



Proposed Fiscal Year 2024-25 Funding Plan for Clean Transportation Incentives



Funding Sources:

Air Quality Improvement Fund: \$34.94 million

Total Incentive Funds: \$34.94 million

Released: October 11, 2024

Board Consideration: November 21, 2024

[Submit Written Comments](#)

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Acknowledgements

Development of the Proposed Fiscal Year (FY) 2024-25 Funding Plan for Clean Transportation Incentives (Proposed Funding Plan) was a collaboration among staff across the California Air Resources Board (CARB or the Board), with further feedback and enhancements provided by multiple key external partners and interested parties, including those listed below. This list is incomplete and is intended to highlight several particularly engaged parties. Inclusion on this list does not indicate an entity's agreement with this document. CARB appreciates and thanks everyone who engaged in the process and collaborated to develop this Proposed Funding Plan, whether they are specifically listed and encourages continued feedback in support of further developing the projects included in this Proposed Funding Plan and other documents.

- Access Clean California Outreach Partners Network
- Alliance for Automotive Innovation
- All Positives Possible
- American Lung Association
- Bay Area Air Quality Management District
- Beneficial State Foundation
- Better World Group
- Blue Green Alliance
- Breathe Southern California
- California Department of Transportation
- California Governor's Office of Business & Economic Development
- California Electric Transportation Coalition
- California Energy Commission
- California Interfaith Power and Light
- California New Car Dealers Association
- California State Transportation Agency
- California Transit Association
- California Walks
- CALSTART
- Center for Community Action & Environmental Justice
- Center for Energy Efficiency and Renewable Technology
- Center for Sustainable Energy
- Center for Transportation and the Environment
- Central California Asthma Collaborative
- Charge Ahead Coalition
- CivicWell
- Clean Air Technology Initiative through the U.S. Environmental Protection Agency
- Climate Health Now
- Coalition for Clean Air

- Coltura
- Comite Civico del Valle
- Community Housing Development Corporation
- Communities for a Better Environment
- Cool the Earth
- Earthjustice
- East Yard Communities for Environmental Justice
- Electrify America
- Energica Motor Company
- Environment California
- Environmental Defense Fund
- GRID Alternatives
- First Generation Environmental Health & Economic Development
- Forum Mobility
- Healthy Active Streets
- International Brotherhood of Electrical Workers Local 11
- Los Angeles Alliance for a New Economy
- Los Angeles County Electric Truck & Bus Coalition
- Motorcycle Industry Council, Inc.
- Native American Environmental Protection Coalition
- Natural Resource Defense Council
- Proterra
- Recurrent Automotive
- Regional Asthma Management and Prevention
- Sacramento Metropolitan Air Quality Management District
- San Diego County Air Pollution Control District
- San Joaquin Valley Air Pollution Control District
- San Leandro 2050
- San Pedro & Peninsula Homeowners Coalition
- Service Employees International Union
- Sierra Club
- Shared-Use Mobility Center
- South Coast Air Quality Management District
- The Greenlining Institute
- Union of Concerned Scientists
- University of California, Davis Institute of Transportation Studies

Executive Summary

The Funding Plan for Clean Transportation Incentives (Funding Plan) is an annual, detailed guide that explains how Clean Transportation Incentive funds will be spent. These funds are appropriated to CARB through the California State Budget (State Budget). This document is the Proposed Funding Plan for Fiscal Year (FY)¹ 2024-25 (Proposed Funding Plan). The Proposed Funding Plan presents recommendations from CARB staff on how to allocate the funds in the State Budget for this FY.

This year's Proposed Funding Plan continues to focus on communities that have not previously had as much direct help to improve air quality and reduce the negative impacts of climate change. These communities are also known as priority populations. The Proposed Funding Plan also helps to speed up the use of clean, zero-emission vehicles (vehicles that emit no harmful air pollutants). It also helps to boost the economy, train people for jobs, and supports small businesses. It also funds more community led projects in an effort to create ways to make it easier for everyone to walk, bike, and use public transportation to move around their communities and beyond. These investments are important not just to support clean vehicles, but also to help create sustainable communities. In addition, these investments provide much needed reductions in emissions of greenhouse gases and criteria pollutants across the state. The Proposed Funding Plan also includes a summary of input received from priority populations and other interested parties.

Scope of the Proposed Funding Plan

CARB's Clean Transportation Incentives are made up of funding from various sources, including:

- Greenhouse Gas Reduction Funds for the Low Carbon Transportation Program
- Air Quality Improvement Funds for the Air Quality Improvement Program (AQIP)
- Funding from the State General Fund for specific projects or project categories
- Proposition 98 General Funds for specific projects or project categories

This year, the funds for Clean Transportation Incentives were only appropriated to AQIP:

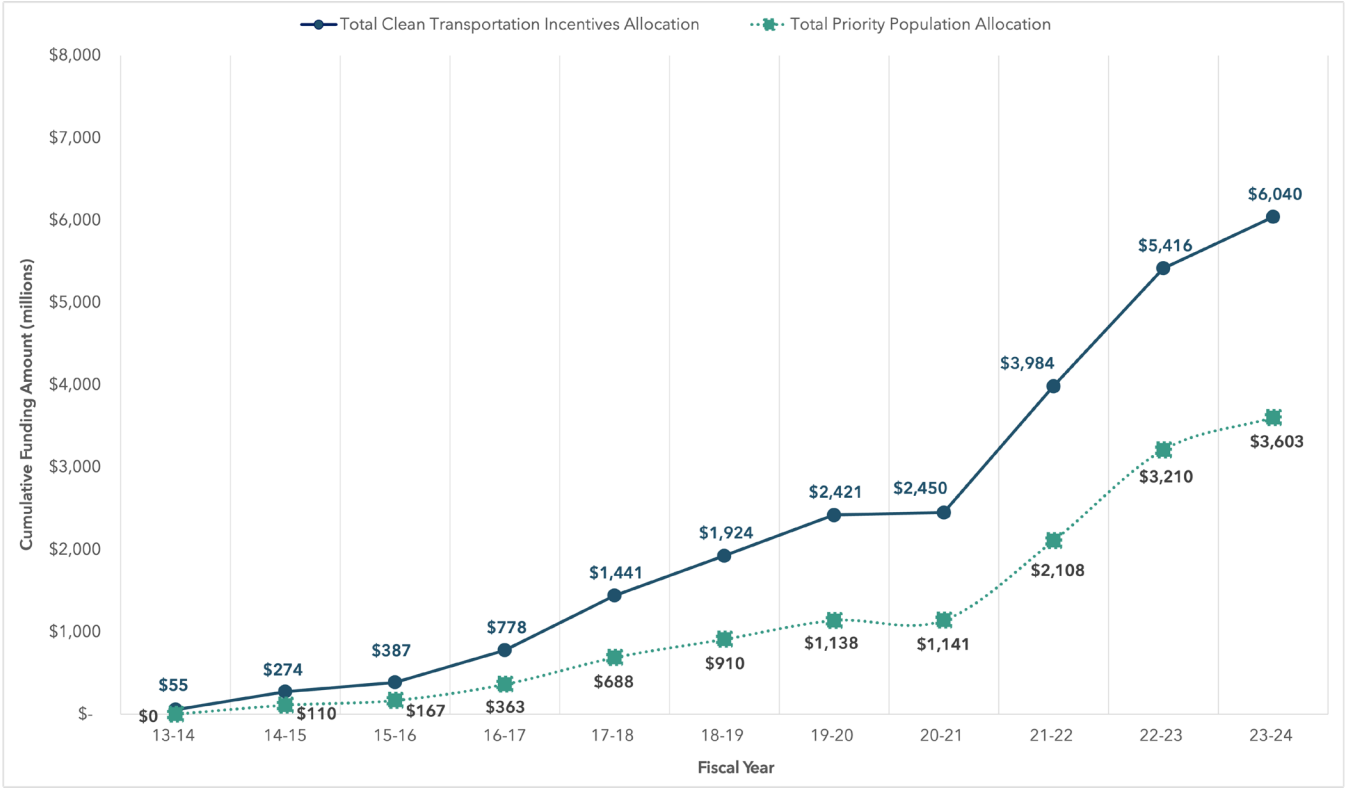
- Approximately \$34.9 million is appropriated for AQIP. Staff proposes to use this year's AQIP appropriation to support small fleets and small businesses to be able to access innovative and more flexible solutions for the adoption of zero-emission technologies such as all-inclusive leases, truck-as-a-service, and insurance options; to support clean off-road equipment; and to support zero-emission truck loans.

The Proposed Funding Plan strives to continue to fulfill California's important and historic promises for cleaner air. In the current FY that is covered by this Proposed Funding Plan,

¹ A fiscal year runs from July 1 through June 30. For this Proposed Funding Plan, it is July 1, 2024, through June 30, 2025.

CARB staff estimates that between 60-70% of approximately \$34.9 million in funds will go to help communities that need it the most. This is a significant change from over a decade ago when no money was set aside specifically to help these communities through funds that were appropriated, or given, to the Board. This is shown in Figure ES-1 below. CARB staff proposes to allocate, or use, the funds given to the Board this year to continue to improve California's air quality, reduce its greenhouse gas emissions, and help more people to be able to access the goods, services, and places they need. This is in line with the Governor's and the California Legislature's budget priorities.

Figure ES-1: Cumulative Funding Allocated to Projects that have Benefited Priority Populations since Fiscal Year 2013-14



The investments contained in the Proposed Funding Plan represent only a portion of the substantial investments made by the State to promote clean transportation, support the State's numerous air quality and climate goals, and provide benefits to priority populations. These are complemented by other CARB programs, other State agency programs, and local air district programs, as well as actions taken by other local government entities. For example, CARB and the California Energy Commission coordinate closely on the implementation of funding to ensure that the vehicle investments proposed in the Funding Plan are complemented by supporting infrastructure. Additionally, funds are leveraged by investments made by the public and members of various communities throughout the state. Every person and business that chooses to participate in CARB's incentive projects contributes toward California being able to achieve our clean transportation, air quality, and

climate goals. Further, each project has its own statutory and policy direction, but, collectively, they fit together to support California's multiple public health, air quality, climate change, and equity goals.

The Proposed Funding Plan describes CARB's policy drivers and vision for these advanced technology mobile source investments. It also describes project funding allocations and proposed revisions to project criteria. Lastly, the Proposed Funding Plan provides justification for these investments.

Staff's Proposal for Allocations

CARB staff is directing project allocations to Medium- and Heavy-Duty projects as specified in the Budget Act of 2024. Staff proposes to focus much of that funding to small fleets and small businesses. In most cases, these projects continue to build on investments from previous budget cycles that were envisioned as multiyear investments, while taking steps to further shift from broad purchase incentives to more targeted incentives for those who need them the most. CARB anticipates that this shift will increase in the coming years. In making these investments, CARB strives to maximize the benefits for priority populations and small businesses, and these investments include targeted support to the communities most impacted by poor air quality.

CARB staff developed the proposed project allocations as specified by the Budget Act of 2024 and through a public process, considering legislative direction and feedback from interested parties and communities. CARB staff also evaluated anticipated demand for the projects and technology readiness of various types of vehicles and equipment. Additionally, staff reviewed the long-term planning elements of previous funding plans.

The *Updated Long-Term Plan for Light-Duty Zero-Emission Vehicle Market, Light Duty Vehicle Purchase Incentives, Clean Mobility Investments, and Outreach* (Appendix C) and the *Long-Term Heavy-Duty Investment Strategy Including Fiscal Year 2024-25 Three-Year Recommendations for Clean Transportation Incentive* (Appendix D) played key roles in this assessment. Staff also considered which projects have remaining funds allocated in previous FYs, as well as other available funding sources. Staff's proposed project category allocations are shown in Table ES-1 below.

Table ES-1: Fiscal Year 2024-25 Proposed Project Allocations for Medium- and Heavy-Duty On- and Off-Road Vehicle and Equipment Incentive Projects (Millions)

Project Category	Greenhouse Gas Reduction Fund	General Fund	Air Quality Improvement Fund	Total Allocation
Innovative Small e-Fleet Pilot Project	-	-	\$14.9	\$14.9
Clean Off-Road Equipment Project	-	-	\$14.9	\$14.9
Zero-Emission Truck Loan Pilot	-	-	\$5.0	\$5.0
Total	\$0	\$0	\$34.9	\$34.9

CARB's portfolio of incentive programs outside of the Funding Plan include the *Community Air Protection Program (CAPP)*, the *Funding Agricultural Replacement Measures for Emission Reductions (FARMER)* Program, the *Carl Moyer Memorial Air Quality Standards Attainment Program* (Carl Moyer Program), and the *Volkswagen Environmental Mitigation Trust*. These programs are not included in the Proposed Funding Plan.

Key Proposed Policy Changes for Incentive Projects and Policy Criteria for New Projects

In the Proposed Funding Plan, there are some suggestions to modify current projects based on research, data analysis, and public input. On the light-duty vehicle and clean transportation equity side, CARB staff proposes to:

- **Clean Cars 4 All (CC4A):** update the funding allocation percentages for future years.
- **Driving Clean Assistance Program (DCAP):** increase the loan cap amount to \$45,000.
- **Zero-Emission Assurance Project (ZAP):** consider initial project eligibility criteria with a goal of project launch in 2025.

In the medium- and heavy-duty vehicle and off-road equipment space, CARB continues to build on efforts to ensure incentives are equitably distributed through the strategic focus of funds to priority communities and to reduce barriers for small fleets and small businesses. CARB staff proposes to:

- **Clean Truck and Bus Voucher Program (HVIP):** review voucher amounts and explore a potential revamp of the voucher issuance process to simplify it.

- **Innovative Small e-Fleet Pilot Project (ISEF):** explore the design of a Used Truck Voucher Pilot concept within ISEF to accelerate the development of an affordable secondary vehicle market that would provide small fleets with more flexibility.
- **Clean Off-Road Equipment (CORE):** direct funding specifically to small businesses and public agencies; graduate eligibility for the mature zero-emission off-road terminal tractors used at freight facilities to scrap-and-replace funding programs; increase voucher amounts for the largest forklifts with a lift capacity of 54,001 pounds and greater; and streamline the equipment eligibility application process.

Chapter 1: Introduction and Background

The Clean Transportation Incentives Funding Plan (Funding Plan) is an annual, detailed guide, that explains how *Clean Transportation Incentive funds* will be spent for the current fiscal year (FY). These funds are appropriated, or given, to CARB through the *California State Budget* (State Budget). This document presents preliminary recommendations from CARB staff on how to allocate, or distribute, funds appropriated to CARB in the State Budget for FY 2024-25 (July 1, 2024 – June 30, 2025). These funds are allocated among various projects covered under the Low Carbon Transportation Incentives and Air Quality Improvement Program, collectively referred to as Clean Transportation Incentives. For the purposes of the Funding Plan, all the projects that are funded under these programs are referred to as projects, even for those that have legislation referring to them as programs, such as the Clean Cars 4 All (CC4A) program. One other project that is referred to as a program in the name is the Driving Clean Assistance Program (DCAP). Additionally, this document serves as the Proposed Funding Plan, which aims to solicit feedback on CARB staff's proposed recommendations. It also incorporates feedback from the public and interested parties. The Proposed Funding Plan is scheduled to be presented to the Board for consideration on November 21, 2024.

The Funding Plan is one part of CARB's broader incentives portfolio and is complemented by other CARB, State agency, and local air district programs, as well as other actions taken by local government entities. Some of CARB's other incentive programs include the *Community Air Protection Program (CAPP)*, the *Funding Agricultural Replacement Measures for Emission Reductions (FARMER)* Program, the *Carl Moyer Memorial Air Quality Standards Attainment Program* (Carl Moyer Program), and the *Volkswagen Environmental Mitigation Trust*. State agency partners include the California Energy Commission (CEC), the California State Transportation Agency (CalSTA), the Strategic Growth Council (SGC), and the Governor's Office of Economic and Business Development (GO-Biz). These agencies collaborate with CARB to support an equitable zero-emission vehicle (ZEV) transportation sector, one that is especially tailored to the needs of priority populations. For example, CARB and CEC closely collaborate as CEC funds and supports ZEV infrastructure deployments that correspond with CARB's projects.

