



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Alan Matheson
Executive Director

DIVISION OF AIR QUALITY
Bryce C. Bird
Director

DAQ-030-16

MEMORANDUM

TO: Air Quality Board

THROUGH: Bryce C. Bird, Executive Secretary

FROM: Mat Carlile, Environmental Planning Consultant

DATE: May 24, 2016

SUBJECT: PROPOSE FOR PUBLIC COMMENT: New Rule R307-124. General Requirements: Conversion to Alternative Fuel Grant Program.

During the 2015 General Legislative Session, the Legislature passed House Bill 15 (HB15), which authorized the Department of Environmental Quality to issue grants to a person who does a conversion on a motor vehicle to run on natural gas, propane, or electricity. The grant is to be passed on to the owner of the converted vehicle. HB15 gave authority to the Air Quality Board (Board) to make rules specifying the requirements and procedures for the Alternative Fuel Grant Program.

While HB15 authorized the program, funding was not made available until the Legislature passed House Bill 87 (HB87) during the 2016 General Legislative Session. Over the last year, in anticipation that the program would receive funding, DAQ staff worked closely with stakeholders to develop R307-124, which fully implements both HB15 and HB 87.

Staff Recommendation: Staff recommends that the Board propose new rule R307-124 for public comment.

1 **R307. Environmental Quality, Air Quality.**

2 **R307-124. General Requirements: Conversion to Alternative Fuel**
3 **Grant Program.**

4 **R307-124-1. Authorization and Purpose.**

5 (1) This rule is authorized by Section 19-2-304, which
6 establishes the requirements, procedures, criteria, and
7 definitions used to determine eligibility for the Conversion to
8 Alternative Fuel Grant Program.

9 (2) The procedures of this rule constitute the minimum
10 requirements for the application and the awarding of funds that
11 are designated for the Conversion to Alternative Fuel Grant
12 Program.

13
14 **R307-124-2. Definitions.**

15 The following additional definitions apply to R307-124:

16 "Alternative fuel" means alternative fuel as defined in
17 Subsection 19-2-302(2).

18 "Clean fuel grant" means clean fuel grant as defined in
19 Subsection 19-2-302(4).

20 "Conversion equipment" means conversion equipment as defined
21 in Subsection 19-2-302(5).

22 "Cost" means cost as defined in 19-2-302(6).

23 "Division" means the Division of Air Quality.

24 "Eligible vehicle" means eligible vehicle as defined in
25 Subsection 19-2-302(9).

26
27 **R307-124-3. Minimum Qualifications for an Applicant to Receive a**
28 **Clean Fuel Grant.**

29 (1) All applicants must be a registered business within the
30 State of Utah and have a business license from the city or county
31 in which they are located.

32 (2) Applicants that are applying for a clean fuel grant for a
33 conversion of an eligible vehicle to run on propane must meet the
34 requirements of R710-6 Liquefied Petroleum Gas (LPG) Rules.

35
36 **R307-124-4. Minimum Qualifications for a Person that Installs**
37 **Conversion Equipment on an Eligible Vehicle.**

38 The following are the minimum qualifications for a person
39 that installs conversion equipment on an eligible vehicle:

40 (1) A person that installs conversion equipment on an
41 eligible vehicle to run on natural gas shall be:

42 (a) a Canadian Standards Association (CSA) America Compressed
43 Natural Gas (CNG) Fuel System Inspector; or

44 (b) an Automotive Service Excellence (ASE) F1-certified
45 technician.

46 (2) A person that installs conversion equipment on an
47 eligible vehicle to run on propane shall be certified under R710-6
48 LPG Rules.

49 (3) A person that installs conversion equipment on an
50 eligible vehicle to run on electricity shall be an ASE-certified
51 technician.

R307-124-5. Preliminary Approval Application Procedure.

To be considered for a clean fuel grant all applicants shall apply for preliminary approval on forms provided by the Division as required by Subsection 19-2-304(1)(e), and shall provide additional information as requested by the Division.

(1) All applicants shall:

(a) acknowledge that receiving preliminary approval does not guarantee reimbursement by the Division, and preliminarily approved projects shall meet all the eligibility requirements listed in R307-124 before receiving the clean fuel grant for an eligible vehicle;

(b) certify under penalty of perjury and subject to provisions of Utah Code Section 76-8-504 ("written false statement"), that all savings on the cost of conversion equipment in the amount of the clean fuel grant will be passed to the owner of the eligible vehicle, as required in Subsection 19-2-303(2)(b);

(c) certify that the applicant is currently a registered business within the State of Utah and has a current business license; and

(d) agree to the provisions found in Subsection 19-2-303(3).

(2) Applicants applying for a clean fuel grant for a conversion of an eligible vehicle to run on natural gas shall provide the installer's ASE F-1 or CSA America certification number.

(3) Applicants that are applying for a clean fuel grant for a conversion of an eligible vehicle to run on propane shall provide the applicant's dealer license number and the installer's LPG certification number required by R710-6 LPG Rules.

(4) Applicants that are applying for a clean fuel grant for a conversion of an eligible vehicle to run on electricity shall provide the installer's ASE certification number.

