

## PUGET SOUND CLEAN AIR AGENCY

### Diesel Fleet Facility Registration Program Draft Program Description (Discussion Draft, 4/24/09)

#### Registration Program Objectives

- Protect public health by reducing diesel particulate matter.
- Register facilities as indirect sources of diesel emissions from mobile sources (on-road and non-road).
- Cover agency costs to operate and sustain a program to assist diesel fleet facility owners with efforts to reduce their emissions.
- Accelerate fleet upgrades in the 4-country region by obtaining diesel retrofit/replacement grant funding, implementing retrofit and replacement programs, leveraging capital for financing vehicle upgrades, and other activities.
- Design the facility registration fee structure to create meaningful incentives for emission reductions (e.g., through higher fees for higher emitting facilities).

#### Program Design Principles

- Puget Sound Clean Air Agency (Agency) programs are transparent in their creation and implementation.
- Reducing exposure to diesel particulate matter is an agency priority and an important public health goal.
- Helping facilities identify ways to reduce their emissions, and funding to implement them, is consistent with agency practices.
- Facilities pay fees that are related to their emissions (i.e., “the polluter pays”) and are sufficient to cover the costs of the registration program.
- Public and private facilities that own or lease diesel fleets are included in the program.
- On-road and off-road vehicles and equipment are included in the program and pay a share that is proportionate to the expected amount of registration program activity.
- The registration and reporting system will be straightforward for the Agency to administer and for facilities to comply.

#### Legal Basis

- *Classification of Sources of Pollution.* Section 70.94.151 of the Revised Code of Washington (RCW) empowers the Agency’s Board to classify air contaminant sources that cause or contribute to air pollution, and to require registration and/or reporting from such classified sources.

- *Fees.* According to RCW 70.94.151(2), the amount of any fee collected as part of a registration program is limited to that necessary to “compensate for the costs of administering such registration or reporting program.”

### **Context for Registration Program within Diesel Solutions Program**

- The new regulatory registration program will be distinct from, but will operate in concert with, the Agency’s voluntary Diesel Solutions program. To extend the current Diesel Solutions program, the Agency is actively pursuing partners and resources to expand diesel vehicle retrofit and replacement activity in the region by:
  - Partnering with third-party organizations like Cascade Sierra Solutions to increase the retrofit rate
  - Developing a low-cost financing program for clean vehicle purchases based on the Agency’s access to low-interest financial instruments
  - Partnering on programs to encourage the scrapping of old trucks
  - Obtaining federal grants to fund vehicle retrofits
- It is expected that the Diesel Solutions program and its partners will achieve approximately 1,500 vehicle retrofits and replacements each year.

### **Registration Program Services**

- Public and private entities in the 4-county area have the choice to participate in voluntary Diesel Solutions programs; receiving such services is not mandatory. (However, registration is mandatory.)
- Only registered facilities will be eligible to receive Diesel Solutions program services. Program services provided by fee-based staff include technical assistance, identifying funding resources, and referrals to other programs.
- The registration program may target program services to reduce emissions in the areas of highest exposure and risk.

### **Registration Program Milestones and Term**

- Following additional outreach in 2009, the agency will conduct rule-making in 2010.
- The rule is expected to be implemented in 2010 with registration and payment due in January 2011.
- The registration program will be term-limited, with the end of the program currently projected to be 2023. The actual end of the program will be determined based on the level of progress in reducing emissions from diesel facilities in the 4-county area.

### **Registration Program Scope and Phasing**

- Facility Eligibility and Definition
  - All facilities physically located in the 4-county area (King, Kitsap, Pierce, and Snohomish) are required to register if they own:
    - On-road diesel vehicles in Classes 3-8, school buses, transit buses, and/or passenger buses, and/or
    - Non-road diesel equipment that meets the horsepower characteristics for the program.
  - As a working definition, “facility” is defined as an “Indirect source of diesel particulate matter,” which means any building, structure, facility, or installation the operation or use of which at the location may indirectly result in an increase in the ambient air concentrations of fine particulate matter emitted by 1) on-road diesel-fueled motor vehicles of the specified type and class and/or 2) off-road diesel equipment that meets the horsepower characteristics for the program. Such sources shall include but not be limited to:
    - Port terminals
    - Trucking fleet bases
    - Public works facilities
    - Construction equipment rental facilities
    - Road construction projects
    - Airports
    - Delivery services
    - Construction sites
  - A final facility definition will be developed for the proposed program rules.
  - Construction sites are considered to be facilities for the entities actively operating diesel fleets at the sites; these entities must register and report on these sites for the program and will be treated similarly to “temporary sources” under the Agency’s current registration program.
- Vehicle and Equipment Ownership
  - For the purposes of the program, vehicles or pieces of equipment that are leased for a certain period of time (to be determined during rulemaking) are considered “owned” by the lessee.
- Phasing
  - The following facilities must register and begin reporting in 2011:
    - All facilities that own or lease on-road fleets of three or more vehicles of the specified class and type
  - In addition to the ongoing reporting of the facilities identified above, the following eligible facilities must register and begin reporting in 2013:

- All facilities that own or lease on-road fleets of one or two vehicles of the specified class and type, and
  - All facilities that own or lease non-road fleets that meet the horsepower characteristics for the program
- Facilities not Covered by Program
  - The program does not cover facilities whose sole indirect sources of diesel particulate matter are vessels or locomotives.