Over the past few years, CARB shifted its focus for its incentive projects from funding ZEV technology where adoption was most feasible to ensuring that the people and communities that are burdened with the worst impacts of poor air quality and greenhouse gas emissions are equitably supported. CARB also shifted its focus to small truck fleets, knowing that owners of these small fleets have a harder time purchasing ZEVs. CARB is committed to ensuring that all Californians have access to clean, reliable transportation. CARB continues to focus its efforts on equity and priority populations. Priority populations are those defined in *California Health and Safety Code Sections 39711 and 39713* and include disadvantaged communities, low-income communities, and low-income households as defined in State law. To advance these equity goals, CARB engages with communities throughout the process of developing the annual Proposed Funding Plan and evaluates transportation projects for

their advancement of environmental justice goals. In developing the Proposed Funding Plan, CARB incentives staff in the Mobile Source Control Division collaborate with the Office of Environmental Justice, Tribal Relations and Border Affairs; and the Office of Racial Equity to ensure projects and policy changes are in line with CARB environmental justice and racial equity goals.

Additionally, CARB strives to promote and protect public health, welfare, environmental justice, and ecological resources through the effective reduction of air pollutants while it recognizes and considers the effects on the economy. Hence, CARB also works to boost the economy, expand *workforce training and development efforts*, and support small businesses through its incentive projects. CARB does so through several of its Medium- and Heavy-Duty projects and efforts such as the Clean Truck and Bus Voucher Incentive Project (HVIP), *Innovative Small e-Fleet* Pilot project, *Clean Off-Road Equipment Voucher Incentive Project*, and *Cal Fleet Advisor*.

In this Proposed Funding Plan, staff present their proposed recommendations on several topics, such as:

- CARB's priorities for the current funding cycle;
- how the funds will be allocated for each project category;
- improvements to projects based on public input and CARB's evaluation of projects in previous years;
- strategies to measure changes in behavior and the socioeconomic benefits resulting from projects;
- plans for potential adjustments during the year, if needed, known as contingency provisions;
- strategies to equitably implement projects to support sensitive communities and improve policy to achieve environmental justice goals; and
- methods to work through funding challenges for the current fiscal year.

During a public workshop held on August 29, 2024, CARB staff presented initial recommendations for specific Clean Transportation Incentives. CARB staff then developed final proposed recommendations for the Board to consider which have been compiled into this Proposed Funding Plan. To gather input, CARB staff considered feedback from various sources. These include the August public workshop, topic-specific public workgroup meetings, and monthly evening community meetings. Input also included written submissions from interested parties as well as responses to a community survey. CARB staff released this Proposed Funding Plan for public review and comment in October. The Proposed Funding Plan will be presented for consideration at the Board Meeting scheduled for November 21, 2024. It is important to note that this proposed plan does not represent the final decision, or action, of the Board. The Board will ultimately decide on the Proposed Funding Plan at the November 21, 2024, Board meeting.

CARB staff continues to work toward making the Proposed Funding Plan shorter and easier for interested parties to review. This year, CARB staff has made the following changes:

- Within Chapter 1:
 - Moved the section titled “Funding Plan Development Process, Outreach, and Community Engagement” to a standalone “Chapter 5: Detailed Funding Plan Development Process, Outreach and Community Engagement”
 - Removed the section titled “Project Evaluation Methods, Data Collection and Reporting, and Research Support”
- Moved “Chapter 5: Addressing California Climate Investment Guideline Requirements Related to Priority Populations” to a standalone “Appendix H: Addressing California Climate Investment Guideline Requirements Related to Priority Populations”

CARB staff welcomes feedback and collaboration on the Proposed Funding Plan and will continue to collect written comments. Interested parties may provide written comments through [CARB’s public comment portal](#).

Priorities and Goals

In 2020, Governor Newsom signed [Executive Order \(EO\) N-79-20](#). The executive order calls on the State to accelerate the deployment of zero-emission technologies in the transportation sector. The aim of this acceleration is to improve air quality and reduce greenhouse gas emissions while ensuring long-term economic resiliency. This is important in communities where people tend to have lower incomes and communities that historically were underserved or are considered disadvantaged.

Later, in 2022, Governor Newsom signed [EO N-16-22](#). This executive order calls on the State to incorporate equity into all strategic plans and programs. It also calls on the State to engage with disadvantaged California communities, including California Native American Tribes (Tribes), that have been historically underserved in our policies and programs.

According to [CARB’s scoping plan](#), [mobile source strategy plan](#), and other air quality strategies, there is a need for zero-emission technologies and cleaner fuels across all vehicle and equipment categories to meet goals to reduce greenhouse gas emissions, smog-forming pollutants, and toxic air contaminants (TAC). The importance of zero-emission technologies and cleaner fuels is emphasized in the [California Sustainable Freight Action Plan](#), especially for the freight sector. Assembly Bill 617 ([C. Garcia, Chapter 136, Statutes of 2017](#)) also sets goals to reduce emissions in communities with high exposures to TACs and [criteria pollutants](#). Additionally, the [2022 Scoping Plan for Achieving Carbon Neutrality](#), the [2022 Progress Report – California’s Sustainable Communities and Climate Protection Act](#), and the [Low-Income Barriers Study, Part B: Overcoming Barriers to Clean Transportation Access for Low-Income Residents](#) (Senate Bill 350 Report) highlight how important it is to provide alternative ways to get around (alternative transportation modes) that are convenient, especially for priority populations. The [2022 Scoping Plan](#) also outlines that, even with California’s ambitious plans to deploy cleaner vehicles, California also needs to reverse the trend of people needing to drive longer distances to meet their

daily needs. CARB has set a target per capita reduction in vehicle miles traveled (VMT) (as compared to 2019 levels) of 25% by 2030 and 30% by 2045.

Additional priorities from the following reports are considered in the development of the Funding Plan:

- [*State Implementation Plans \(SIP\)*](#)
- [*Senate Bill \(SB\) 350 \(de León, Chapter 547, Statutes of 2015\) Reports*](#)
 - [*SB 350 Education, Outreach and Engagement Strategic Roadmap: Equitable Access to Clean Transportation and Mobility Options*](#)
- [*California ZEV Action Plan*](#)
 - [*ZEV Action Plan*](#)
 - [*ZEV Market Development Strategy*](#)
- [*ZEV Infrastructure Joint Statement of Intent*](#)
- [*California Hydrogen Market Development Strategy Framing Document*](#)

Clean Transportation Incentives aim to achieve the following goals, which are also available at [*CARB's Climate Goals - Funding Plan Goals & Priorities*](#):

- Turning over legacy combustion fleets to achieve cost-effective, near-term emission reductions in support of SIPs, air toxics reduction goals, and community air protection goals
- Accelerating the introduction and deployment of zero-emission technologies to meet California's air quality and climate change goals
- Improving access to and investing in clean transportation and mobility options for priority populations most impacted by pollution in support of equity and environmental justice goals
- Supporting small owner/operator fleets' transition to zero-emission in support of equitable investment goals
- Supporting the transition to and adoption of more sustainable transportation modes to reduce vehicle miles traveled and greenhouse gas emissions to support sustainable communities
- Expanding the supply chain for advanced technology components, the number of manufacturers choosing California as a home for manufacturing, and leveraging private partnerships and investment to support the commercial viability of advanced technologies
- Supporting economic recovery and growth to continue the momentum California has built towards becoming a hub for the manufacture and deployment of clean technologies, training and career pathways, supporting associated green jobs, as well as high-road jobs that provide sustainable wages and benefits, opportunities for advancement, and safe working conditions

Over the past decade, CARB's portfolio of incentive projects has played an integral role in the development and acceleration of clean vehicles and equipment to improve air quality and reduce the negative impacts of climate change. However, funding incentive projects

alone will not allow California to meet the ambitious goals the State has for zero-emission deployment. As such, incentive projects complement CARB's regulatory measures to ensure that reductions in air pollution and greenhouse gas emissions occur while clean transportation is made more accessible for all Californians.

Each incentive project has its own requirements, emission reduction goals, and project eligibility criteria. However, CARB staff and project administrators continuously look for ways to streamline projects, where possible. The goal for this effort is to make it easier for project participants to apply and navigate the application process.

Clean Transportation Incentives

In past efforts to equitably develop the ZEV market in the light-duty, mobility, and medium-and heavy-duty transportation sectors, the Governor and the Legislature appropriated funds to support the Zero-Emission Vehicle Package (ZEV Package) in FY 2021-22. The originally agreed-upon amount for the package was \$10 billion over 5 years and was appropriated to CARB, the California Energy Commission, the California State Transportation Agency, and the Governor's Office of Economic and Business Development. This is the fourth year of the ZEV Package, and the Budget Act of 2024 maintains approximately \$9.1 billion through FY 2027-28.

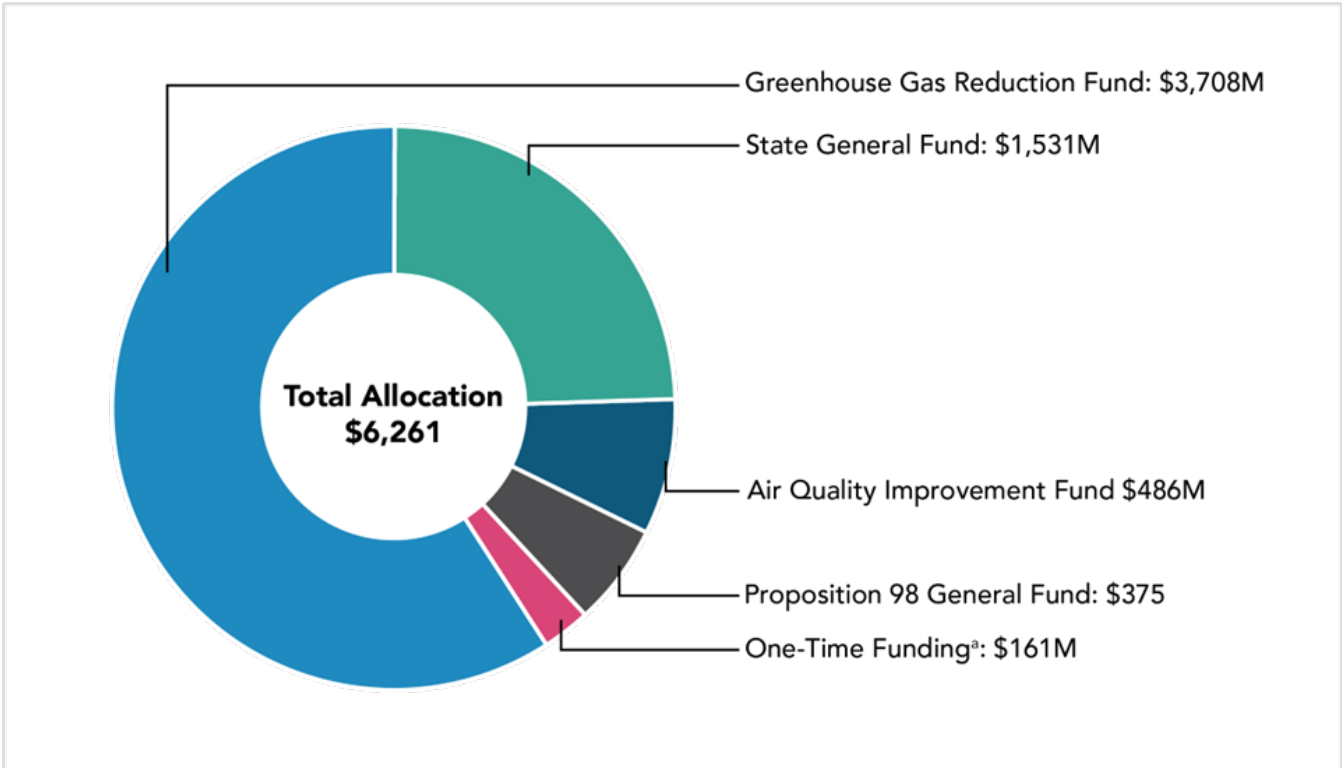
Funding to support Clean Transportation Incentives typically comes from the Air Quality Improvement Fund (AQIF), Greenhouse Gas Reduction Fund (GGRF), and General Fund funding sources, which are described further in the following sections. However, there were years where funding was appropriated from different sources on a onetime basis. For example, in FY 2021-22 CARB also received a onetime appropriation of \$86.5 million from the Air Pollution Control Fund. This fund puts penalties and fees collected from polluters to work on efforts to improve air quality in the state.

Generally, CARB's Clean Transportation Incentives are made up of two programs:

- the Air Quality Improvement Program (AQIP) that includes funding appropriated from AQIF; and
- the Low Carbon Transportation program that includes funding appropriated from GGRF and the General Fund, including funding for specific projects or project categories and funding from specific sources within the General Fund, such as Proposition 98 General Funds.

The figure below provides a summary of the total Clean Transportation Incentive dollars appropriated to CARB to date. The total amount appropriated to CARB from FY 2009-10 through FY 2024-25 is \$6.3 billion.

Figure 1: Total Incentive Dollars Appropriated (in millions) to Clean Transportation Incentives from Fiscal Years 2009-10 through 2024-25



^a One-Time Funding includes (millions): Air Pollution Control Fund \$111 and Trade Corridor Enhancement Account (Zero-Emission Warehouse) \$50.

This year, the only new funds appropriated by the Legislature are from AQIF for AQIP. This is a significant reduction in appropriated funds from recent years and leaves several of the projects outlined in this Proposed Funding Plan without new funding. However, funds remain from previous funding cycles that can be dispersed in the 2024-25 Fiscal Year, which provides opportunities to evaluate project effectiveness and strengthen relationships with communities.

Air Quality Improvement Program

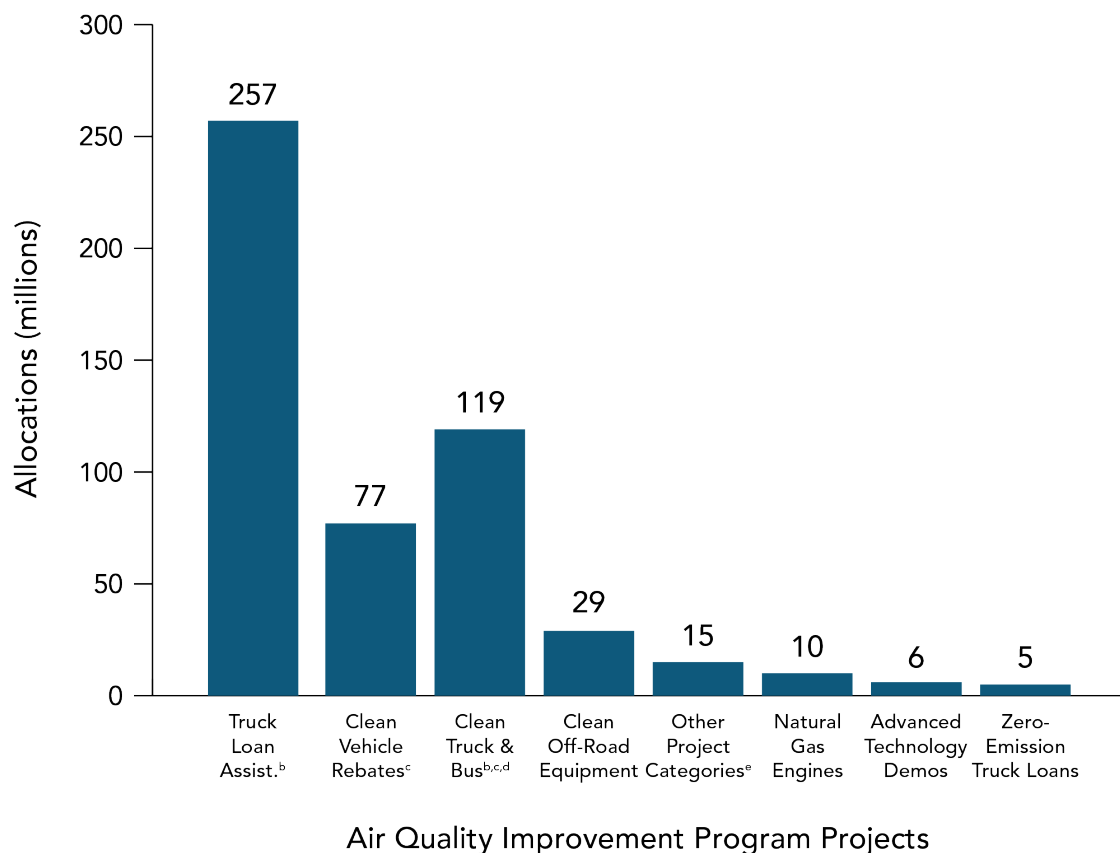
In 2007, the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 Assembly Bill (AB) 118 (*Nunez, Chapter 750, Statutes of 2007*) created AQIP by establishing fees to support the program. The bill also established the Alternative and Renewable Fuel and Vehicle Technology Program at the CEC, which is an adjacent program to AQIP that focuses on supporting infrastructure, clean fuels, and other emergent technologies. In 2013, these fees were reauthorized through AB 8 (*Perea, Chapter 401, Statutes of 2013*) to support AQIP through 2023. CEC’s program was renamed in 2021 to the *Clean Transportation Program* (*California Health and Safety Code, Division 26, Part 5, Chapter 8.9, Article 2*). Last year, in 2023, AB 126 (*Reyes, Chapter 319, Statutes of 2023*) further extended the fees through 2035 to support both AQIP and CEC’s

Clean Transportation Program. Specifically, for AQIP, AB 126 directs the prioritization of zero-emission technology, heavy-duty projects, and benefits in nonattainment air basins, especially extreme *nonattainment areas*. CARB implements AQIP consistent with the new direction specified in AB 126. A detailed discussion of the benefit-cost analysis and selection process for AQIP projects is provided in Appendix A of the Proposed Funding Plan.