(5) Preliminary approval will encumber funds for up to 60 calendar days from the preliminary application's approval.

R307-124-6. Final Approval Procedure and Payment Process.

Once an applicant has encumbered funds for a conversion, the applicant has up to 60 calendar days to obtain final approval from the Division. To obtain final approval, the applicant shall apply for final approval on forms provided by the Division, as required by Subsection 19-2-304(1)(e), and shall provide additional information as requested by the Division.

(1) To demonstrate that a conversion of a vehicle to be fueled by natural gas is eligible, an applicant shall submit the following documentation to the Director:

(a) A copy of the applicant's business registration from the Utah Department of Commerce and current business license from the city or county in which they are located;

(b) a copy of the installer's CSA America or ASE F-1 certification;

(c) an original or copy of the purchase order, customer invoice, or receipt that includes:

(i) the name, address, and phone number of the applicant;

(ii) the name of the installer;

(iii) the vehicle identification number (VIN);

1 (iv) the date of conversion; and
2 (v) the cost of the conversion (itemizing the equipment,
3 labor, and the clean fuel grant);

4 (d)(i) a copy of the vehicle inspection report dated after
5 the conversion, from an approved county I/M station, showing that
6 the converted motor vehicle meets all county emissions
7 requirements for all installed fuel systems if the motor vehicle
8 is registered within a county with an I/M program; or

9 (ii) in all other areas of the state, a signed statement by
10 the installer that includes the VIN, the installer's ASE or CSA
11 America certification number, and states that the eligible
12 vehicle's conversion is functional; and

13 (i) a copy of the current Utah vehicle registration.

14 (e) a signed statement by the installer certifying that the
15 conversion does not tamper with, circumvent, or otherwise affect
16 the vehicle's on-board diagnostic system, in accordance with Utah
17 Code 19-1-406(2).

18 (2) To demonstrate that a conversion of a vehicle to be
19 fueled by propane is eligible, an applicant shall submit the
20 following documentation to the director:

21 (a) A copy of the applicant's business registration from the
22 Utah Department of Commerce and current business license from the
23 city or county in which they are located;

24 (b) a copy of the applicant's current dealer license required
25 under R710-6;

26 (c) a copy of the installer's current certification under
27 R710-6;

28 (d)(i) a copy of the vehicle inspection report, dated after
29 the conversion, from an approved county I/M station, showing that
30 the converted motor vehicle meets all county emissions
31 requirements for all installed fuel systems, if the motor vehicle
32 is registered within a county with an I/M program, or

33 (ii) in all other areas of the state, a signed statement by
34 an ASE-certified technician that includes the VIN, the
35 technician's ASE certification number, and states that the
36 conversion is functional;

37 (e) Provide the EPA Certificate of Conformity, or equivalent
38 documentation that is consistent with requirements outlined in 40
39 CFR Part 85 and 40 CFR Part 86, as published in Federal Register
40 Volume 76 Page 19830 on April 8, 2011, or an executive order from
41 the California Air Resources Board;

42 (f) an original or copy of the purchase order, customer
43 invoice, or receipt that includes:

44 (i) the name, address, and phone number of the applicant;

45 (ii) the name of the installer;

46 (iii) the VIN;

47 (iv) the date of conversion; and

48 (v) the cost of the conversion (itemizing the equipment,
49 labor, and the clean fuel grant); and

50 (g) a copy of the current Utah vehicle registration.

51 (3) To demonstrate that a conversion of a motor vehicle to be
52 powered by electricity is eligible, an applicant shall submit the
53 following documentation to the director:

54 (a) A copy of the applicant's business registration from the

1 Utah Department of Commerce and current business license from the
2 city or county in which they are located;

3 (b) a copy of the current Utah vehicle registration;

4 (c) an original or copy of the purchase order, customer
5 invoice, or receipt that includes:

6 (i) the name, address, and phone number of the applicant;

7 (ii) the name of the installer;

8 (iii) the VIN;

9 (iv) the date of conversion; and

10 (v) the cost of the conversion (itemizing the equipment,
11 labor, and the clean fuel grant);

12 (d) If the converted eligible vehicle does not have any
13 auxiliary sources of combustion emissions, then the applicant
14 shall submit a signed statement by an ASE-certified technician
15 that includes the VIN, the technician's ASE certification number,
16 and states that the conversion is functional and that the
17 converted motor vehicle does not have any auxiliary source of
18 combustion emissions.

19 (e) If the converted eligible vehicle has an auxiliary source
20 of combustion emissions, the applicant shall submit:

21 (i) a copy of the vehicle inspection report after the
22 conversion, from an approved county I/M station, showing that the
23 converted motor vehicle meets all county emissions requirements
24 for all installed fuel systems, if the motor vehicle is registered
25 within a county with an I/M program; or

26 (ii) in all other areas of the state, a signed statement by
27 an ASE-certified technician that includes the VIN, the
28 technician's ASE certification number, and states that the
29 conversion is functional; and

30 (iii) provide the EPA Certificate of Conformity, or
31 equivalent documentation that is consistent with requirements
32 outlined in 40 CFR Part 85 and 40 CFR Part 86, as published in
33 Federal Register Volume 76 Page 19830 on April 8, 2011, or an
34 executive order from the California Air Resources Board.

