

## OUTLINE: 2016 AQMP BUSINESS CASE WHITE PAPER

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### I. Purpose

Description of purpose for this white paper:

*Attaining upcoming federal air quality standards will require particularly significant investments to develop and deploy advanced technologies, including those with zero and near zero emissions. Because of this challenge, SCAQMD staff is—in addition to seeking to minimize potentially adverse impacts—exploring means to maximize emission control strategies that have a business case for implementation. A business case could exist where a technology, fuel or other strategy reduces emissions and also improves energy efficiency, reduces fuel or maintenance costs, creates new job opportunities, or has other economic benefits. To this end, the white paper seeks to develop principles and concepts for control measures and related programs (e.g. incentive or financing programs) to be included in the 2016 AQMP that, to the extent possible, create a business case for deployment of needed technologies and efficiency measures.*

### II. Potential Means to Create a Business Case

This chapter includes an introductory description of potential emission reduction strategies and related programs that have potential to create a business case for deployment of needed technologies and efficiency measures. Potential elements:

#### 1. For Equipment Operators

- a. Strategies to enhance operational efficiency and competitiveness
- b. Fuels that reduce operating and maintenance costs
- c. Technologies that reduce capital or operation & maintenance (O&M) costs
- d. Financial and other incentives for deployment of clean technologies
- e. Financing to accelerate return on investment for new technologies
- f. Increased regulatory certainty
- g. Reduced administrative process
- h. Enhanced growth potential
- i. Other

#### 2. For Technology, Fuel and Energy Developers/Providers

- a. Public funding for technology research, development and demonstration (RD&D)
- b. Measures to foster broad markets for new technologies and fuels (e.g. funding, incentives, performance standards, public information)
- c. Support for regional advanced technology jobs
- d. Private collaboration and public-private partnerships for technology demonstration
- e. Other

### **3. For Infrastructure Developers**

- a. Funding
- b. Improved certainty regarding approvals
- c. Public support for infrastructure projects
- d. Other

### **III. Planning Principles to Support Business Case**

This chapter describes principles to guide development of the 2016 AQMP to help create a business case for needed air quality strategies. Potential elements include:

- 1. Operational Efficiency Strategies.** To extent possible, achieve needed emission reductions through operational efficiency strategies
- 2. RD&D Funding.** To extent possible, focus public RD&D funding on technologies and fuels with potential to reduce capital or O&M costs, and/or potential to address multiple needs (e.g. criteria pollutants, local toxics, energy security, GHG) with single investments
- 3. Incentives, Funding, Financing.** Propose funding, financing and incentives to spur development and deployment of advanced technologies and related infrastructure, and assist in overcoming economic “gaps” in achieving a business case (e.g. high up front capital costs and long payback periods)
- 4. Priority for Business Case Strategies.** To extent possible, prioritize implementation of strategies with potential business case
- 5. Technology-Neutral Performance Standards**  
Adopt technology-neutral regulatory performance standards to maximize innovation, cost reduction, and compliance flexibility
- 6. Fair Share.** Fairly distribute emission reduction and funding obligations, e.g. seek federal and international support to reduce emissions from sources in interstate and international commerce
- 7. Avoid Stranded Assets**  
To extent possible given air quality attainment deadlines, minimize need to replace equipment with remaining useful life
- 8. Special Needs of Small Businesses**  
Develop control strategies, incentives, funding and financing to address needs and constraints of small business
- 9. Level Playing Field; Broad Technology Markets**  
Support creation of broadest possible markets for advanced technologies through national performance standards, funding programs and incentives, as well as interstate collaboration.
- 10. Regional Jobs**  
Facilitate siting of advanced technology and other jobs in this region
- 11. Other**

#### **IV. Concepts for Control Strategies, Incentives and Funding by Source Type**

Based on the preceding means and principles, this chapter describes concepts for specific types of sources that would support creation of a business case for emission reduction measures.

Potential elements include:

- **Stationary Sources**
  - Control Strategies
    - Operational efficiency strategies
    - Technologies or fuels with potential to reduce O&M costs
  - Incentives
    - Funding, financing, financial incentives
    - Non financial incentives (e.g. public recognition programs)
    - Reduced administrative process
    - Enhanced regulatory certainty
    - Enhanced growth potential
  - Strategies Specific to Small Business
  - Other
- **Goods Movement**
  - Control Strategies
    - Operational efficiency strategies (e.g. intelligent transportation systems)
    - Technologies or fuels with potential to reduce O&M costs
  - Incentives
    - Funding, financing, financial incentives
    - Non financial incentives (e.g. dedicated clean truck lanes; expedited access to freight facilities; public recognition programs)
    - Increased certainty of approvals for transportation infrastructure employing advanced technologies and efficiency measures
    - Public support for transportation infrastructure
    - Enhanced regulatory certainty
    - Enhanced growth potential
  - Strategies Specific to Small Business
  - Other
- **Passenger Transportation**
  - Control Strategies
    - Technologies or fuels with potential to reduce O&M costs
    - Operational efficiency strategies with potential to reduce fuel costs and travel time
  - Incentives
    - Funding, financing, financial incentives
    - Non financial incentives (e.g. HOV lanes)
  - Other

- **Technology, Fuel and Energy Developers/Providers**
  - Public funding for technology RD&D
  - Performance standards
  - Incentives, Funding and Financing (strategies described above)
  - Other
    - Private collaboration and public-private partnerships for technology demonstrations (e.g. to coordinate funding and provide venues for demonstrations) and commercial deployment
    - Measures to foster broad markets for new technologies and fuels (e.g. advocacy for federal, international and multi-state incentives and performance standards, and multi-state collaborative efforts)
    - Support for regional technology-related jobs
- **Consumers**
  - Public education
  - Rebates
  - Financing

## **V. Next Steps**