Second Public Work Group to Discuss the Clean Truck and Bus Voucher Incentive Project (HVIP) for Fiscal Year 2022-23

June 28, 2022
Agenda

• Introduction and Background
• HVIP Re-Opening Data
• Fleet Size Limits
• Voucher Amount Modifications
• Public School Bus Set-Aside
• Other Changes
• Next Steps
Introduction and Background

• Accelerate market transformation by reducing purchase price of zero-emission technologies
• Available statewide with higher voucher amounts for small fleets in priority communities
• Over 150 eligible truck and bus models
  • Includes zero-emission and electric-power take off (ePTOs)
  • Funding for retrofits and new Class 2b- Class 8 vehicles
• No scrappage required
• Over 11,400 vouchers issued since inception, totaling $844 million
• Over 60% of vehicles deployed in priority communities
HVIP Guiding Principles

- Accelerate market transformation for the cleanest advanced technologies
- Support the goals laid out in CARB’s Long-Term Heavy-Duty Investment Strategy
- Drive purchase decisions
- Maintain simplicity and a fleet friendly process
- Support CARB regulatory programs
- Avoid market disruptions caused by unpredictable funding availability
- Graduate established technologies
- Support more equitable investments
Funding Timeline

1. Governor proposes Budget
   - January

2. Governor’s May Revise Budget
   - May

3. Legislature appropriates funding
   - June/July

4. Board adopts Funding Plan
   - November

5. Program Implementation Begins
   - December

6. Release Grant Solicitation

7. Select Program Administrator

8. Execute Grant Agreement

9. Program Development

10. Distribute Incentives
How Can I Participate?

Kick-off Workshop
March 2022
Broad, high-level discussion on Governor’s proposed budget, Funding Plan process, and program updates

Work Group Meetings
March – June 2022
Project specific discussions on proposed funding allocations and program changes

Final Workshop
July 21, 2022
Discuss staff’s draft proposals for the Funding Plan

Public Comment Period
October 7 – November 7, 2022
Submit written comments on Funding Plan through CARB’s online portal

Board Hearing
November 17-18, 2022
Board considers staff’s proposal and listens to public testimony prior to adopting Funding Plan

One-on-one Meetings
Request meetings with CARB to discuss a specific topic or variety of topics

Community Engagement Meetings
Targeted meetings with community groups to discuss community-identified topics
Objectives of Work Group

• Share data from HVIP reopening
• Discuss policy changes to HVIP under consideration for FY 2022-23
  • Fleet size limits
  • Modifications to voucher amounts
  • Public School Bus Set-Aside
  • Other changes
HVIP Reopening Data

- HVIP re-opened for new voucher requests on March 30, 2022 with $430 million
  - $272 million requested within first 24 hours
  - $46 million Zero-Emission Drayage Truck Set-Aside fully subscribed within 24 hours of re-opening
- 70% of voucher requests have been in disadvantaged communities
- Strong participation from medium and small fleets
- See handout for additional details
Voucher Funding Requested By Year

Data through May 31, 2022

HVIP closes November 2019 after becoming oversubscribed
Fleet Size Limits

• Approved by Board in FY 2021-22 Funding Plan to promote more equitable investments
  • Starting January 1, 2023, only fleets with 100 or fewer trucks or buses will be eligible for HVIP
  • Starting January 1, 2024, only fleets with 50 or fewer trucks or buses will be eligible for HVIP
• Public agencies and California Native American Tribal Governments will not be subject to the fleet size limits.
## Voucher Request Data and Fleet Size

<table>
<thead>
<tr>
<th>Statistic</th>
<th>2022*</th>
<th>2021</th>
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<tbody>
<tr>
<td>Percent of fleets that requested vouchers with 100 vehicles or fewer</td>
<td>63%</td>
<td>61%</td>
</tr>
<tr>
<td>Percent of vouchers requested by fleets with 100 vehicles or fewer</td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>Percent of requesting fleets that would still be eligible in 2023</td>
<td>71%</td>
<td>78%</td>
</tr>
<tr>
<td>Percent of vouchers requested by fleets that would still be eligible in 2023</td>
<td>51%</td>
<td>55%</td>
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*Data through May 31, 2022. 2022 data includes HVIP standard, drayage set-aside, and public transit set-aside.*
Potential Adjustments to Fleet Size Limits

• To ensure the seamless roll-out of the fleet size limits, staff are considering the following modifications:
  • Exempt non-profits from the fleet size limits
  • Exempt voucher requests from fleets with 10 or fewer vehicles from the manufacturer rolling soft cap
  • Contingency measures should demand be lower than expected
Potential Voucher Amount Modifications

• Preliminarily considering the following adjustments to voucher amounts:
  • Extending 25% early adopter bonus for zero-emission Class 8 Drayage Trucks
  • Adding a 25% bonus for zero-emission refuse trucks
  • Adjusting the electric-power take-off (ePTO) vouchers:
    • Add a new category with a voucher amount of $50k for ePTOs with an energy capacity of >30 kWh
    • Increase the maximum funding amount for ePTOs to 65% of the incremental cost
Public School Bus Set-Aside

For the second allocation, potential modifications staff are considering include:

• Reducing voucher amounts by 5 to 10 percent
• Expanding participation criteria to include additional metrics for determining “underserved” and “rural” communities
Other HVIP Policy Changes Under Consideration

• Staff are considering requiring vehicle to grid capability for all new school bus eligibility applications beginning January 1, 2024
• Verification of compliance with labor standards for private trucking fleets
  • Fleet to attest they are in compliance with labor standards and will remain in compliance at least three years
    • Fleet re-attest annually for three years after redemption of voucher
  • CARB will publish a list of all private fleets that receive HVIP incentives
  • CARB will review the list published on https://mycadir.force.com/ to check for labor standard violations prior to awarding HVIP voucher
## Next Steps

<table>
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<tr>
<th>Milestone</th>
<th>Date</th>
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<tr>
<td>Category specific work group meetings</td>
<td>March – June 2022</td>
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<tr>
<td>Release Draft Funding Plan</td>
<td>Mid-July 2022</td>
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<tr>
<td>Final Workshop</td>
<td>July 21, 2022</td>
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<tr>
<td>Release Proposed Funding Plan</td>
<td>October 2022</td>
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<tr>
<td>Board Consideration of Proposed Funding Plan</td>
<td>November 2022</td>
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<td>Start implementing projects</td>
<td>December 2022</td>
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