The figure below provides a summary that highlights some of our AQIP investments to date. Projects that received one-time funding in various years to help meet demand are included in the “Other Project Categories” category within the figure. In some years, the Clean Vehicle Rebate Project (CVRP)² and the Clean Truck and Bus Voucher Incentive Project (HVIP) received funding from both AQIF and other funding sources.

² The Clean Vehicle Rebate Project closed on November 8, 2023.

Figure 2: Air Quality Improvement Program Project Allocations to Date^a



^(a) Projects rounded to nearest million dollars. Includes FY 2024-25 Proposed Appropriation.

^(b) Includes a total of \$108 million in funding from CEC's Clean Transportation Programs and the Vehicle Inspection and Repair Fund and CARB's 2017-18 budget. Truck Loan Assistance received \$25 million, CVRP received \$79 million, and HVIP received \$4 million of these other funds.

^(c) CVRP and HVIP also received Low Carbon Transportation funds in FY 2013-14 through 2019-20 and General Funds in FY 2021-22. CVRP also received approximately \$70 million from CEC and the Vehicle Inspection and Repair Fund in FY 2013-14.

^(d) Includes Innovative Small e-Fleet Pilot Project (ISEF), a set aside project within HVIP, allocations of \$14.32 in FY 2023-24 and \$14.97 in FY 2024-25.

^(e) Other Project Categories includes: \$4 million each for Clean Cars 4 All and Agricultural Equipment (San Joaquin Valley), \$3 million each for Lawn & Garden Equipment and Truck Filter Replacements, \$2 million for Off-Road Hybrid Equipment, \$500,000 for Off-Road Mobile Agricultural Equipment Trade-Up Pilot, and \$100,000 for Zero-Emission Agricultural Utility Equipment.

For FY 2024-25, \$34.94 million was appropriated from AQIF for AQIP. CARB staff proposes to use this year's AQIP appropriation for the Innovative Small e-Fleet Pilot Project (ISEF), the Clean Off-Road Equipment Project (CORE), and the Zero-Emission Truck Loan Assistance Project, thus continuing to further support small fleets, off-road equipment, and financing opportunities for heavy-duty zero-emission vehicles.

Low Carbon Transportation Program

The Low Carbon Transportation Program (LCT) is part of the California Climate Investments (CCI). CCI is funded by proceeds from the sale of State-owned allowances from quarterly Cap-and-Trade auctions that are deposited into the GGRF. These investments provide funding for CARB's advanced technology, clean transportation incentive projects that reduce greenhouse gas emissions. LCT is identified as a priority investment area in the first four [Cap-and-Trade Auction Proceeds Investment Plans](#). They accelerate emissions reductions by incentivizing low carbon freight and passenger transportation.

Over the past decade, between 2013 and 2023, the Legislature appropriated a total of \$3.7 billion to CARB for the types of LCT incentives generally covered in the Funding Plan. These appropriations are used to fund traditional and innovative vehicle ownership for zero-emission and plug-in hybrid passenger vehicles and Sustainable Community-Based Transportation Equity projects (mobility projects) that are discussed in Chapter 3.

As reported in the [California Climate Investments 2024 Annual Report](#), Appendix A: 2023 Cumulative Statistics, at least 85% of CARB's LCT incentives from the GGRF were allocated to projects that benefit priority populations as shown in Table 1. Data reported in the CCI Report appendix and Table 1 are from a project's inception through November 30, 2023. This data does not reflect funds allocated but not yet reported to CCI. The percentages are based on the amount of funding implemented as of November 2023 but could change as remaining funds are distributed and used. Currently, the overall percentage exceeds commitments made in past Funding Plans. Most of the funds benefiting priority populations are from clean transportation equity projects, Clean Truck and Bus Voucher Incentive Projects (HVIP), and Clean Off-Road Equipment Projects. While not limited to priority populations, nearly 65% of HVIP funding was awarded to trucks and buses that benefited priority populations based on fleet domicile information collected at the time of voucher application. A significant portion of the medium- and heavy-duty investments were also directed to small- and medium-sized fleets. From 2021 to 2023, about 27% of HVIP vouchers were requested by fleets with 50 or fewer heavy-duty vehicles based in California. Since last year's Funding Plan, 42% of HVIP vouchers were requested by small fleets.³ This is

³ A small fleet is defined as any entity that has 10 or fewer vehicles with a Gross Vehicle Weight Rating (GVWR) greater than 8,500 pounds under common ownership or control and domiciled in California. Unredeemed HVIP vouchers do count toward this total. For example, a fleet with 8 vehicles with a GVWR greater than 8,500 pounds under common ownership or control and domiciled in California that also has 4 existing unredeemed voucher requests does not qualify as a small fleet in HVIP. Any entity requesting more than 10 HVIP vouchers also does not qualify as a small fleet in HVIP.

a positive and significant increase where CARB staff expects to see demand from smaller fleets continue to grow, which helps to support CARB's goals and priorities for the investment of Clean Transportation Incentives. These small fleets make up most of the California trucking fleet population. Of the fleets that operate Class 4-8 trucks in California, approximately 99% run fewer than 50 trucks.⁴

Table 1: Historical Low Carbon Transportation Program Allocations and Allocations Benefiting Priority Populations as Reported to California Climate Investments through November 2023^a

Project Category	Funding Allocated (millions)	Share Benefiting Priority Populations^b
Clean Transportation Equity Projects Established Under Senate Bill 1275	-	-
Vehicle Purchase Incentive Projects	-	-
Driving Clean Assistance Program (Statewide Clean Cars 4 All and Financing Assistance)	\$79.4	-
Regional Clean Cars 4 All Program	\$231.0 ^c	97%
Financing Assistance for Low-Income Consumers	\$42.9 ^c	83%
Clean Vehicle Rebate Project	\$1,046.1 ^c	35%
Sustainable Transportation and Mobility Equity Projects	-	-
Clean Mobility Options	\$65.3	100%
Sustainable Transportation Equity Project	\$44.5	100%
Clean Mobility in Schools Pilot Project	\$34.6	100%
Rural School Bus Pilot Project	\$61.6	54%
Agricultural Worker Vanpools	\$6.0	100%

⁴2019 Department of Motor Vehicles Data.

Project Category	Funding Allocated (millions)	Share Benefiting Priority Populations ^b
<i>Supporting Projects</i>	-	-
Outreach, Education, and Awareness	\$11.6 ^c	100%
Medium and Heavy-Duty Vehicle and Off-Road Equipment Incentive Projects	-	-
Clean Truck and Bus Vouchers (HVIP)	\$986.4 ^c	64%
Zero- and Near Zero-Emission Freight Facilities	\$148.7	100%
Zero-Emission Truck and Bus Pilot Projects	\$85	78%
Advanced Technology Demonstrations and Pilot Projects	\$123.4	100%
Clean Off-Road Equipment	\$425.4 ^c	84%
Total	\$3,391.9	85%

^a Source: [2024 California Climate Investments Annual Report Cap-and-Trade Auction Proceeds](#). The data in Appendix A: 2023 Cumulative Statistics of this report is based on data reported to CCI through November 2023. This is based on funds implemented through November 2023. For more updated data, see each [project's webpage](#).

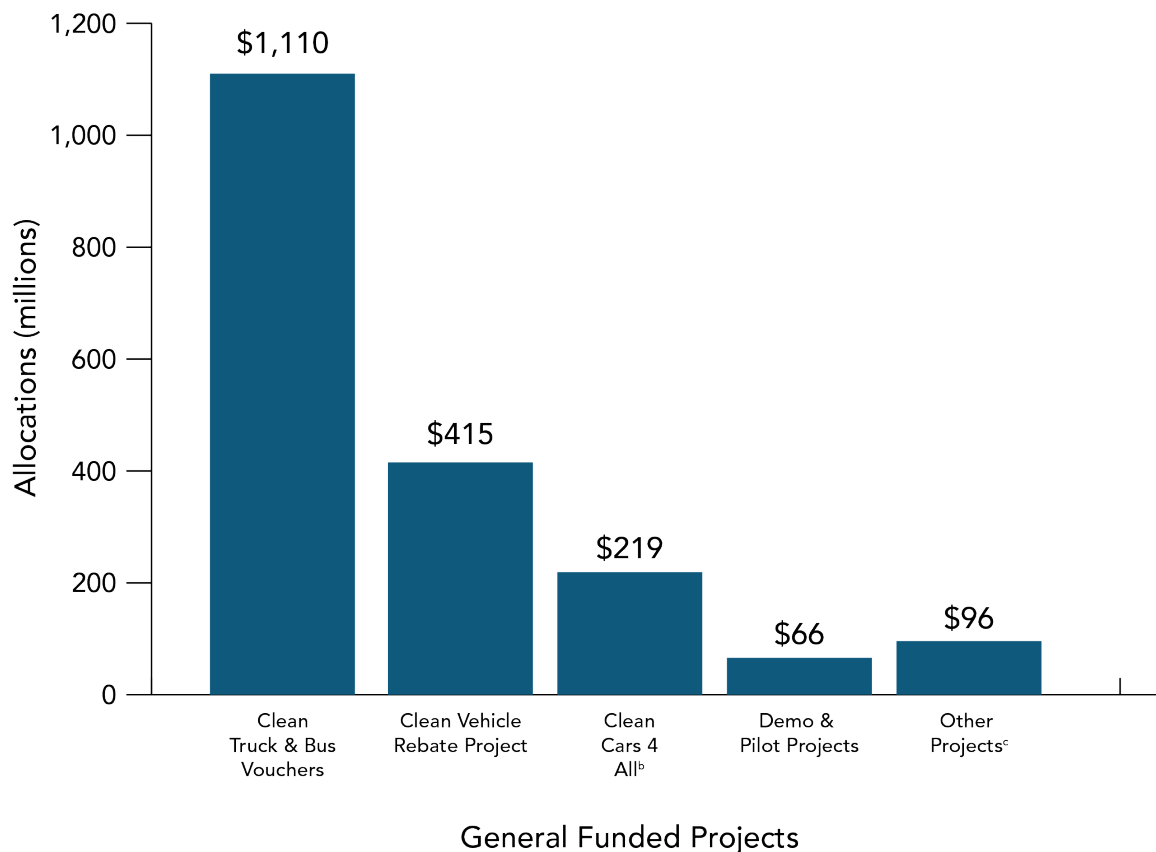
^b Based on funding implemented.

^c Funding shown here only includes Low Carbon Transportation Allocations. CVRP, HVIP, and CORE received funding from the AQIP and General Fund as shown in Figures 2 and 3. Clean Cars 4 All received funding from AQIP (as shown in Figure 2) and \$10 million from the Volkswagen (VW) settlement funds. Financing Assistance received \$10 million from the VW settlement funds, and Access Clean California also received \$5 million from the VW settlement funds.

General Fund

CARB first received an appropriation from the State’s General Fund in FY 2021-22 as part of the ZEV Package. The appropriations from the General Fund are used to support various projects under the Clean Transportation Incentives portfolio. Figure 3 shows the General Fund allocations for various projects through September 2023.

Figure 3: General Fund Allocations to Date^a



^a Projects rounded to nearest million dollars.

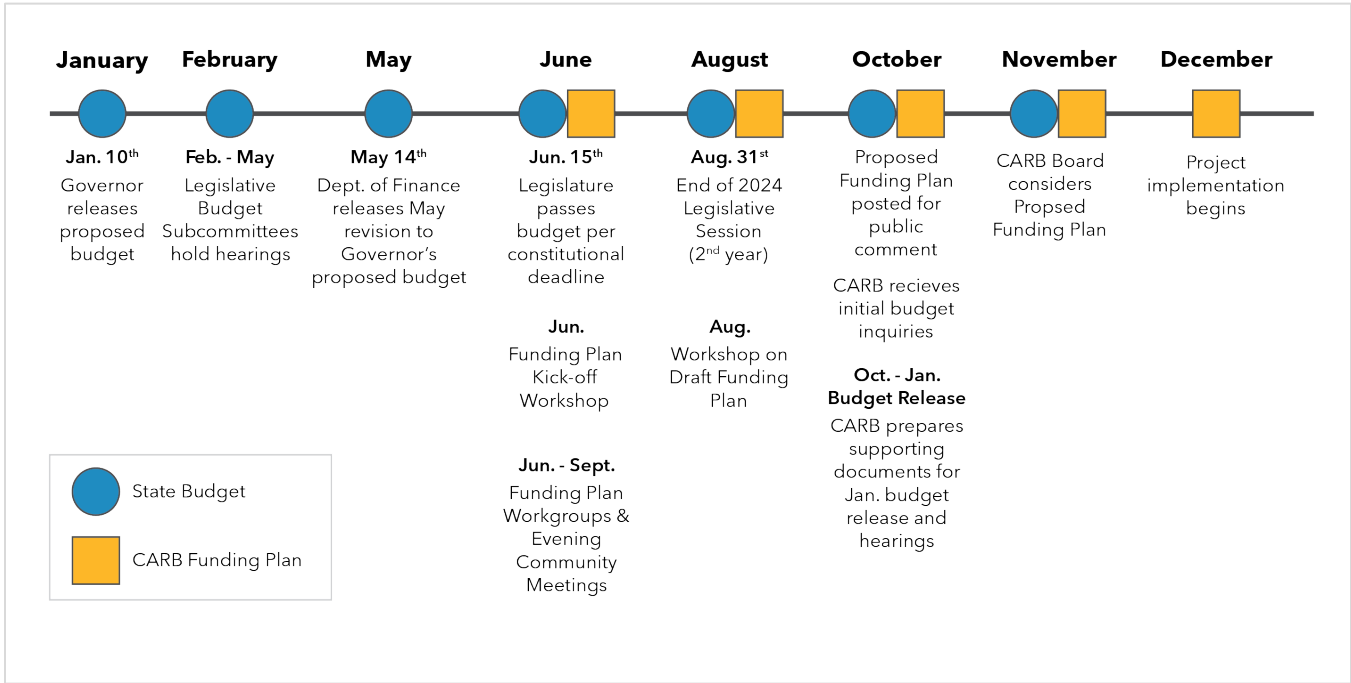
^(b) Includes \$80 million for the Regional Clean Cars 4 All (CC4A) program and \$139 million for the Statewide CC4A portion of the Driving Clean Assistance Program (DCAP). The Financing Assistance portion of DCAP is included in "Other Projects."

^(c) Other Projects is made up of Financing Assistance portion of DCAP, \$12 million; Clean Mobility Options, \$20 million; Clean Mobility in Schools, \$15 million; E-Bikes, \$28 million; Zero-Emission Assurance Project, \$10 million, Planning and Capacity Building, \$5 million; and other supporting projects, \$6 million

Funding Plan Development

Each year, CARB staff develops the Proposed Funding Plan in concert with the development of the State budget. Figure 4 shows the Funding Plan development process.