**Emission Categories**

- On-road: On-road fleet vehicles are classified according to their level of emissions (in grams/mile), which corresponds to EPA emissions standards for their model year and their retrofit status (see table below).

**On-Road Emissions Categories**

<b>Emissions Category</b>	<b>Grams/Mile PM 2.5</b>	<b>Typical Model Year/Retrofit Status</b>
Category 1 (“Dirty”)	>0.3 g/mile	1993 and older
Category 2 (“Early Standards”)	0.1 to 0.3 g/mile	1994-2006 without exhaust control retrofits; or 1993 and older with exhaust control retrofits
Category 3 (“Nearly Clean”)	0.03 to <0.1 g/mile	1994-2006 engines retrofitted with diesel oxidation catalyst or diesel multistage/flow-through filters
Category 4 (“Clean”)	<0.03 g/mile	2007 engine or newer; or 1994-2006 engine with diesel particulate filter

- Non-road: Non-road fleet equipment will be classified according to:
  - EPA emissions standards for the engine tier
  - Retrofit or repower status

**Registration and Reporting**

- Registration and Reporting system
  - Facilities will register, report, and pay their fees using an online interface and information system to be developed by the Agency
  - Corporate entities with more than one facility in the 4-county area may use the reporting system to report for each facility in one user session and pay fees for all facilities as a single transaction

- Registration requirements
  - Facilities are required to register by January 31 of the year in which they are phased into the program. The agency will notify facilities by mail in November of the year preceding the registration year of the need to register and how to access the registration system online.
  - When they register, facilities must provide the following information:
    - Facility name
    - Facility address
    - Facility county
    - Company name
    - Company address (if different than facility address)
    - Contact person and business phone
    - NAIC/SIC codes (4-digit)
    - Initial report of fleet size and characteristics (see below under “reporting”)
  - Facilities will be required to certify the accuracy of the information they provide upon initial registration.
  
- Reporting requirements
  - Facilities are required to report by January 31 every year, starting in the year they are phased into the program.
  - Facilities must report the following information for on-road and off-road fleets:
    - Total fleet size
    - Percentage of a facility’s fleet in each emissions category
  - When reporting fleet size and the percentage of a facility’s fleet in each category, facilities must account for all on-road diesel vehicles of the specified class and type and all non-road equipment that meet the horsepower characteristics of the program that are:
    1. Part of that facility’s regular business operations and
    2. Are owned or leased by the facility or the facility’s parent entity.
  - Entities with multiple facilities in the 4-county area who operate fleets that are interchangeable among those facilities may register and report as a single entity if registrants demonstrate that their on-road fleet or non-road equipment are interchangeable and not part of the regular business operations for any single facility in the 4-county area.
    - As part of their registration, these entities must provide information on the location of all their facilities in the 4-county area and the approximate distribution of vehicles among those facilities.
    - These entities may exclude from reporting any vehicles that operate entirely outside of the 4-county area.
  - Facilities will be required to certify the accuracy of the information they provide in their annual reports to the agency.

### **Verification and Auditing**

- The program will periodically audit facilities; not all facilities will be audited in any given year of the program.
- Audits may involve:
  - On-site facility inspection;
  - Inspection of records to verify registration and reporting information and fee payment
  - Inspection of related facility information (e.g. Department of Licensing records) to verify reported information
- Registered facilities will be required to retain records to enable verification of information reported to the Agency.

### **Program Revenues and Fees**

- Fee structure:
  - Fees are calculated to cover program operating costs; the Agency has the legal authority to annually adjust the fee revenue target to cover operating costs.
  - Revenues from on-road and off-road in a given year are roughly proportional to the efforts spent by the Agency on each group through the registration program (this equates to 60% on-road and 40% non-road cumulatively over the life of the registration program).
  - Fee amounts are linked to a facility's fleet emissions.
  - Facilities will still pay something if all of their emissions are from "clean" vehicles.
- Fee calculation:
  - Fees are calculated separately for on-road and off-road fleets.
  - Fees are based on:
    - Facility's fleet size
    - Percentage of fleet falling into emissions categories
    - A weighted fee calculation table that shows proportional fees for each emissions category and fleet size range