



# **HVIP/CORE Proposed Program Updates for FY 2023-24**

August 10, 2023

# Agenda

- Funding plan development schedule
- FY 2023-24 budget appropriations
- Discuss Program Updates to:
  - HVIP
  - Innovative Small e-Fleet (ISEF)
  - CORE

# Funding Plan Development Schedule

Milestone	Date
Daytime Themed Work Group Meetings	July – Oct 2023
Evening Community Meetings	June – Oct 2023
Final Workshop	August 31, 2023
Release proposed Funding Plan	October 2023
Board Consideration of Proposed Funding Plan	November 2023
Start implementing projects	December 2023

# FY 2023-24 Budget Appropriations\*

Project	Greenhouse Gas Emission Reduction Fund (GGRF)	General Fund
<b>HVIP</b>	--	--
Drayage Trucks	\$80 million	--
Public School Buses	--	\$375 million
<b>ISEF</b>	--	--
<b>CORE</b>	--	--

\*Budget Act of 2023: [Senate Bill \(SB\) 101](#) (Skinner, Chapter 12, Statutes of 2023) as amended by [Assembly Bill \(AB\) 102](#) (Ting, Chapter 38, Statutes of 2023)

# Proposed HVIP Program Updates



# Agenda

- Introduction and Background
- Fleet Size Limits
- Small fleet support
- Voucher amount and enhancement modifications
- Manufacturer performance review
- Other changes due to funding changes
- Next Steps

# Introduction and Background

- Accelerate market transformation by reducing purchase price of zero-emission technologies
- Commitment to support priority populations by implementing community-driven clean transportation and equitable investments
- Available statewide with set-asides, voucher enhancements for priority fleets/vocations
- 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 such as supporting small fleets



# Potential Delay of Fleet Size Limits

- Approved by Board in [FY 2022-23 Funding Plan](#) to promote more equitable investments
  - Only fleets with 50 or fewer trucks or buses will be eligible for HVIP
- Propose extending to January 1, 2025
  - Maintain exemptions for public agencies, California Native American Tribal Governments, non-profits.
  - Maintain other mechanisms to ensure fund availability for small fleets

# Small Fleet Support

- FY 2022/2023: Move \$50 million from HVIP Standard to ISEF
- FY 2023/24:
  - Align HVIP small-fleet definition and incentives with ISEF
    - <20 vehicles, <\$15 million annual revenue
    - Applies elsewhere in HVIP (e.g., stacking, DAC)
    - +100% base voucher modifier
  - Move all standard purchases from ISEF to HVIP Standard

# Potential Voucher Amount Modifications

- Preliminarily considering the following adjustments to voucher amounts:
  - Extending 25% early adopter bonus for zero-emission Class 8 Drayage Trucks
  - Extending 25% early adopter bonus for zero-emission refuse trucks

# Manufacturer Performance Review

- Remove manufacturer rolling soft cap
- Institute ad hoc review to implement controls
  - Reduces administrative burden, increases selectiveness
- Potential metrics to begin specific review:
  - Share of vouchers by model with extension requests
  - Average redemption time
- Potential consequences:
  - Conference with manufacturer
  - Hold new requests for affected model
  - Case-by-case for hold-till date or limited resumption

# Other HVIP Policy Changes Under Consideration

- Supplement CMO
  - Use HVIP to cover eligible vehicle costs in CMO projects to stretch CMO resources
- Focus first year of Local Educational Agency School Bus Replacement Grants on zero-emission buses only
- Explore mechanisms for additional small fleet assistance
  - Borrowing costs
  - Residual value
  - Insurance

# Questions or Comments?

# Proposed ISEF Program Updates



# Agenda

- Introduction and Background
- Proposed Changes to ISEF
- Questions



# Innovative Small e-Fleets (ISEF)

- Increased incentives for small fleets (<20 vehicles) to access zero-emission medium and heavy-duty trucks
- Encourages fleets to explore all-inclusive leases, rentals, peer-to-peer truck sharing, truck-as-a-service, straight purchases, and other mechanisms
- FY 2022-23 funding opens for new voucher requests on August 30, 2023, at 1 pm PT

# ISEF Proposed Changes

- Focus solely on exploration of innovative solutions for small fleets
- Expand eligible vehicles to include buses, such as those used at daycares, retirements homes, etc.

# Questions or Comments?



# Proposed CORE Program Updates

# Agenda

- CORE Overview
- Limited CORE Funding for 2024
- Proposed Changes to CORE
- Questions

# CORE Overview

First come – First served

Offset higher zero emission cost

CARB determines funding amounts

Stacking allowed and no scrappage required

Enhancements for infrastructure, small business, and DAC

# Limited CORE Funding for 2024

- Focus will be on only small business
- Remove equipment categories
- Review voucher pricing

# Voucher Pricing

- Limit pricing to 50% of MSRP
- Better understand high volume sales
- Maximum price
  - \$/kW by equipment type
  - Review Mobile Power Units \$400/kW



# Equipment Eligibility

- Streamline the process while keeping program integrity
  - One page equipment eligibility renewal?
  - Keep zero-emission requirement

# Review the 3 Year Warranty

- Should it be by equipment type?
  - One year for Commercial Harbor Craft?
  - Three year for others?

# Telematics Requirement

- Currently minimal
  - Used to show the funded vehicles usage.
  - How can we make easier?
    - Automated process
    - Annual submittal?

# Questions or Comments?

# Contact Us

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Clean Transportation Incentives and Funding Plan

<https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program/low-0>