35 (4) All applicants shall complete and submit an IRS form W-9
36 to the Division.

37 (5) Approved applications shall continue to comply with the
38 provisions of this rule.

39
40 **R307-124-7. Grant Program Limitations.**

41 Grant applications shall not be approved if:

42 (1) Awarding a grant to an applicant would result in the
43 Department's inability to fulfill its obligations under this
44 program or this rule;

45 (2) The applicant does not meet the approval requirements of
46 Section R307-124-5;

47 (3) The fund balance is zero; or

48 (4) Awarding a grant to an applicant would result in the fund
49 balance being less than zero.

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51 **R307-124-8. Review.**

52 The Division reserves the right to request supplemental
53 information it may deem necessary from an applicant, in order to
54 effectively administer the program and this rule.

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KEY: air pollution, alternative fuels, tax credits, motor vehicles
Date of Enactment or Last Substantive Amendment:
Notice of Continuation:
Authorizing, and Implemented or Interpreted Law: 19-2-301 through 305; 19-1-403.3

NOTICE OF
PROPOSED NEW RULE

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301.
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Division of Administrative Rules.

Rule Information

DAR file no: _____ Date filed: _____
 State Admin Rule Filing Key: 157384
 Utah Admin. Code ref. (R no.): R307-124

Agency Information

1. Agency: ENVIRONMENTAL QUALITY - Air Quality
 Room no.: Fourth Floor
 Building:
 Street address 1: 195 N 1950 W
 Street address 2:
 City, state, zip: SALT LAKE CITY UT 84116-3085
 Mailing address 1: PO BOX 144820
 Mailing address 2:
 City, state, zip: SALT LAKE CITY UT 84114-4820

Contact person(s):

Name:	Phone:	Fax:	E-mail:	Remove:
Mat Carlile	801-536-4116	801-536-4136	mcarlile@utah.gov	

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Title

2. Title of rule or section (catchline):
 General Requirements: Conversion To Alternative Fuel Grant Program.

Notice Type

3. Type of notice: New Rule

Rule Purpose

4. Purpose of the rule or reason for the change:

During the 2015 Utah General Legislative Session, the Legislature passed House Bill 15 (HB15), which authorized the Department of Environmental Quality to issue grants to a person who does a conversion on a motor vehicle to run on natural gas, propane, or electricity and pass this savings on the conversion to the owner of the converted vehicle. HB15 gave authority to the Air Quality Board to make rules specifying the requirements and procedures for the Alternative Fuel Grant Program. While HB15 authorized the program funding, was not made available until the Legislature passed House Bill 87 (HB87) during the 2016 Utah General Legislative Session. Over the last year, in anticipation that the program would receive funding, DAQ staff worked closely with stakeholders to develop R307-124, which fully implements both HB15 and HB 87.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.

No Yes

Rule Summary

6. Summary of the rule or change:

This new rule, R307-124, outlines the process for reserving and receiving an Alternative Fuel Grant.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No Yes

The Legislature considered cost when it passed HB87 and put a limit on the amount of Alternative Fuel Grants that can be awarded at \$150,000. This rule does not add any additional costs to what was already included in the bill's fiscal note.

B) Local government:

Affected: No Yes

No costs are anticipated for local governments; however, a local government that had a vehicle converted to run on an alternative fuel that qualifies for an Alternative Fuel Grant would see a savings of up to \$2,500.

C) Small businesses:

Affected: No Yes

("small business" means a business employing fewer than 50 persons)

No costs are anticipated for small businesses; however, a small business that had a vehicle converted to run on an alternative fuel that qualifies for an Alternative Fuel Grant would see a savings of up to \$2,500.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No Yes

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

No costs are expected for affected persons; however, an affected person that has a vehicle converted to run on an alternative fuel that qualifies for an Alternative Fuel Grant would see a savings of up to \$2,500.

Compliance Cost Information

8. Compliance costs for affected persons:

This is an optional program, and there is no requirement for anyone to apply; therefore, there are no compliance costs for affected persons.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

Businesses who choose to apply for the grant will see some savings; however, because we do not know how many businesses will apply for the grant, the fiscal impact is unknown.

B) Name and title of department head commenting on the fiscal impacts:

Alan Matheson

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

19-2-301 through 305; 19-1-403.3

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

Official Title of Materials Incorporated (from title page)
Publisher
Date Issued (mm/dd/yyyy)
Issue, or version (including partial dates)
ISBN Number
ISSN Number
Cost of Incorporated Reference
Adds, updates, removes-- SELECT ONE --

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) : 08/01/2016

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy): 08/08/2016

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After a minimum of seven days following the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Division of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, one term per field, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):
air pollution , alternative fuels, tax credits, motor vehicles

File Information

15. Attach an RTF document containing the text of this rule change (filename):
No document is associated with this filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and Bryce Bird
title: Director

Date (mm/dd/yyyy): 05/24/2016