

To: **Liane M. Randolph, Chair**
Honorable Board Members

From: Steven S. Cliff, Ph.D., Executive Officer 

Date: January 12, 2023

Subject: 2022 Incentive Program Advisory Group Recommendations on Updates to The Carl Moyer Memorial Air Quality Standards Attainment Program Guidelines for the On-Road Heavy-Duty Voucher Incentive Program and Infrastructure

This memorandum contains an informational update on the progression and conclusion of the Incentive Program Advisory Group (IPAG) public meetings held this year for the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program). During the November 19, 2021, Board hearing wherein the Carl Moyer Program cost-effectiveness limits for on-road heavy-duty zero-emission vehicles were approved, the Board members expressed strong interest in further accelerating California's transition to zero-emission heavy-duty vehicles and to advance equity work. Staff hosted the IPAG public meetings in response to that interest. The meetings, led by Vice Chair Berg and Board members Hurt and Kracov, provided a forum for discussing policy level issues related to the implementation of the Carl Moyer Program for on-road heavy-duty vehicles.

The IPAG public meetings identified the need to provide greater support for small fleets and small businesses statewide, as well as to further promote program participation by increasing equitable access to zero-emission technologies for on-road heavy-duty vehicles through the Carl Moyer Program's On-Road Heavy-Duty Voucher Incentive Program (VIP) and through the Carl Moyer Program's incentives for infrastructure. Staff identified VIP as a program that could meet these needs, as it already provides small fleets with grant vouchers in a simple, streamlined, and speedy process through the Carl Moyer Program. Furthermore, small fleets are provided a mechanism of increased equity consideration in a manner that could be explored by other incentive programs. Moreover, staff identified the Carl Moyer Program zero-emission technology infrastructure incentives and the potential for co-funding opportunities to support small fleets and small businesses as they transition to on-road heavy-duty electrification, unifying resources and increasing accessibility to incentives.

As a result of the collaborative efforts of staff and those who attended the IPAG public meetings, this memorandum outlines the IPAG's key themes and recommendations to update VIP and the Carl Moyer Program Guidelines Chapter 10 on infrastructure incentives to equitably support on-road heavy-duty vehicle electrification for small fleets, small businesses, and communities with priority populations statewide.

Background

Since 1998, the Carl Moyer Program has filled a critical niche in California's strategy to achieve clean air. The Carl Moyer Program is a statewide emission reductions program supporting a variety of project types, including on-road heavy-duty trucks and buses, locomotives, marine vessels, off-road projects, as well as infrastructure projects. Emission reductions funded through the Carl Moyer Program must be surplus, permanent, enforceable, and quantifiable in order to meet the underlying statutory provisions and creditable to the State Implementation Plan. To ensure that projects are surplus to regulations, funded projects must not be required by any federal, State, or local rule or regulation. California Air Resources Board's (CARB) Carl Moyer Program has been successfully implemented through cooperative partnerships with local air districts. Air Districts review eligible applicants that can receive grants for cleaner replacement equipment, repowers, or conversions. Although the Carl Moyer Program was established more than 24 years ago, the types of projects funded have shifted over time to meet changing local and State air quality objectives.

The VIP is part of the Carl Moyer Program that provides a streamlined, simple, and speedy funding option to small fleets of ten vehicles or less. Through VIP, eligible applicants can receive voucher grants toward the purchase of cleaner replacement vehicles. VIP has been an attractive funding option to support the small fleet transition to earlier than or beyond the 2010 engine emission standard requirement of the Truck and Bus Regulation. In 2022, CARB expanded VIP to allow additional funding for replacement vehicles meeting the zero-emission standard with funding up to \$410,000 per Class 8 vehicle to align with the same funding updates made to the Carl Moyer Program for on-road heavy-duty vehicles in November 2021.

Senate Bill 513 (Beall, Chapter 610, Statutes of 2015) provided the Carl Moyer Program the ability to incorporate infrastructure projects without needing to meet a cost-effectiveness limit. It authorized the funding of projects that enable the deployment of alternative, advanced, and cleaner technologies to support the State's air quality goals. Funding is provided for the installation of fueling or energy infrastructure to fuel or power vehicles and equipment. Though infrastructure does not directly deliver emission reductions, it enables the advanced clean vehicles and equipment that do. The categories eligible for funding include commercial battery charging and hydrogen fueling stations for on-road and off-road vehicles and equipment, and continued support for marine shore power electrification and stationary agricultural projects.