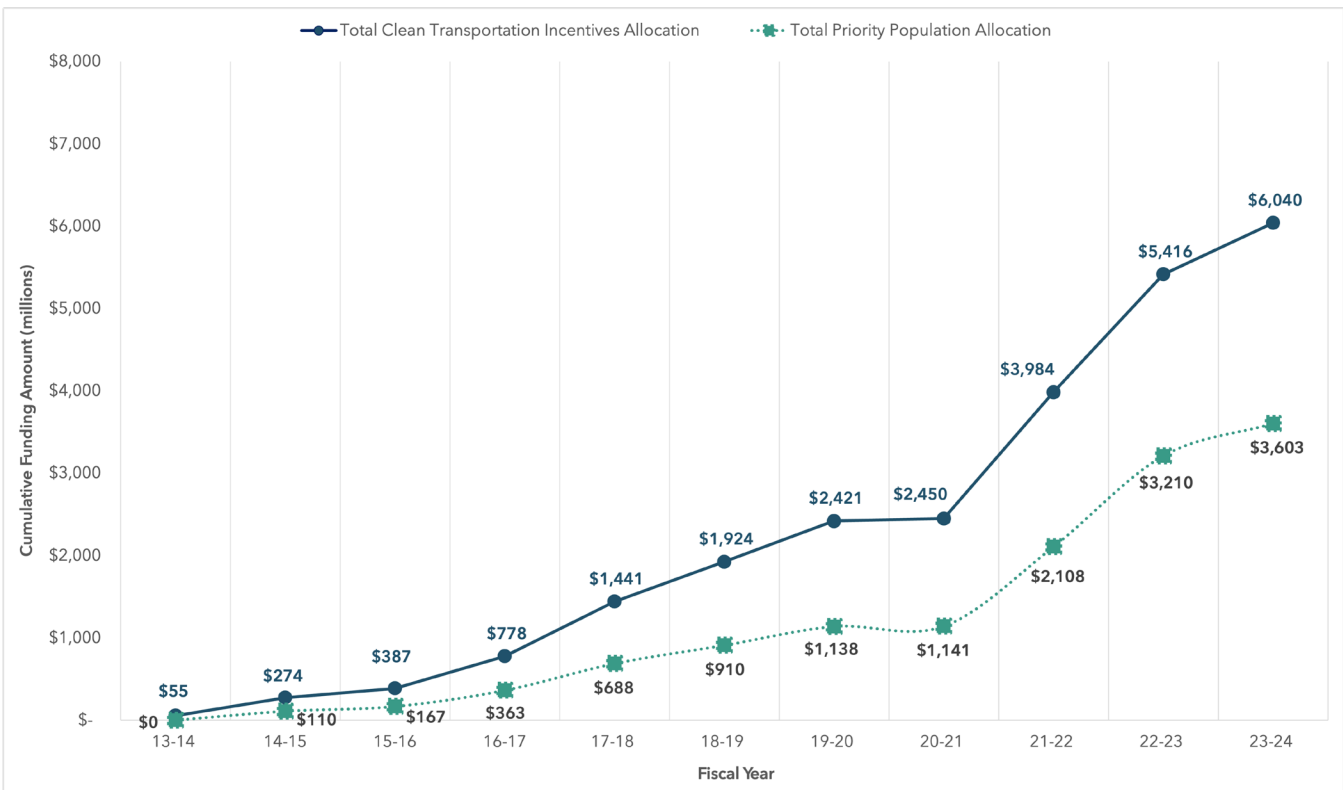
Figure 4: Clean Transportation Incentives Funding Plan Development Timeline



Intentional Benefits to Communities

As Clean Transportation Incentive projects continue to evolve, there is a greater emphasis to deliver benefits toward the people and communities who need them the most. Through the projects covered by the Funding Plan, CARB strives to fulfill California's important promises to disadvantaged communities. In this Proposed Funding Plan, CARB staff provides an estimate of the amount of funding that will be allocated to priority populations based on FY 2024-25 appropriations. The figure below shows how much funding has been allocated to projects that have benefited priority populations over the years.

Figure 5: Cumulative Funding Allocated to Projects that has Benefited Priority Populations since Fiscal Year 2013-14



A key component of the projects that fall under the Funding Plan is to provide health and economic benefits to Californians, especially to priority populations. Priority populations include disadvantaged communities (DAC), low-income communities, and low-income households collectively. Assembly Bill (AB) 1550 ([Gomez, Chapter 369, Statutes of 2016](#)) requires that at least 35% of California Climate Investments funding benefits priority populations.

On May 3, 2022, the California Environmental Protection Agency (CalEPA)⁵ updated the *designation of disadvantaged communities* to include additional geographic areas. It also updated the reference years used to determine low-income community and low-income household thresholds (2017). Additional areas encompassed in the designations include:

- lands that are under the control of federally recognized tribal governments. For purposes of this designation, a Tribe may establish that a particular area of land is

⁵ In 2012, Senate Bill 535 (De León, Chapter 830, Statutes of 2012) established initial requirements for minimum funding levels to “Disadvantaged Communities”. The legislation also gives CalEPA the responsibility for identifying those communities, stating that CalEPA’s designation of disadvantaged communities must be based on “geographic, socioeconomic, public health, and environmental hazard criteria.”

under its control even if not represented as such on CalEPA's DAC map and therefore should be considered a DAC by requesting a consultation with the CalEPA Deputy Secretary for Environmental Justice, Tribal Affairs and Border Relations at TribalAffairs@calepa.ca.gov,

- census tracts that receive the highest 25% of overall scores in the [California Communities Environmental Health Screening Tool \(CalEnviroScreen\) 4.0](#),
- census tracts that lack overall scores in CalEnviroScreen 4.0 due to data gaps but that have received the highest 5% of CalEnviroScreen 4.0 cumulative pollution burden scores, and
- census tracts identified in the 2017 [CalEnviroScreen 3.0](#) disadvantaged community designations as disadvantaged, which will maintain their designation in [CalEnviroScreen 4.0](#).

In the FY 2023-24 Funding Plan, CARB staff recommended that at least 60-70% of Low Carbon Transportation funds be invested in projects that meet one of the AB 1550 criteria⁶ with the following targets:

- At least 45-50% of funds for projects located within, and that benefit individuals who live in, disadvantaged communities
- At least 15-20% of funds for projects located within, and that benefit low-income communities, or that benefit low-income households

Each year CARB staff considers the targets as a floor and strives to exceed them. CARB staff aims to continue to meet or exceed these targets with previous year's funding.⁷ CARB staff will continue to consider whether provisions can be incorporated into project solicitations and implementation requirements to help ensure that CARB exceeds the minimum targets with previous years' funding. CARB does not limit the disadvantaged community and low-income community or household focus to Low Carbon Transportation Incentives. Investments from the Air Quality Improvement Fund and the General Fund are also designed to benefit priority populations. Project administrators are required to focus outreach and engagement to priority populations, which is often accomplished through

⁶ AB 1550 Criteria: (1) a minimum of 25% of the available moneys in the fund to projects located within, and benefiting individuals living in, disadvantaged communities, (2) an additional minimum of 5% to projects that benefit low-income households or to projects located within, and benefiting individuals living in, low-income communities located anywhere in the state, and (3) an additional minimum of 5% either to projects that benefit low-income households that are outside of, but within a 1/2 mile of, disadvantaged communities, or to projects located within the boundaries of, and benefiting individuals living in, low-income communities that are outside of, but within a 1/2 mile of, disadvantaged communities.

⁷ The Budget Act of 2024, as amended by SB 108, shifted \$53 million in General Funds from FY 2021-22 to GGRF for Emerging Opportunities.

paid partnerships with local community-based organizations. This helps to ensure that funds reach communities and their residents and provide benefits where they are most needed. It also helps to meet and exceed established targets.

CARB staff collaborates with project administrators and community leaders to identify funding opportunities and develop strategies for outreach and engagement. CARB incentives staff in the Mobile Source Control Division also collaborates closely and internally, with the Office of Environmental Justice, Tribal Relations and Border Affairs; and the Office of Racial Equity, to ensure that environmental justice and equity are a focus within the Funding Plan. This collaborative approach ensures that communities are actively involved in the investment decision-making process and have equal access to funding opportunities. In addition to community outreach efforts to identify funding opportunities, *CARB's Zero-Emission Vehicle (ZEV) Equity Task Force* aims to identify partnerships to increase access to ZEVs in underserved communities. CARB is using the ZEV Equity Task Force to align light-duty incentive projects with relevant light-duty regulations. The ZEV Equity Task Force was formed in May 2023 in response to the Advanced Clean Cars II Regulations' *Resolution 22-12* to "expand low-income and disadvantaged communities' access to ZEVs and zero-emission mobility."

CARB staff is also working on other opportunities to improve communication, collaboration, outreach, and engagement with communities, Tribes, organizations, and other government agencies. Intentional outreach and engagement efforts in communities is also conducted through the *Clean Transportation Regional Outreach Coordinators*⁸ initiative. Dedicated CARB staff presence in communities in all regions of the state is important for the advancement of light-duty incentive projects and implementation of Advanced Clean Fleets and other heavy-duty measures and regulations. CARB staff also partners with other State agencies to spread the meaningful benefits created by CARB investments in heavy-duty clean transportation to communities across the state.

⁸ Beginning in May 2024, CARB staff implemented the Clean Transportation Regional Outreach Coordinators program. This program was established to enhance awareness of clean transportation regulations, incentive projects and programs, and solutions. (See the section in this document titled "Clean Transportation Regional Outreach Coordinators" for more information about this program).

Chapter 2: Proposed Funding Allocations and Policy Changes

Many zero-emission technologies are now widely available, and the sector continues to grow. The State must continue to move forward on its path to reduce air quality and greenhouse gas emissions by achieving its zero-emission vehicle (ZEV) goals as laid out in [*Executive Order N-79-20*](#). It is also important to continue to ensure that all Californians have equitable access to zero-emission transportation and mobility options and to facilitate households' ability to access their daily needs in a way that reduces the need to drive long distances where and when possible. This must be done through project evaluations that provide the ability to modify and adjust projects based on needs. Additionally, the State must ensure that goods and services are delivered using clean technology, especially since many disadvantaged communities are in, or near to, areas where high-polluting transport activities occur. The investments laid out in this Proposed Funding Plan are meant to further expand the market for ZEVs in key vehicle categories and to support a sustainable market.

CARB staff determined proposed project allocations as specified by the Budget Act of 2024 ([*Assembly Bill 107, Gabriel, Chapter 22, Statutes of 2024*](#)), as amended by Senate Bill 108 (Wiener, Chapter 35, Statutes of 2024). CARB staff also evaluated and anticipated demand, reviewed long-term planning elements of previous Funding Plans, and considered priorities identified by communities in CARB engagement efforts, as well as from documents such as [*community emission reduction plans*](#). Further, CARB staff assessed other available funding sources and took into account feedback from interested parties such as community-based organizations, community members, nongovernmental organizations, Tribes, local and regional governments, other State agencies, etc.

Proposed Funding Allocations for Incentive Projects

The proposed funding allocations for Fiscal Year (FY) 2024-25 are shown in Table 2. Additional information and rationale for these recommendations are described in more detail later in the document.

Table 2: Fiscal Year 2024-25 Proposed Project Allocations for Medium- and Heavy-Duty On- and Off-Road Vehicle and Equipment Incentive Projects (Millions)^a

Project Category	Greenhouse Gas Reduction Fund	General Fund	Air Quality Improvement Fund	Total Allocation
Innovative Small e-Fleet Pilot Project	-	-	\$14.97	\$14.97
Clean Off-Road Equipment Project	-	-	\$14.97	\$14.97
Zero-Emission Truck Loan Pilot	-	-	\$5.00	\$5.00
Total	\$0	\$0	\$34.94	\$34.94

^a Each year the Legislature, through the State Budget, appropriates approximately \$4 million for State Operations for implementation of Air Quality Improvement Program.

Medium- and Heavy-Duty On- and Off-Road Vehicle and Equipment Investments

For FY 2024-25, the California Legislature appropriated \$34.94 million from the Air Quality Improvement Fund to the Air Quality Improvement Program (AQIP). Assembly Bill 126 requires CARB to focus AQIP funds on prioritization of zero-emission technology, heavy-duty projects, and benefits in extreme *nonattainment air basins*, such as South Coast and San Joaquin Valley. The funds are used for projects that reduce criteria air pollutants in the logistics, goods movement, off-road, warehouse, and port sectors. In line with this, CARB staff proposes that \$14.97 million be allocated to the Innovative Small e-Fleet Pilot Project (ISEF) project, \$14.97 million be allocated to the Clean Off-Road Equipment Project (CORE), and \$5 million be allocated to the Zero-Emission Truck Loan Pilot (ZE Truck Loans) project that is implemented by the California Pollution Control Financing Authority (CPCFA) through their California Capital Access Program. The funds for ISEF would support small fleets in exploring innovative solutions, such as truck-as-a-service models, rentals, short-term leases, peer-to-peer truck sharing, mechanisms to support secondary market development, and more. CORE funds would be used to incentivize zero-emission off-road equipment. The funds for the ZE Truck Loans project would help to support loans for heavy-duty zero-emission vehicles. These incentives would benefit people,

including sensitive populations such as children and people who are elderly, who live in, or near to, communities with a lot of truck traffic.

CARB staff recognizes that the small fleet funding available through the Clean Truck and Bus Voucher Incentive Project (HVIP), as well as other projects such as CORE, have historically been in high demand, and the proposed \$29.94 million is not sufficient to meet demand. CARB staff's proposal to continue to fund ISEF and CORE while focusing on equitable investments that address challenges to zero-emission technology adoption for owner operators and small fleets would help to support California's small businesses which are the backbone of California's economy.

Key Proposed Policy Changes for Incentive Projects and Policy Criteria for New Projects

In the Proposed Funding Plan, there are some suggestions to modify current projects based on research, data analysis, and public input. On the light-duty vehicle and clean transportation equity side, CARB staff proposes to:

- **Clean Cars 4 All (CC4A):** update the funding allocation percentages for future years.
- **Driving Clean Assistance Program (DCAP):** increase the loan cap amount to \$45,000.
- **Zero-Emission Assurance Project (ZAP):** consider initial project eligibility criteria with a goal of project launch in 2025.

In the medium- and heavy-duty vehicle and off-road equipment space, CARB continues to build on efforts to ensure incentives are equitably distributed through the strategic focus of funds to priority communities and to reduce barriers for small fleets and small businesses. CARB staff proposes to:

- **Clean Truck and Bus Voucher Program (HVIP):** review voucher amounts and explore a potential revamp of the voucher issuance process to simplify it.
- **Innovative Small e-Fleet Pilot Project (ISEF):** explore the design of a Used Truck Voucher Pilot concept within ISEF to accelerate the development of an affordable secondary vehicle market that would provide small fleets with more flexibility.
- **Clean Off-Road Equipment (CORE):** direct funding specifically to small businesses and public agencies; graduate eligibility for the mature zero-emission off-road terminal tractors used at freight facilities to scrap-and-replace funding programs; increase voucher amounts for the largest forklifts with a lift capacity of 54,001 pounds and greater; and streamline the equipment eligibility application process.

Federal Funding Supplements State Investments

While the State Budget appropriations for CARB's Low Carbon Transportation Incentives are smaller for FY 2024-25 compared to recent years, CARB strives to leverage funding by seeking out other sources, such as federal sources. The State of California has \$16 billion in federal funding allocated under the Inflation Reduction Act (IRA) and Infrastructure

Investment and Jobs Act (IIJA) as shown in Table 3. This represents 146 distinct awards for 862 projects, as of April 2024.

Table 3: Federal Infrastructure Investment and Jobs Act and Inflation Reduction Act Funding Awarded to California as of April 2024

Category	Amount of Funding	Primary California Recipients
Transit and Rail	\$5.2 Billion	State, Local Municipalities and Transit Agencies
Electrification	\$1.4 Billion	Schools, Transit Agencies, and Tribal Governments
Active Transportation	\$2.1 Billion	Local Municipalities and Tribal Governments
Renewable Energy	\$1.8 Billion	Commercial Entities, Local, Tribal Governments and Schools
Climate Resilience	\$1.6 Billion	Federal, Local Municipalities, and Tribal Governments
Hydrogen	\$1.2 Billion	Commercial Entities, State and Local Municipalities
Energy Efficiency	\$800 Million	Local Municipalities, Tribal Governments and Schools
General Infrastructure	\$700 Million	Federal and State Government
Carbon Sequestration	\$200 Million	Local Municipalities and Schools
Pollution Reduction	\$100 Million	Local Municipalities, Tribal Governments and Schools
Workforce Development	\$100 Million	Non-Governmental Organizations and Local Municipalities
Methane Reduction	\$46 Million	Federal and State Government

Additionally, CARB has other funding opportunities such as the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) program, the Carl Moyer Program, and Community Air Protection (CAP) Incentives. CARB also partners with the Bay Area Air Quality Management District, San Joaquin Valley Air Pollution Control District, and the South Coast Air Quality Management District to administer the Volkswagen Environmental Mitigation Trust, which is not impacted by the State Budget. CARB continues to support deployments of zero-emission technology in the transportation sector through its comprehensive incentives portfolio. Doing so helps CARB to achieve maximum emissions reductions and improve air quality in an equitable manner.

