro, and it is home to California's busiest land port of entry for truck traffic. Calexico is the state's busiest land port of entry for rail traffic. *To the extent that the author and committee wish to ensure that*

funding is allocated to address charging needs of commercial trucks crossing the border, the author and committee may wish to amend this bill to clarify that the busiest land port of entry is based on annual data regarding the entry of trucks at the border crossing. Additionally, to ensure that funding allocated to address commercial trucking enables refueling for multiple types of commercial ZEV trucks, including hydrogen fuel cell vehicles, the author and committee may wish to amend this bill to require the CEC to allocate eligible funds for ZEV infrastructure instead of just infrastructure for battery EVs.

Double referred. This bill has been double-referred to the Senate Committee on Transportation.

Prior/Related Legislation

SB 1329 (Newman, 2022) would require the CEC to allocate a greater portion of the CTP to fund hydrogen refueling infrastructure. The bill would also double the goals for deploying hydrogen stations across the state. The bill is currently pending in the Senate Committee on Energy, Utilities and Communications.

SB 1258 (Allen, 2022) would expand the types of projects eligible for funding from the CTP to include EV infrastructure for certain autonomous vehicle fleets. The bill is currently pending in the Senate Committee on Energy, Utilities and Communications.

AB 2562 (Bennett, 2022) would require the CEC to prioritize hydrogen refueling station projects that meet certain criteria when ranking projects for CTP funding. The bill is currently in the Assembly Committee on Appropriations.

SB 726 (Gonzalez, 2021) and AB 1389 (Reyes, 2021) would revise the CTP by eliminating specified prioritization and eligibility criteria and instead focus the program on projects that support certain equity and environmental goals. The bills are currently on the Assembly and Senate Inactive Files, respectively.

SB 589 (Hueso, Chapter 732, Statutes of 2021) expanded the types of projects eligible for funding from the CTP to include to include projects that develop in-state supply chains and the workforce for raw materials and components needed for ZEV manufacturing.

AB 2127 (Ting, Chapter 365, Statutes of 2017) required the CEC to conduct a statewide assessment of the EV charging infrastructure needed to support the levels of EV adoption required for the state to meet its goals of putting at least five

million ZEVs on California roads by 2030 and of reducing emissions of GHG to 40 percent below 1990 levels by 2030.

AB 1697 (Bonilla, Chapter 446, Statutes of 2016) expanded the CTP's prioritization criteria to require the prioritization of projects that transition workers to the alternative and renewable fuel and vehicle technology sector.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

Otay Mesa Chamber of Commerce, Sponsor
Electric Vehicle Charging Association

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

> As California moves towards a zero emission vehicle future, we must ensure all communities receive the benefits of this transition, including communities along our southern border. Today, the Otay Mesa Land Port of Entry processes the highest volume of truck traffic of any land port of entry in the state and the third highest in the country, making it the busiest commercial land port of entry in the state. Additionally, there are plans underway to further expand the capacity of the Otay Mesa facility. While much attention has been paid to the need to invest in zero and near-zero emissions technology at California seaports, the state's land ports of entries are often overlooked for these opportunities. SB 1015 helps ensure that state efforts to fund zero-emission vehicle charging technology will also be directed at the Otay Mesa Land Port of Entry. Fueling and charging investments to support the vehicle activity at, and around, the Otay Mesa Land Port of Entry will support the state's climate and air quality efforts, while continuing to support the vital economic development and trade between California and Mexico.

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