IPAG Public Meetings and Recommendations

The IPAG included a roundtable discussion on policy level issues within the Carl Moyer Program in partnership with staff, the public, community representatives, environmental justice groups, Air Districts, industry representatives, on-road heavy-duty fleets, and other stakeholders. The IPAG held three public meetings this year on April 20, June 30, and October 12, that explored the interconnectivity amongst CARB's incentive programs when looking at potential program improvements to strengthen equitable access to incentive

opportunities when considering several topics of interest and found the following key recommendations to further support the accelerating transition to zero-emission heavy-duty vehicles and equity work within the Carl Moyer Program statewide for small fleets, small businesses, and communities with priority populations:

- Improve access and increase program engagement in environmental justice communities
- Increase outreach and educational tools for communities and small fleets about zero-emission technologies
- Provide greater support and access for small fleets and small businesses statewide
- Accelerate zero-emission truck funding while also better partnering with other infrastructure incentive opportunities
- Better partner and connect funding opportunities for zero-emission infrastructure

Carl Moyer Program Updates

On September 16, 2022, staff released proposed updates to the VIP Guidelines and the Carl Moyer Program Guidelines Chapter 10 on infrastructure, based on the IPAG's recommendations, for a 45-day public comment period. Staff and participants discussed these proposed updates at the October 12, 2022 IPAG public meeting, and staff had additional discussions with Air Districts and public stakeholders. Staff made the proposed updates to the VIP Guidelines and the Carl Moyer Guidelines Chapter 10 on infrastructure available for the public comment period in ~~strikeout~~ and underline at [CARB's IPAG website](#).

The 45-day public comment period concluded on November 1, 2022. As a result of these collaborative efforts, feedback received during the public meetings and during the public comment period, and under the authority delegated to the Executive Officer by [Resolution 21-24](#), CARB staff are releasing the following summarized updates to the Carl Moyer Program's VIP Guidelines and Chapter 10 on infrastructure to equitably support small fleets, small businesses, and communities with priority populations in accelerating the transition to zero-emission heavy-duty technologies.

The following sections highlight the major updates to the VIP Guidelines:

- Amendments to the VIP Guidelines to align with Chapter 4 of the Carl Moyer Program Guidelines for On-Road Heavy-Duty Vehicles
 - Update Engine Model Year eligibility to include engines that are six years or older to the current calendar year
 - Expand minimum annual usage to two 12-month periods during the previous 30 months for historical annual mileage consideration of a vehicle to better account for gaps in service or operation
 - Allow remote inspections
- Guidance on incentives for environmental justice areas and communities with priority populations
 - Prioritizing outreach and education in, and applications from these areas and communities

- Reporting and tracking projects within these areas and communities
- Require that out of all VIP projects funded, 50 percent of the projects must benefit these areas and communities
- Additional zero-emission funding opportunities with VIP
 - VIP Plus-Up: up to 15 percent increase for fleets of 4 trucks or less and an up to 10 percent increase for fleets of 4 to 10 trucks
 - Allow co-funding with zero-emission voucher projects
- Increased flexibility for Air District(s) to offer the same voucher grant amount in cases of manufacturer delivery delays

The following section highlights the major updates to the Carl Moyer Program Guidelines for Chapter 10 on infrastructure:

- Increase funding to applicants of heavy-duty truck parking facilities that provide communal charging opportunities
- Simplify eligibility process for charging stations in priority populations
- Clarify projects receiving funds from other programs
- Clarify the competitive bidding requirement
- Provide guidance for project pre-inspection

In general, staff expects these changes to increase funding opportunities and participation, align the VIP Guidelines and the Carl Moyer Program infrastructure incentives with Board priorities, and clarify requirements for program implementation. On-road heavy-duty projects and infrastructure projects funded under these changes would still need to meet the program's guideline requirements.

Attachments: 2023 On-Road Heavy-Duty Voucher Incentive Program Guidelines and Chapter 10 of the 2017 Carl Moyer Memorial Air Quality Standards Attainment Program Guidelines for Infrastructure