Allocations for State Operations

While no General Funds or Greenhouse Gas Reduction Funds (GGRF) were appropriated to CARB for FY 2024-25, this section describes the general allocations for State Operations. Usually, the State Budget for a given fiscal year includes authorization for CARB to allocate up to 5% of the General Fund or GGRF appropriation for administrative purposes. When that occurs, CARB staff usually proposes using a small portion of the General Fund or GGRF appropriation, about 1%, for project development and administration by CARB. This 1% for project development and administration by CARB is separate from project administration costs used by third parties such as air districts, community-based organizations, etc.

Separately, each year the Legislature, through the State Budget, appropriates approximately \$4 million for State Operations for implementation of AQIP.

Measures to Ensure Continued Project Funding

To minimize market disruptions, CARB staff expedites the delivery of funds to projects so that the air quality and economic benefits of these projects are quickly realized. To do so, in a manner consistent with past Funding Plans, the Proposed Funding Plan includes [contingency measures](#) to address necessary funding adjustments for the upcoming FY. Additional details, as they relate to projects specifically, are included in the following chapters.

CARB is also committed to ensuring that projects have continuous funding where there is an identified need. For example, in the FY 2023-24 Funding Plan, the Board directed the Executive Officer, or their designee, to re-allocate funding between the Statewide Driving Clean Assistance Program (DCAP) and the regional (Air District) Clean Cars 4 All (CC4A) Program to meet demand. This was further underscored by the FY 2024-25 State Budget, which directed CARB to shift FY 2023-24 funds to maintain funding for each air district participating in CC4A if it is determined that an air district has insufficient funds to meet proposed demand. Considering the projected demand, existing fund balances from prior FYs, and the need to ensure consistent funding in future years, CARB shifted \$14 million that had been allocated to DCAP in FY 2023-24 to the San Joaquin Valley CC4A program to help meet demand. Visit [FY 2023-24 Board Resolution](#) for more information. Similarly for medium- and heavy-duty projects, re-allocation of AQIP funds may be necessary between

the Clean Off-Road Equipment Voucher Incentive Project and the Innovative Small e-Fleet Pilot Project to meet market demand.

Priority Population Investment Targets

Priority populations include disadvantaged communities, low-income communities, and low-income-households as defined by *California Health and Safety Code Sections 39711 and 39713*. *CARB's California Climate Investments (CCI) Guidelines* provide direction for how agencies that implement and administer projects and programs funded by appropriations from GGRF should focus funds on priority populations. The CCI Guidelines include requirements and recommendations on how to provide benefits for priority populations, in addition to targets established by CCI for each project or program.

Each fiscal year, CARB staff re-evaluates the baseline target for how much of CARB's funds will go toward priority populations. CARB staff considers the past year's target, prior year's investments, funding available in the current year, and what projects are proposed for funding. The baseline target for FY 2023-24 was 60-70%. Since CARB was not appropriated any GGRF funds this year, CARB staff is not recommending changes for FY 2024-25.

Appendix H of the Proposed Funding Plan provides more detail regarding the CCI Guideline requirements.

Chapter 3: Light-Duty Vehicle and Clean Transportation Equity Incentive Projects

Overview

Understanding the importance of the transportation sector in reducing California's air pollution and greenhouse gas emissions, CARB leverages the light-duty incentive and Sustainable Community-Based Transportation Equity projects to facilitate cleaner transportation across the state. These projects aim to reduce air pollution, greenhouse gas emissions, and vehicle miles traveled (VMT) while simultaneously addressing community-identified needs and increasing access to key destinations and services. Guided by State directives—including legislation such as Senate Bill (SB) 1275 (*de León, Chapter 530, Statutes of 2014*), SB 535 (*de León, Chapter 830, Statutes of 2011*), Assembly Bill 1550 (*Gomez, Chapter 369, Statutes of 2016*), Executive Orders (*EO N-79-20* and *EO N-16-22*, and the SB 350 Guidance Document (*de León, Chapter 547, Statutes of 2015*), CARB shapes the light-duty incentive and Sustainable Community-Based Transportation Equity projects to prioritize low-income, disadvantaged communities within California, who often experience the brunt of climate change impacts and environmental harms. Within each project's design, CARB aims to deliver funding, resources, and support where it is most needed.

Within the light-duty incentive projects, the first of which was initiated in 2009, CARB provides financial incentives that enable individuals and households to purchase cleaner vehicles by lowering financial and technical barriers that traditionally limit access to low- and zero-emission vehicles. The structure of the financial incentives allows interested parties to reflect on their own transportation needs and equips them with the resources to change their means of travel, transitioning them to a cleaner transportation option that may improve their livelihood and at the same time, environmental health. Additionally, by working closely with local community-based organizations and residents within the project application and funding distribution processes, CARB gathers insight on the challenges and barriers that communities may face. From that knowledge, CARB staff can adjust project processes and structures to ensure they are meeting communities where they are. To do so, CARB staff consistently evaluates projects and looks for areas of improvement that can advance the delivery of resources to communities.

The Sustainable Community-Based Transportation Equity projects aim to improve quality of life and environmental health but focus on correcting longstanding transportation inequities within communities. Communities develop these projects to address mobility challenges and transportation needs and inequities. The projects expand mobility choices and opportunities locally while reducing greenhouse gas emissions and improving air quality. By working with communities on community-derived projects, CARB develops relationships across the state, at a regional and local level, and begins to rectify past harms and ensure that communities are not left behind as adoption of zero-emission-related and clean transportation policies continue. These projects use community networks and knowledge systems to identify solutions to local challenges and fund planning or capacity building

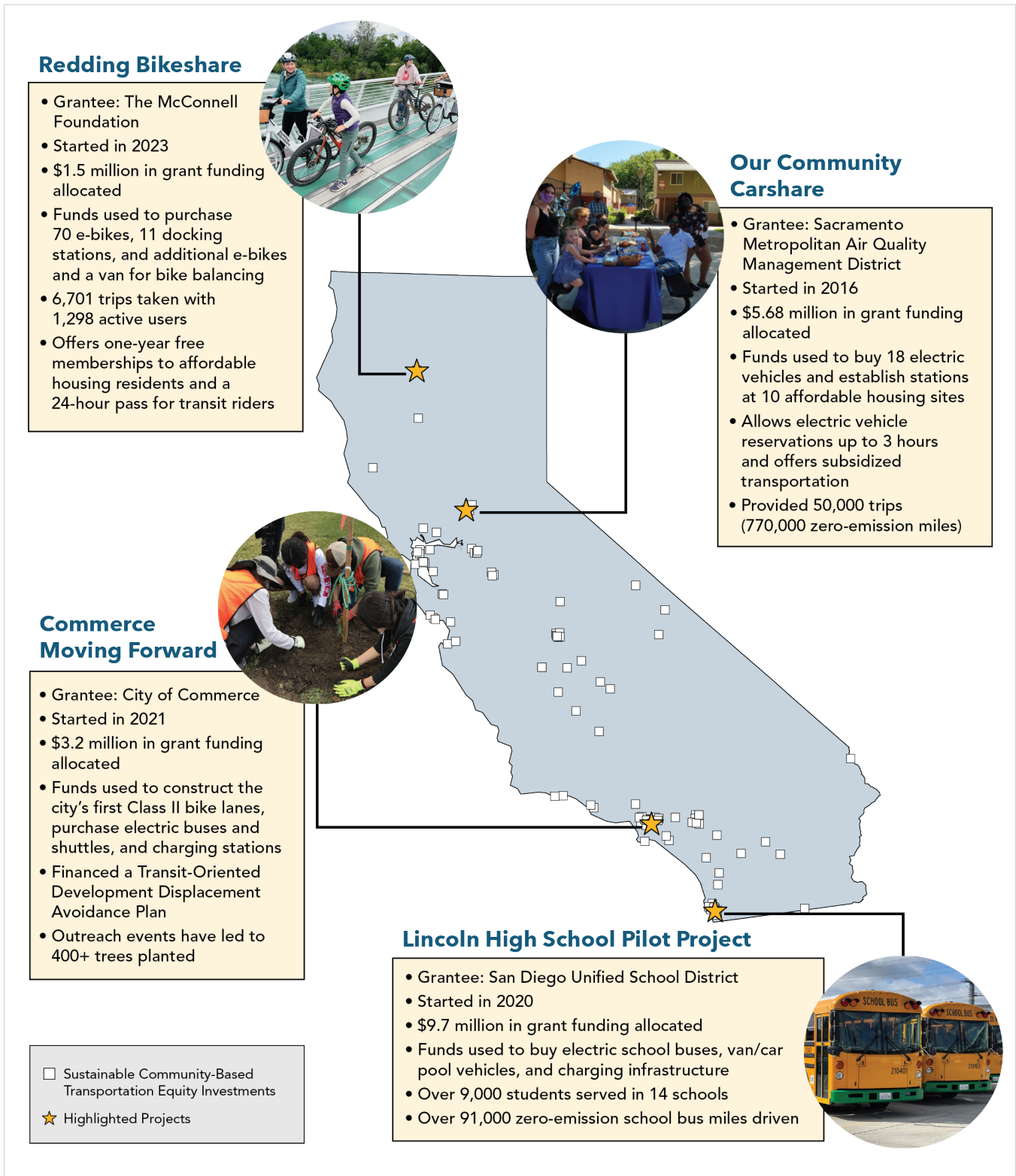
efforts, infrastructure-related needs, and implementation processes that can reduce VMT or expand transportation options.

Through these projects, CARB supports communities to meet a vision of the future where all Californians have access to cleaner transportation options and can contribute to improved public and environmental health. CARB assists communities that have identified transportation needs and funding gaps with their design, facilitation, and management of light-duty incentive and Sustainable Community-Based Transportation Equity projects. Ensuring that communities identified as disadvantaged have the technical assistance and support required to implement projects is necessary to create long-term sustainable change. These efforts can come at a cost that cannot be absorbed wholly by many families and communities. Light-duty incentive projects aim to offset costs by structuring projects through a needs-based model that prioritizes supporting individuals or households that are low-income and/or disadvantaged to help them improve their mobility and feel empowered to do so. Sustainable Community-Based Transportation Equity projects are used by community organizations and local agencies to strengthen transportation network elements that improve access and accelerate adoption of cleaner forms of transportation. All projects are designed to route resources to where communities feel they are most needed while helping communities to design their projects in a way that can lead to lasting positive change.

This chapter discusses the status and proposed plans for light-duty incentive and Sustainable Community-Based Transportation Equity projects. Despite limited funding during this budget cycle, CARB commits to continuing to directly benefit disadvantaged communities, low-income communities, and low-income households through implementation of previous project allocations. Previous allocations provided support to communities and helped them develop and maintain projects that brought lasting and substantial positive impacts. CARB and its project partners collect data to evaluate the socioeconomic benefits of these projects. However, this Funding Plan does not include reports on these benefits at present because the data collected is not yet robust enough.

The projects highlighted below share a glimpse into the numerous benefits that are created through our light-duty incentive and Sustainable Community-Based Transportation Equity projects. The section in this chapter titled “Information on Closed, Continuing, and New Projects” also describes the Sustainable Community-Based Transportation Equity Projects in detail, including lessons learned and successes from project implementation over the past several years.

Figure 6: Highlighted Sustainable Community-Based Transportation Equity Projects



Light-Duty Long-Term Plan Update

Senate Bill 1275, signed into law in 2014, established the Charge Ahead California Initiative with the goal of placing one million zero-emission and near zero-emission vehicles (ZEV) in California by 2023 to establish a self-sustaining market and increase access to these vehicles for all Californians, including priority populations. Among other requirements, SB 1275 required CARB to include a long-term plan for the Clean Vehicle Rebate Project (CVRP) and related projects in the Fiscal Year (FY) 2016-17 Funding Plan. Detailed information about the plan can be found in Appendix C. In addition to the long-term plan, Appendix C also includes a supplemental report per the 2018-19 Budget Act (*Mitchell, Chapter 29, Statutes of 2018*), which requires CARB to submit an annual report, until January 1, 2030, that includes a forecast of the total state rebate investment necessary to reach the goal of placing at least 5 million ZEVs in service on California's roads.

Since the introduction of the first light-duty long-term plan in FY 2016-17, the ZEV market has grown tremendously. Of the over 40 million ZEVs worldwide, there have now been nearly 2 million ZEVs sold in California alone, which has allowed the State to reach its first two *ZEV deployment goals* early. However, inflation and higher interest rates have made both new and used vehicles more expensive. Yet despite these challenges, the *ZEV market share* in California increased to just about 25% in the second quarter of 2024, demonstrating strong ZEV market growth and resilience. To support continued ZEV market growth, CARB's Advanced Clean Cars II regulation takes the State's already growing ZEV market and robust motor vehicle emission control rules and augments them for manufacturers to meet more aggressive tailpipe emissions standards and ramp up to 100% ZEVs.

What remains constant is the need to get more ZEVs on California's roads while prioritizing complementary clean transportation and mobility equity investments in the process. Incentives will continue to play a critical role in meeting the next ZEV deployment goal of placing 5 million ZEVs on California's roads by 2030 (*Executive Order B-48-18*) while encouraging uptake in priority populations. CARB staff included updated findings and recommendations to support this goal in Appendix C of this year's Funding Plan.

Proposed Allocations for Light-Duty and Clean Transportation Equity Projects

For FY 2024-25, no light-duty incentive or Sustainable Community-Based Transportation Equity projects were appropriated new funds, as shown in Tables 4 and 5 below. However, some projects have policy updates for Board consideration, as noted by a "Y" in the Policy Updates column. These projects and their proposed policy changes are discussed in the next section. For projects that do not have policy changes, indicated by "N" in the tables below, visit CARB's *Low Carbon Transportation Incentives and Air Quality Improvement Program* for current status.

Table 4: CARB's Light-Duty Projects

Project Name	Project Description	Fiscal Year 2024-25 Funding	Policy Updates
<i>Driving Clean Assistance Program</i> (DCAP)	Provides incentives for eligible low-income consumers toward the purchase or lease of a new or used clean vehicle with project expansion statewide to areas that currently do not have access to a Regional Clean Cars 4 All program.	N	Y
<i>Regional Clean Cars 4 All Program</i> (CC4A)	Provides incentives for eligible low-income consumers toward the purchase or lease of a new or used clean vehicle within one of the five participating air districts (Bay Area, Sacramento Metro, San Diego, San Joaquin Valley, and South Coast).	N^{vii}	Y
<i>Zero-Emission Assurance Project</i> (ZAP)	Helps lower-income Californians reduce the risk of buying a used zero-emission vehicle by providing a rebate or vehicle service contract for the replacement battery or fuel cell component.	N	Y
<i>California E-Bike Incentive Project</i>	Provides voucher incentives to low-income California residents for the purchase of electric bikes (e-bikes) while providing bike safety and other educational opportunities.	N	N^{viii}
<i>Access Clean California</i>	Streamlines access to California Climate Investments' consumer-facing, equity focused clean transportation and clean energy incentive projects while providing resources that help the public learn about, apply for, and participate in these projects.	N	N
<i>California Integrated Travel Project</i> (Cal-ITP)	Unifies transit in California with a common fare payment system, real-time data standard, and seamless verification of eligibility for transit discounts. It aims to	N	N

Project Name	Project Description	Fiscal Year 2024-25 Funding	Policy Updates
	ensure that all transit customers can easily pay for transit and has expanded to include electric vehicle charging and other mobility options.		

vii Represents a project where CARB has the authority to redistribute funding to the district-level as needed prior to December 31, 2024. See [CARB Resolution 23-23, Proposed Fiscal Year 2023-24 Funding Plan for Clean Transportation Incentives](#).

viii Due to Board interest in the California E-bike Incentive Project's progress, an update to the project follows in the next section.

Table 5: CARB's Sustainable Community-Based Transportation Equity Projects

Project Name	Project Description	Fiscal Year 2024-25 Funding	Policy Updates
<i>Clean Mobility Options Voucher Pilot Program</i> (CMO)	Offers funding for community transportation needs assessments and clean mobility projects, including carshare, bikeshare, ride-hailing and other micro-mobility projects aimed to increase transportation options in communities.	N	N
<i>Clean Mobility in Schools</i> (CMIS)	Offers grants for clean transportation in and around schools, including carshare, active transportation, zero-emission school buses and delivery trucks, zero-emission lawn and garden equipment and education for staff, students, and parents.	N	N
<i>Sustainable Transportation Equity Project</i> (STEP)	Offers grants for clean transportation projects that combine complementary elements such as active transportation and public transit, which work together to increase residents' ability to get to key	N	N

Project Name	Project Description	Fiscal Year 2024-25 Funding	Policy Updates
	destinations without using a personal vehicle.		
<i>Planning and Capacity Building</i> (Planning)	Offers grants for communities to assess transportation needs, plan for clean transportation solutions, partnership building, workforce training and development, outreach, and community engagement.	N	N

Information on Closed, Continuing, and New Projects

This section describes projects that closed in the past year; summarizes successes, challenges, solutions, and lessons learned from the Sustainable Community-Based Transportation Equity Projects; and provides information about new projects and existing projects for which CARB staff has proposed policy changes.

Closed Projects

Clean Vehicle Rebate Project

The Clean Vehicle Rebate Project closed effective November 8, 2023. The project's closure process began when CVRP did not receive additional funding after the FY 2021-22 allocation (Budget Act of 2021 as amended by *SB 129, Skinner, Chapter 69, Statutes of 2021* and *SB 170, Skinner, Chapter 240, Statutes of 2021*). On August 23, 2023, a banner was added to CVRP's website to notify consumers that funding was running low, and that a standby list would be in effect for applications submitted on or after September 6, 2023. As funding became available, applications on the standby list were sent a rebate in the order that the applications were conditionally approved. On November 8, 2023, CVRP was officially closed to new applications.

Throughout the life of the project, CVRP issued over 594,000 rebates for new zero-emission vehicles totaling over \$1.5 billion. This total includes nearly 71,000 rebates for low- and moderate-income consumers and about 800 rebates for public fleets in disadvantaged communities. Nearly 72% of rebates issued were for battery electric vehicles, about 26% for plug-in hybrid electric vehicles, and the remaining 2% for fuel cell electric vehicles, zero-emission motorcycles, and neighborhood electric vehicles. With the final rebates issued, the Center for Sustainable Energy, the CVRP administrator, is compiling and

analyzing data to produce a final report discussing the impacts of CVRP and lessons-learned which should be publicly available in 2025.

Financing Assistance Pilots

The Financing Assistance Pilots began in 2018 and initially included a regional pilot project in Northern California (the original Driving Clean Assistance Program, or DCAP) and a statewide pilot (the Clean Vehicle Assistance Program, or CVAP). The pilots helped low-income consumers purchase clean vehicles by providing purchase price buy-down grants and facilitating access to fair financing. Since 2018, about \$35 million has helped to pay for about 5,600 vehicle grants, 3,500 electric vehicle chargers, and secured 355 low-interest loans through lending partners.

In early 2024, CVAP and the original DCAP exhausted remaining funding and closed to new applications. Lessons learned from these pilots are being incorporated into the upcoming financing arm of the statewide Driving Clean Assistance Program.

“Thank you and your organization for making it possible for me to acquire my new electric vehicle! This never would have happened without the assistance of your organization and appointed mentors who kindly walked me through the process and made me aware of the financial help available. All the folks who helped me in any way on any level were super kind and knowledgeable; when I turned to them for advice, their response was unruffled and reassuring.”

Diane
DCAP participant

Sustainable Community-Based Transportation Equity Projects: Successes, Challenges, Solutions, and Lessons Learned

Sustainable Community-Based Transportation Equity Projects encompasses four projects providing sustainable transportation funding to communities across California: Clean Mobility Options (CMO), Clean Mobility in Schools (CMIS), Sustainable Transportation Equity Project (STEP), and Planning and Capacity Building (PCB). These projects are described in more detail in Table 5 of this chapter.

Over a decade ago, CARB first allocated \$2.5 million toward two regional pilot projects focused on community car share services. The regional approach showcased the desire and viability of a broader set of services as part of mobility projects tailored to community needs featuring shared cars, neighborhood shuttles, bikes and scooters, public transit, and active transportation infrastructure. To date, approximately \$275 million has been allocated and there are 115 projects⁹ being implemented across the state to provide clean transportation options for low-income communities that are disproportionately impacted by air pollution.

CARB’s clean mobility investments play a critical role in spreading awareness of the benefits of clean transportation, supporting access to jobs, educational opportunities, and more.

⁹ Number of projects are based on funding that has been implemented.

"Through the generous support from CARB and California Climate Investments, El Monte Union is helping to lower the harmful emissions that affect our community and our climate. There is no question that educating the next generation of students on clean initiatives, encouraging active transportation options, and preparing them to work in a green economy is a critical part of fostering a legacy of environmental stewardship."

Ricardo Padilla
Board President
El Monte Union High School District

In 2021, a new network was launched called the Clean Mobility Equity Alliance (CMEA). CMEA provides a platform for communities across the state to build relationships and to access funding opportunities and information on how to plan for and launch projects. CMEA also facilitates community-led transportation planning by focusing on community-centered engagement and mobility strategies that shift the State's transportation systems toward clean, active, and shared modes of transportation. This is accomplished by providing additional resources to lower-income communities that historically lack transportation choices. Projects enable communities to offer affordable solutions for community members in parts of the state where there are few to no alternative transportation options or by connecting historically underinvested communities to broader regional transportation networks.

The success of these Sustainable Community-Based Transportation Equity projects is being built on a series of lessons learned. CARB is continuing to adapt project criteria to overcome implementation and long-term

sustainability challenges. CARB has gathered valuable lessons learned to refine projects to better serve low-income Californians. Overall, significant time and resources must be invested upfront to support these community-centered projects, and some projects have taken several years to launch mobility services. CARB has committed to supporting these projects, including through an existing mobility project administrator and a new Planning and Capacity Building project administration team. Some common challenges are described in Table 6 below, along with solutions that some projects have successfully implemented.

"The lesson learned (from CMO) is this: include the people that are being impacted, that have been traditionally, historically undermined and overlooked."

Rey León
Huron Mayor
LEAP Institute Founder

Table 6: Challenges and Solutions

Challenge	Potential and Implemented Solutions
<p>Invest in Project Implementation</p> <p>A large investment of time and resources is required upfront and throughout the life of the project to support community-centered mobility projects.</p>	<ul style="list-style-type: none"> • Ensure all project partners are aware of how much time and effort it takes to launch mobility services. • Build extra time in project timelines when drafting agreements with project partners. • Include flexibility within the project budget to hire additional staff as the project scales up. • Continue to explore approaches to allow longer grant terms.
<p>Streamline Contracting and Permitting</p> <p>Executing contracts and navigating the permitting processes (if applicable) takes additional time, especially when working with other government agencies.</p>	<ul style="list-style-type: none"> • Ensure grantees are familiar with their contracting process and the contracting process of their project partners (if applicable). • Build strong partnerships between local officials and grantees to better understand the permitting process and timelines. • Ensure grantees utilize their understanding of these processes to build a strong project timeline.
<p>Prepare for Infrastructure Needs and Upgrades</p> <p>Obtaining funding to cover infrastructure costs and coordination with project partners take additional time and resources. In addition, infrastructure accessibility is also a challenge as cellular connectivity can be unreliable and can result in users unable to access services.</p>	<ul style="list-style-type: none"> • Work with local building departments and utilities to better understand limitations of a proposed service location and required upgrades. • Contact utility providers, technology providers, equipment manufacturers as early as possible to assess compatibility and timing sequences. • Develop a “Technology Compatibility” plan that includes the electric vehicle supply equipment details, vehicle details, and any other items to consider when connecting/energizing projects. • Project administrators developed implementation “toolkits” that are designed to provide resources to awardees to implement their projects. • Offer alternative payment or use options other than smartphone or online platforms.

Challenge	Potential and Implemented Solutions
<p>Reduce Vandalism and Misuse</p> <p>Vandalism of vehicles, bikes, and charging equipment are often costly to repair and result in project delays.</p>	<ul style="list-style-type: none"> • Work directly with communities in the development and design of the project to ensure community buy-in and ownership. Continue engagement throughout implementation to provide a space/channel for community members to share opinions, learn about the assets, and provide support to new members/users. • Develop theft and vandalism prevention plans as part of the project scope of work. Examples could include ensuring e-bikes and vehicles have anti-theft technology such as Global Positioning System (GPS) installed, work with local law enforcement on a prevention plan, provide additional security infrastructure such as streetlights and video cameras at project sites, etc. • Include regular and corrective repair services and maintenance plans for vehicles, e-bikes, and infrastructure equipment in the project budget to ensure repairs are completed in a timely manner in the event of vandalism. • Develop mentorship and demonstration programs (someone that supports the students that are assigned E-bikes) to encourage proper use of the E-Bike Library, which in turn creates “ownership” and interest to reduce vandalism. (i.e., Clean Mobility in Schools project in San Diego).
<p>Sustaining Services After the Grant Funds Run Out</p> <p>The intent of these projects is to provide sustainable transportation options, which requires continued maintenance, support, and resources beyond the term of the grant agreement.</p>	<ul style="list-style-type: none"> • Develop local partnerships and hold public awareness events or campaigns to boost public support for continued mobility services and subsidies. • Build upon the mobility marketing plan that was developed in 2024 with help from the Clean Mobility Equity Alliance members to increase awareness of mobility investments and help communicate the importance of showing the local decision-makers the community wants and uses the mobility service(s). • Strengthen capacity-building efforts by offering long-term sustainability technical assistance and support to community users.

Challenge	Potential and Implemented Solutions
	<ul style="list-style-type: none"> Educate local and state-elected officials on the benefits of the mobility projects to justify funding needs.
<p>Bringing Mobility Solutions to Rural and Tribal Communities</p> <p>Rural communities in the State often lack resources and infrastructure for clean mobility projects. Tribal communities also face unique challenges as each Tribe is distinctly different in its geography, culture, history, governance structure, language, and priorities.</p>	<ul style="list-style-type: none"> Greater use of direct person-to-person outreach may help to build trusting relationships with local decision-makers, businesses, transportation agencies, and community members. Create dedicated funding specifically for tribal communities to increase clean transportation accessibility. Create dedicated tribal liaisons and office-hours to maintain direct coordination between tribal entities and technical assistance providers with one-on-one technical assistance for project implementation issues, long-term planning, and more.
<p>Project Timelines</p> <p>Expenditure timelines are often too short to meaningfully engage communities and collaboratively develop and implement projects.</p>	<ul style="list-style-type: none"> Request longer expenditure timelines through the annual State budget process.

Looking Ahead for the Sustainable Community-Based Transportation Equity Projects

With no new funding proposed for CARB’s Sustainable Community-Based Transportation Equity projects this FY, CARB staff will continue to focus on collecting lessons learned and evaluating projects. As part of the FY 2022-23 request for applications for STEP, CMIS, and PCB, the technical assistance provider conducted a survey and drafted a report summarizing feedback from applicants and recommendations for future rounds of funding. CARB staff intends to review these recommendations to help shape future policy changes to the projects. Looking ahead, CARB is also initiating several efforts to help inform future investments and continue to support financial sustainability for existing and future projects.

In addition, CARB is exploring efforts to support mobility services in areas of the state where funding for past projects was exhausted. In partnership with the project administrators, CARB is working to increase awareness of mobility investments and help communicate the importance of securing funding to maintain these projects’ capacity (e.g., resource-sharing, technical assistance, capacity building). As mentioned previously, many of CARB’s mobility projects have demonstrated great success by providing unique mobility solutions to residents and serve as a foundation for future projects and investments. To continue that

momentum, CARB is working with project administrators to further support current and future projects in overcoming long-term sustainability challenges. Support is provided via community needs assessments, resources, tools, and opportunities to enable low-income communities to maintain the benefits these projects provide in their communities.

Project data is also critical to demonstrating project success. CARB is continuing to develop and refine approaches for collecting uniform project data to evaluate funding gaps, quantify emission reductions, measure job creation, and analyze other socioeconomic benefits. CARB staff is also working to better understand demographic data and its potential use to prioritize investments. Another critical component to demonstrating project success is ensuring project data is publicly available and accessible. As a part of last year's Funding Plan (FY 2023-24), CARB staff provided project data across all the Clean Transportation Incentive projects and will continue to provide updates to ensure the data is up to date.

In addition, during the last few Funding Plan cycles, CARB staff received comments that CARB should consider modifying the needs-based models currently implemented by CMO, CMIS, and STEP to better target hard to reach disadvantaged communities. CARB's mobility projects currently implement varying needs-based models. CARB staff intends to evaluate these and alternative needs-based models and will discuss this topic further in future public workgroups and Funding Plans. CARB staff and project administrators have begun evaluating previous application processes across all the projects from the FY 2022-23 STEP/CMIS/PCB technical assistance survey for improvements to project criteria. The various efforts outlined in this section will help inform future public discussion about funding priorities, and CARB staff will use the Funding Plan process in future years to provide updates, determine project allocations, and propose policy recommendations in the event funding is allocated.

Driving Clean Assistance Program

Provides incentives for eligible low-income consumers toward the purchase or lease of a new or used clean vehicle expanding statewide to areas that currently do not have access to a Regional Clean Cars 4 All program.

Total Proposed Allocation - \$0 million

Driving Clean Assistance Program

Proposed Allocation

The Driving Clean Assistance Program (DCAP) did not receive an appropriation from either the General Fund or Greenhouse Gas Reduction Fund (GGRF) for FY 2024-25. However, this project has remaining funds through a grant secured in prior years. The project was allocated an initial amount of \$215.5 million as approved by the Board in the FY 2022-23 Funding Plan that was intended to ensure the project runs continuously, once opened, for more than a single year. [CARB staff launched DCAP in Imperial County](#) on September 11, 2024, with the rest of the state launching on a regional basis through early 2025. DCAP expects that funds will last through FY 2024-25.

Current and Future Funding Needs

CARB staff leading DCAP and the project administrator, the Community Housing Development Corporation (CHDC), work to ensure that individuals who expressed interest and demonstrate the highest need can participate in the project when it launches. While interest in the project remains high, updates regarding projected funding needs cannot be determined until after the project launches and data is collected. Detailed projections are expected to be incorporated into next year's Funding Plan (FY 2025-26) when the project fully opens and enough project data is available for analysis as anticipated. CARB staff expects that survey data that includes demographic data, project satisfaction responses, and general project participation will provide the basis of this analysis.

Proposed Changes to Project Criteria

In previous Funding Plans, DCAP implemented a loan amount cap that limited participants' financing eligibility up to the maximum amount set by the cap. Previously, that cap was set at \$30,000. However, based on a market analysis and public feedback, CARB staff proposes to increase this loan cap to \$45,000 to cover the full cost of the purchase price cap for eligible vehicles. This increase in the available low-cost financing cap, in addition to vehicle purchase incentives offered through DCAP and regional Clean Cars 4 All (CC4A) projects, helps to ensure vehicle affordability for project participants. This proposal stems from the vehicle affordability analysis conducted by the Center for Sustainable Energy and presented to the public in a workgroup on August 6, 2024. This analysis outlines how increased financial support for participants enables more flexibility in response to increasingly costly

vehicle prices. The approval of this proposal would broaden the availability of new and used vehicles for participants as well as make DCAP responsive to current market conditions.

Currently no other potential changes to project criteria have been identified. Once DCAP launches more broadly throughout the state and robust data are available, CARB staff will analyze project data and discuss any potential project changes through the public process.

Access the DCAP [Consumer Guide](#) and Driving Clean Assistance Program [Terms and Conditions](#).

Reporting Requirements

As CARB staff and the CHDC collectively implement the needs-based model for DCAP as opposed to the first-come, first-served model of the air district-administered CC4A projects, they will coordinate with one another to develop and refine new metrics that measure the impact of incentives through this project. Currently, CARB relies on project data, surveys supplied by air districts, and lessons learned from the now-closed Financing Assistance pilot projects to understand the impacts of the project on vehicle purchasing, financing needs, and behavioral and socioeconomic impacts. By increasing access to clean, ZEV vehicles to priority populations, the DCAP project expects to realize several socioeconomic benefits. These benefits are achieved through expected reductions in high-polluting vehicles, air quality improvements at the local and statewide levels, and mobility improvements for individuals and households. CARB staff plans to evaluate these benefits by tracking the number of clean vehicles purchased and by collecting participant loan information throughout the process. CARB staff will also evaluate the impact of capped low-interest loan availability through surveys and will continue these evaluations to inform and refine project design to better understand socioeconomic mobility indicators, such as increases in credit scores and improved access to jobs.

Senate Bill 156 ([Committee on Budget and Fiscal Review, Chapter 72, Statutes of 2024](#)) requires CARB to report annually the amount of funding allocated to DCAP and to each regional district CC4A project to the budget committees of both houses of the Legislature. CARB also must report detailed performance metrics, including the number and dollar amount of grants awarded by each district project and by the statewide project, and regionally specific information for grant awards made by the project administrator under the statewide project.

Regional Clean Cars 4 All Program (Air District Programs)

Provides incentives for eligible low-income consumers towards the purchase or lease of a new or used clean vehicle within one of the five participating air districts (Bay Area, Sacramento Metro, San Diego, San Joaquin Valley, and South Coast).

Total Proposed Allocation – \$0 million

Clean Cars 4 All Program

Proposed Allocation

The Regional Clean Cars 4 All (CC4A) project currently operates in five air districts (districts): Bay Area Air Quality Management District (AQMD) (Bay Area), San Diego Air Pollution Control District (APCD) (San Diego), South Coast AQMD (South Coast), San Joaquin Valley APCD (San Joaquin Valley), and Sacramento Metropolitan AQMD (Sacramento Metro). The project was not appropriated any funding for the FY 2024-25 budget cycle. However, the Budget directs CARB to shift FY 2023-24 funding from DCAP to maintain funding for each district participating in CC4A if a district has insufficient funds to meet projected demand. Considering the projected demand, existing fund balances from prior FYs, and the need to ensure consistent funding in future years, CARB staff will shift \$14 million from DCAP to the San Joaquin Valley APCD to ensure available funding through FY 2024-25. CARB staff will continue to monitor regional projects to ensure funding is available to meet projected demand.

The FY 2024-25 State Budget requires CARB to consider metrics in allocating future funding to both regional district CC4A projects and DCAP. The metrics include, at a minimum, the:

- number of vouchers deployed,
- proportion of applications that have been started and resulted in completed replacement transactions or mobility vouchers,
- demand for vouchers,
- proportional investment to underserved populations identified pursuant to [*paragraph \(4\) of subdivision \(c\) of Section 44125.5 of the Health and Safety Code*](#), and
- population in eligible CC4A ZIP codes.

In addition, CARB staff continue to use the following guiding principles to propose additional metrics for consideration and update the funding allocation for each CC4A project. The guiding principles focus on the following:

- Ensure consistent, predictable funding
- Use data-based metrics to determine project capacity and predict future growth
- Account for current and future market conditions
- Solicit public input on appropriate metrics and methodology

Based on these guiding principles and collaboration with air districts, CARB staff considered the following additional metrics that build upon lessons learned in previous years and from other projects to determine funding allocations in future years. These additional metrics include:

- air districts' share of total population, Disadvantaged Community (DAC) population, and Poverty Population (<200% Federal Poverty Level),
- air districts' share of the older vehicle population (Model Year 1990-2007), and
- the successful rollout of funds and CC4A projects in DACs for implementing projects that have funded over 1,000 projects in the past year.

CARB staff proposes that future funding allocations be based on percentages that were calculated first by assigning a baseline for each of the five air district-run CC4A projects and DCAP based on the number of months active, then by splitting the total allocation based on the previously mentioned metrics. The 30 air districts that do not implement a CC4A project are considered separately when calculating percentages based on the metrics and then collectively assigned to DCAP. To ensure predictable funding, CARB staff proposes the percentages that resulted from the applied formula developed from these metrics carry forward to future funding years. The proposed allocation percentages are laid out in Table 7.

Table 7: Clean Cars 4 All Proposed Funding Allocation

Program	Percentage of Total Future Allocations
South Coast Air Quality Management District	36%
San Joaquin Valley Air Pollution Control District	24%
Bay Area Air Quality Management District	19%
Sacramento Metropolitan Air Quality Management District	6%
San Diego County Air Pollution Control District	6%
Driving Clean Assistance Program	9%
Total	100%

CARB staff worked with air districts to develop the proposed allocations and solicited feedback from the public at the September 10, 2024, workgroup.

Current and Future Funding Needs

CC4A is currently on pace to complete 3,000 vehicle replacements in FY 2023-24, with an estimated expenditure of \$27 million. Most districts have funding from previous years that they are currently using to fund people to obtain a vehicle. Only about \$6.1 million (5%) of the \$122.8 million allocated in FY 2022-23 has been expended as of July 2024. With the Clean Vehicle Rebate Program (CVRP) closed and Financing Assistance phased out, CC4A is the only clean vehicle purchase incentive project available to lower-income consumers. As a result, districts saw an increase in demand in FY 2023-24. Participation data from the district projects indicates a high demand among low-income consumers for clean vehicles. Due to project expansion, increased incentive amounts, and the closing of CVRP, CARB staff estimates that CC4A will complete approximately 3,400 to 4,150 projects in FY 2024-25 and expend between \$57 million and \$70 million. A detailed explanation of the CC4A projection methodology can be found in Appendix C.

Proposed Changes to Project Criteria

Although there are no proposed changes to project criteria, beyond the proposed future funding allocations discussed above, CARB staff is working with districts to implement project changes approved in the FY 2023-24 Proposed Funding Plan. These changes include the addition of zero-emission motorcycles as an eligible vehicle replacement type, and increased incentive levels to accommodate costs associated with adaptive equipment for eligible Californians with physical disabilities.

To access the various Clean Cars 4 All Program Implementation Manuals and Terms and Conditions, visit each of the implementing [air district programs](#).

Reporting Requirements

State Budget language requires CARB to report the amount of funding allocated to DCAP and to each regional district CC4A project annually to the budget committees of both houses of the Legislature. CARB also must report detailed performance metrics, including the number and dollar amount of grants awarded by each district project and by the statewide project, and regionally specific information for grant awards made by the project administrator under the statewide project.

As part of the response to the [CARB Audit Report](#) CARB is taking measures to improve evaluation, analysis, and reporting of socioeconomic benefits for project participants. This includes an updated survey to streamline data collection, analysis, and identification of benefits or areas for improvement. The updated survey is incorporated into all CC4A grant agreements and is required to be used in district survey efforts. A summary of the results from these surveys may be found in Appendix G of the Proposed Funding Plan.

Additionally, under the direction of Senate Bill 1382 ([Gonzalez, Chapter 375, Statutes of 2022](#)), CARB and district project administrators are required to identify populations that are underserved by the CC4A project, determine the barriers hindering participation, and propose strategies to overcome those barriers. Information gathered from the updated

participant surveys will help identify underserved populations, identify barriers to the projects, and inform solutions that can help to reduce barriers and reach underserved populations.

Zero-Emission Assurance Project

Helps lower-income Californians reduce the risk of buying used zero-emission vehicles by providing an incentive for the replacement battery or fuel cell component.

Total Proposed Allocation - \$0 million

Zero-Emission Assurance Project

Proposed Allocation

The Zero-Emission Assurance Project (ZAP) does not have any additional funds appropriated during the FY 2024-25 budget cycle. Therefore, CARB staff does not have a recommendation for FY 2024-25 allocations.

Current and Future Funding Needs

CARB staff has a goal of opening ZAP in 2025. Future funding projections will be developed once the project is open and robust data is available for evaluation.

Proposed Project Criteria

Assembly Bill (AB) 193 (*Cervantes, Chapter 363, Statutes of 2018*) established ZAP to help lower-income Californians reduce the risk of buying a used ZEV by providing a rebate or vehicle service contract for the replacement battery or fuel cell component. AB 193 outlined initial criteria for participation in ZAP which includes the following:

- Only available for eligible used plug-in hybrid, battery-electric, and fuel-cell electric vehicles
- Limit of one ZAP incentive per vehicle,
- Minimum vehicle eligibility requirements based on performance criteria that includes, but is not limited to:
 - Decreased battery storage capacity
 - Decreased vehicle range
 - Decreased fuel cell power output
- Applicant household income limits

CARB staff has discussed ZAP policies, such as participant eligibility, vehicle eligibility, and project implementation, in-depth through public meetings in August 2024. Additional workgroups will be held through the rest of 2024 and into early 2025 to finalize project policy and implementation. The goal is to launch the project in 2025. Below is a short summary of project criteria determined to date:

- Provides an incentive for the repair or replacement of battery or fuel cell components
- Only available to previous participants of CARB funded projects (CC4A, DCAP, previous Financing Assistance Pilots) who purchased a used ZEV
- Limited to vehicles that fall outside of warranty coverage, and

- Implemented by the Community Housing Development Corporation through DCAP and in partnership with the Foundation for California Community Colleges

Reporting Requirements

As a new project, not enough is known yet to make valid assumptions regarding what is needed to quantify benefits for ZAP. Emission reductions and other benefits from the project will be quantified during project implementation. CARB staff will coordinate internally to develop greenhouse gas emission reduction methodologies for ZAP and provide reduction estimates when possible.

California E-Bike Incentive Project

Provides voucher incentives to low-income California residents for the purchase of electric bikes (e-bikes) while providing bike safety and other educational opportunities.

Total Proposed Allocation – \$0 million

California E-Bike Incentive Project

Proposed Allocation

The California E-Bike Incentive Project does not have any additional funds appropriated during the FY 2024-25 budget cycle. Therefore, CARB staff does not have a recommendation for FY 2024-25 allocations.

Current and Future Funding Needs

CARB initiated a soft launch in four communities since February 2024 to create dealer networks, establish community-based organization outreach efforts, and test the application process. The selected communities for the soft launch include Barrio Logan in San Diego, Fresno (downtown and communities along the State Route 99 corridor), Hunters Point and Rodeo in the Bay Area, and various Tribes through the Native American Environmental Protection Coalition which distributed vouchers and conducted outreach. Selection criteria for the soft launch focused on historically underinvested priority populations and areas where community-based organizations expressed interest in playing an active role in project development. During the soft launch, the project piloted a needs-based model that distributed funding in a targeted, equity-driven manner.

Collaboration with Tribal governments in the soft launch highlighted several areas that influenced project changes. Most notably, some communities lack adequate electrical capacity to charge e-bikes and/or have road infrastructure that is not conducive to safe bicycle riding. These concerns resulted in project eligibility changes that allowed for more robust e-bike models that were suitable for rougher terrain. Additionally, lessons learned were incorporated into the e-bike resources webpage, which addresses e-bike charging and best practices for safe riding. The project changes apply to all California communities and e-bike recipients who face similar challenges when considering an e-bike as an alternative mode of transportation.

Through the soft launch, CARB staff is analyzing data and feedback from community-based organizations, voucher recipients, and dealers to assess how the project is progressing on its goals in preparation for opening statewide. Those goals include reducing air pollution and greenhouse gas emissions, reducing vehicle miles traveled and increasing access to alternative modes of transportation. Additionally, information collected during the soft launch has been used to refine the applicant experience, provide additional coordination needed between applicants and retailers, simplify the incentive structure, and continue to

reduce barriers for communities who historically have not participated in incentive projects and to improve outreach.

CARB staff anticipates that the statewide launch will occur in the near future. Data from the statewide launch will be used to project demand for future application windows. Since the project has not yet launched statewide there are currently no projections for future funding needs.

More information about the [Implementation Manual](#) and [Terms and Conditions](#) can be found at [California E-Bike Incentive Project](#).

CARB retains the option to award additional funds from previous fiscal years to the current grantee (project administrator) or release a new solicitation for a new project administrator.

Proposed Changes to Project Criteria

Since the project has yet to be launched statewide, there are currently no proposed policy changes. After project launch and evaluation, project-related policies will be reviewed, and changes may be proposed in future Funding Plans. However, it is important to note that from some of the lessons learned during the soft launch, CARB staff proposed through the public workgroup process several small implementation changes that have been made to the project. These include:

- e-bike eligibility to require Underwriter Laboratories (UL) 2849, UL 2771 or European Standard 15194 certifications,
- simplify and streamline the incentive structure,
- increase the base incentive amount from \$1,250 to \$1,750,
- expand the eligible accessory list to include accessories that increase e-bike functionality and safety,
- provide additional support and funding toward education and outreach through community-based organizations, and
- increase retailer engagement and training.

In addition to the public workgroups held by CARB staff, feedback from the soft launch helped CARB staff make changes that streamlined the applicant experience and ensured that e-bikes purchased with vouchers were safe and functional. These changes align with the needs-based project design, which aims to support low-income applicants. Other ways that the needs-based design supports these applicants is by providing an appropriate base incentive and flexibility for applicants to customize their e-bike to fit their needs.

Reporting Requirements

As the project is under development, CARB staff is still finalizing metrics and measurement tools. CARB staff aims to provide project data and measurement of project success on the project's website and updates in future Funding Plans.

Chapter 4: Medium- and Heavy-Duty On- and Off-Road Vehicle and Equipment Incentive Projects

Overview

To help achieve the State’s air quality, climate, and zero-emission deployment goals, CARB administers a portfolio of incentive projects for medium- and heavy-duty on- and off-road vehicles and equipment. Zero-emission technologies in the heavy-duty space advanced rapidly over the past several years and grew significantly due, in part, to CARB’s historic investments. Previously, CARB’s heavy-duty projects were focused on supporting commercialization and market development. While that is still the case in some sectors, as planned and approved regulations require the deployment of zero-emission technologies to achieve criteria pollutant, toxics, and greenhouse gas emission reductions, CARB now focuses more on the important role incentives play to support small businesses and fleets that face unique challenges when purchasing new vehicles or equipment without financial assistance.

CARB’s medium- and heavy-duty incentive projects are included in the table below, which shows whether these projects have funds appropriated in Fiscal Year 2024-25 and whether they have policy updates for Board consideration. Despite a lack of funding appropriated to projects within this budget cycle, most projects secured funding in previous budget cycles which allows them to continue.

Table 8: CARB’s Medium- and Heavy-Duty, On- and Off-Road Vehicle and Equipment Incentive Projects

Project Name	Project Description	Fiscal Year 2024-25 Funding	Policy Updates
<i>Clean Truck & Bus Voucher Incentive Project</i> (HVIP)	Supports the purchase of the cleanest available vehicles by providing vouchers to offset the incremental cost of medium- and heavy-duty trucks and buses. Offers purchase incentives for a wide variety of medium- and heavy-duty on-road vehicle types while set-asides offer focused support for certain vocations such as drayage trucks, public transit buses, and public school buses.	N	Y
<i>Innovative Small e-Fleet Pilot Project</i> (ISEF)	A pilot project administered through HVIP that focuses on supporting small fleets by offering higher voucher amounts and supporting innovative solutions such as all-inclusive leasing, rentals, and “truck as a service” models.	Y	Y

Project Name	Project Description	Fiscal Year 2024-25 Funding	Policy Updates
<i>Clean Off-Road Equipment Voucher Project (CORE)</i>	Provides vouchers to offset the incremental cost of the cleanest available off-road equipment such as forklifts, terminal tractors, transport refrigeration units, construction and agricultural equipment and commercial harbor craft.	Y	Y
<i>Zero-Emission Truck Loan Pilot Project (ZE Truck Loan)</i>	Building on the Legacy Truck Loan Assistance Program that closed in 2023, CARB has continued their partnership with the California Pollution Control Financing Authority to implement the Zero-Emission Truck Loan Pilot Project which provides financing opportunities for heavy-duty zero-emission vehicles. This project replaces the original Truck Loan Assistance Program which helped small businesses secure financing to upgrade their vehicles.	Y	N
<i>Advanced Technology Demonstration and Pilot Project</i>	The Advanced Technology Demonstration and Pilot Projects, which are selected via a competitive solicitation process, help accelerate the next generation of advanced technology vehicles, equipment, or emission controls which are not yet commercialized. Demonstration projects are those that are beyond the research and development phase and typically within three years of commercialization. Pilot projects are early commercial deployments intended to enhance market introduction and lower costs.	N	N

Figure 7: Medium- and Heavy-Duty Projects with Highlighted Advanced Demonstration and Pilot Projects

NorCAL Zero-Emission Regional and Drayage Operations with Fuel Cell Electric Trucks

- \$11.9 million in CARB funding, \$29.2 million from CEC and \$41.2 million in match funds.
- 30 Class 8 Hyundai Fuel Cell Electric Trucks, 1 hydrogen fueling station capable of supporting the fuel cell electric truck fleet and gas detection and alarm to update the trucks service facility for system maintenance.
- Trucks deployed have a range of up to 500 miles and a payload capacity of 40,000 lbs.



Frito-Lay Zero- and Near-Zero Emission Project

- \$15.3 million in CARB funding and \$15.4 million in match funds.
- 15 Tesla heavy-duty battery electric tractors, 6 Peterbilt 220 battery electric trucks, 3 Build Your Dreams battery electric yard trucks, 12 crown lithium-ion battery electric forklifts, 38 Volvo low-NOx tractors, renewable compressed natural gas fueling station, 1 megawatt solar carport with energy storage, and trucking charging infrastructure and energy storage for battery electric vehicles.



Zero-Emission Hydrogen Ferry

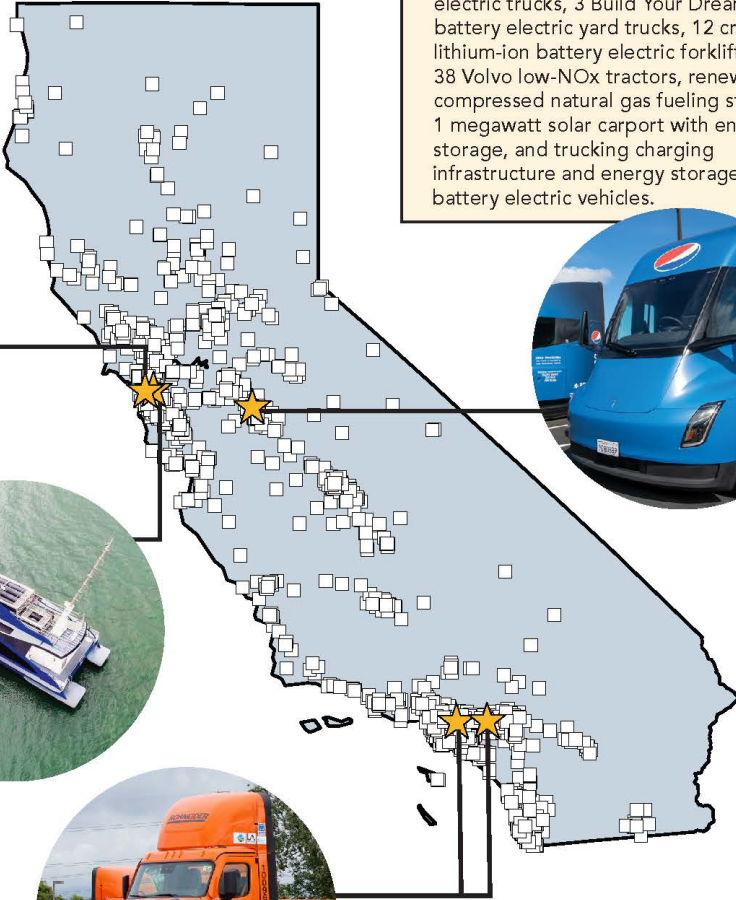
- 3 million in CARB funding and \$11 million in match funds.
- The Sea Change is a 70-foot aluminum catamaran, it will have a top speed of 15-knots and a capacity to transport up to 75 passengers. The fuel cell electric propulsion system will be powered by three independent 120 kilowatt fuel cells. This vessel will have enough on-board hydrogen storage capacity for up to two days of normal operation.



Joint Electric Truck Scaling Initiative

- \$16 million in CARB funding, \$10.9 million from CEC and \$39.5 million in match funds.
- Funds used to purchase 100 commercial Class 8 battery electric trucks, 35 – 350 kilowatt DC fast chargers, a 1 megawatt solar 4 megawatt-hour battery energy store, and a battery electric truck maintenance facility.
- Trucks deployed have minimum daily range of 150-200 miles on a single charge.
- Solar, energy storage, and second life batteries were used to mitigate grid impacts and energy costs.

□ Medium- and Heavy-Duty Projects
★ Highlighted Projects



Long-Term Heavy-Duty Investment Strategy

Senate Bill 1403 (*Lara, Chapter 370, Statutes of 2018*), signed into law in 2018 requires CARB, among other things, to include a three-year investment strategy that describes the role that public investments have played in the support of the demonstration and deployment of advanced technologies, assessment of available funding and the level of investment needed, and the description of the State's portfolio of investments. CARB Staff have included updated findings and recommendations to support these goals in Appendix D of the Proposed Funding Plan.

In 2017 CARB staff developed the first Long-Term Heavy-Duty Investment Strategy (The Strategy) to serve as a strategic roadmap showing how to best focus the investment of Low Carbon Transportation Incentives to support the deployment of zero-emission technology. Each year, CARB staff updates The Strategy by outlining CARB's goals and regulatory drivers, analyzing technologies available, and presenting a thoughtful strategy detailing how to best use incentives to support CARB's goals and regulations.

CARB's incentive projects work hand-in-hand with its regulatory programs to encourage the deployment of zero-emission technology. When available, incentives can support early commercialization and market development in advance of regulatory requirements.

Regulations that require cleaner vehicle technologies provide long-term market certainty and continued growth in the clean vehicle market. The following regulations are a key part of CARB's strategy to reduce emissions from heavy-duty vehicles and off-road equipment through a complementary combination of incentives and investments.

- *Innovative Clean Transit Regulation* (ICT), adopted December 2018
- *Zero-Emission Airport Shuttle Bus Regulation*, adopted June 2019
- *Heavy-Duty Omnibus Regulation*, adopted August 2020
- *Advanced Clean Trucks Regulation* (ACT), adopted December 2020
- Amendments to the *Small Off-Road Engine Regulation* (SORE), adopted December 2021
- *Clean Truck Check (Heavy-Duty Inspection and Maintenance Regulation)*, adopted December 2021
- *The Airborne Toxic Control Measure for In-Use Diesel-Fueled Transportation Refrigeration Units*, adopted February 2022
- *Amendments to the In-Use Off-Road Diesel-Fueled Fleets Regulation*, adopted November 2022
- *Amendments to the Commercial Harbor Craft Regulation*, adopted December 2022
- *Advanced Clean Fleets (ACF) Regulation*, adopted April 2023
- *Zero-Emission Forklift Regulation*, adopted June 2024

Upcoming potential regulations include Amendments to the Off-Road New Diesel Emission Standards (Tier 5), the Phased Advanced Clean Equipment (PACE) Regulation, Transport

Refrigeration Unit (TRU) Part 2, and Seaport and Railyard Cargo Handling Equipment Regulations.

As technology matures and regulatory requirements for vehicle manufacturers and fleet owners phase in, as required by the ACT and ACF regulations, CARB focuses on providing financial assistance for smaller businesses and fleets that face unique challenges in qualifying for traditional financing and are not required by existing regulations to switch to zero-emission technology. In some incentive projects, options may remain available once regulations are in effect for generating emission reductions beyond what is required by the regulations.

The images shown in this section provide highlights of some of the various medium- and heavy-duty vehicle and off-road equipment projects CARB offers. These include the [Clean Truck & Bus Voucher Incentive Project](#) (HVIP), [Innovative Small e-Fleet Pilot Project](#) (ISEF), [Clean Off-Road Equipment Voucher Incentive Project](#) (CORE), and [Zero-Emission Truck Loan Pilot Project](#) (ZE Truck Loan).

The [California Zero-Emission Vehicle \(ZEV\) Population Dashboard](#) showcases data reflecting vehicle growth trends of several medium- and heavy-duty zero-emission projects. In 2024, the ZEV population grew to more than 26,000 medium- and heavy-duty ZEV deployments. The dashboard shows the location of medium- and heavy-duty ZEV deployments and when they began operation. Additionally, the dashboard incorporates new updates which quantify the impacts of regulatory requirements including ACT and ICT.

The dashboard also distinguishes the count of ZEVs purchased with the assistance of incentives and the amount of funding provided. In the future, this tool will be expanded to include off-road vehicles and equipment.

Updates on Existing Projects

The Legacy Truck Loan Assistance project sunsetted with the transition to the new Zero-Emission Truck Loan pilot project. The legacy project supported over 43,000 loans with about \$270 million invested. This resulted in \$3.2 billion in private investments with

57%
OF HVIP
VOUCHERS



Supporting Small & Public Fleets

2021-24 vouchers
awarded to public and
small fleets



\$60M
IN CORE
VOUCHERS

Supporting Small Business

72% supports
businesses with
≤\$5 M revenue



about half benefiting priority populations. Project background, outcomes and results can be accessed at [Truck Loan Assistance Program](#).

CARB’s suite of heavy-duty incentive projects also includes the Advanced Technology Demonstration and Pilot Project. This project is intended to reduce emissions and help accelerate the next generation of advanced technology vehicles, equipment, or emission controls which are not yet commercialized. Demonstration projects are those that are beyond the research and development phase and typically within three years of commercialization. Pilot projects are early commercial deployments intended to enhance market introduction, accelerate acceptance, and bring down initial purchase costs.

The Board approved \$175 million for the Advanced Technology Demonstration and Pilot project in the Fiscal Year (FY) 2021-22 and FY 2022-23 Funding Plans for Clean Transportation Incentives. The California Energy Commission also added \$50 million in funding to support ZEV infrastructure, and all funding was combined under a single grant solicitation. This grant solicitation closed in October 2023 and resulted in 31 applications where entities requested a total funding of \$425 million. Twelve projects were selected for funding, are currently in the grant agreement execution phase, and should begin by the end of 2024. These projects are described in Table 9. There is no new funding proposed for this FY for the Advanced Technology Demonstration and Pilot project.



294

MODELS AVAILABLE

CORE
Manufacturers

49 CORE-eligible manufacturers offering 294 equipment models





153

MODELS AVAILABLE

HVIP Manufacturers

48 HVIP-eligible manufacturers offering 153 vehicle models.



Table 9: Preliminary Selected Advanced Technology Demonstration and Pilot Awardees and Project Details

Preliminary Awardee	Preliminary Funding Amount	Project Name: Description
San Diego County Air Pollution Control District	\$15,272,401	Zero Emission Sustainable Transportation (ZEST): The project will design and construct two new battery-electric ferries that will replace Flagship's diesel ferries, along with upgraded infrastructure.
Center for Transportation and the Environment	\$1,073,084	Glendale Green Zones: The project will pilot four types of heavy-duty electric vehicles, the City of Glendale will acquire a dump truck, excavator, pick-up truck and wheel loader for use in construction.
Center for Transportation and the Environment	\$48,528,613	Megawatt Charging System Beachheads to Maritime Decarbonization: The project will design and build a new plug-in electric hybrid tug and upgrade existing infrastructure. In addition, the Chicano Park Museum will deploy two electric shuttles and supporting infrastructure to support Barrio Logan.
CALSTART	\$44,228,594	California Advanced Technology Portable Off-Road Job Site Energy Storage Resource Hub (CAT Power Hub): The project will develop an off-road jobsite energy hub to demonstrate an energy management system. The project will use mobile energy storage and charging systems, stationary charging solutions, and solar-powered microgrids with fixed battery energy storage for a variety of end users.
Port of Oakland	\$25,308,411	Bay Area Zero-Emissions Tug (BAZE Electratus): The project will design and build a zero-emission electric tugboat to operate in the San Francisco Bay powered by a microgrid, to foster the commercialization of zero-emission vessels.
Foundation for California Community Colleges	\$8,829,351	Zero Emission Aviation: The project will demonstrate a fleet of five Federal Aviation Administration approved autonomous aircraft that will apply agricultural chemicals on a wide range of crops at Victoria Island Farms.

Preliminary Awardee	Preliminary Funding Amount	Project Name: Description
Western Riverside Council of Governments	\$1,351,560	Riverside Green Zones: The project will deploy eleven zero-emission vehicles in four fleets supported by electric vehicle charging, creating a toolkit to guide and accelerate zero-emission technology adoption by other city and county fleets.
Clean Coalition	\$2,421,386	Conversion and Electrification of the Gold Rush Commercial Fishing Vessel: The project will convert the Gold Rush vessel to a zero-emission advanced technology hybrid propulsion system to showcase key technologies for advancing marine electric propulsion in commercial fishing vessels.
Monterey Bay Air Resources Board	\$2,207,287	Building Monterey Bay's First Hybrid-Electric Whale Watching Vessel: The project will build a zero-emission capable hybrid whale watching vessel and will include rooftop solar panels.
Town of Tiburon	\$24,049,552	Angel Island Tiburon Ferry Electrification Project: This project will electrify two diesel short-run ferries and a diesel excursion vessel.
South Coast Air Quality Management District	\$8,297,549	Electrification of Balboa Island Ferries and Installation of Supporting Charging Infrastructure: The Balboa Island Ferries will repower 3 ferries with 2010 Tier II marine engines to electric propulsion and install 4 chargers (1 spare charger) at one site.
Port of Los Angeles	\$30,980,378	Los Angeles Marine Emission Reduction Project (LA MER): The project will demonstrate 2 different harbor craft emission-reduction technologies (commercialized low-emission combustion engines using renewable diesel and plug-in hybrid-electric near zero-emission technology) in different vessel types and in different duty cycles to evaluate.

Workforce Training and Development

CARB implements various workforce training and development efforts within the heavy-duty space that support recommendations outlined in [CARB's Senate Bill \(SB\) 350 Guidance](#)

Document. These efforts also complement CARB’s clean mobility and other clean transportation incentives. CARB’s Advanced Technology Demonstration and Pilot Projects also incorporate various aspects of workforce development and include some training for vehicle operators and technical staff that maintain vehicles throughout the project. In addition, CARB is addressing workforce gaps in priority populations by collaborating across State agencies and with other partners to co-fund community-driven projects. To date, CARB has allocated a total of about \$4.6 million specifically to workforce projects. These projects include:

- the IDEAL ZEV (Inclusive, Diverse, Equitable, Accessible and Local Zero-Emission Vehicle) Workforce Pilot Project, which will broadly support zero-emission community training and infrastructure efforts through 14 large and small community projects statewide.
- the Adult & Vocational School ZEV Training Project, which provides \$1.5 million to leverage existing adult education and vocational school programs to support/expand clean transportation knowledge and training, course curriculum, and workforce placement programs.
- the Foundation for California Community Colleges (FCCC) project for Expanded and Equitable Access to ZEV Training in Disadvantaged Communities project. This project will support and invest in ZEV community college training programs, including those for electric vehicles, to expand their capacity and increase workforce participation for priority populations.

Compliance with Labor Standards

Pursuant to Assembly Bill (AB) 794 (*Carrillo, Chapter 748, Statutes of 2021*), a fleet purchaser of new drayage, short-haul trucks, or on-road terminal tractors must attest that it does not have any applicable law violations at the time of applying for the incentive, is remaining in compliance with applicable laws for the duration of the incentive agreement, and attests that it will retain direct control over the manner and means for performance of any individual using or driving the vehicle. Attestations must be submitted at *Fleet Attestation for AB 794*.

Attestations must be renewed annually while a fleet purchaser participates in the incentive project. Failure to renew attestations annually will result in ineligibility to participate in incentive projects. Complaints received against fleets alleging labor law violations or false attestations are reviewed when received and referred to the State labor law agencies, as appropriate.

Cal Fleet Advisor Support

Cal Fleet Advisor was developed to provide personalized technical assistance for those navigating funding options and the planning necessary to deploy zero-emission technology. SB 372 (*Leyva, Chapter 639, Statutes of 2021*)¹⁰ directed CARB to develop an assistance and purchasing support project to aid in the adoption of medium- and heavy-duty zero-emission vehicles which resulted in the development of Cal Fleet Advisor. While the project is available to fleets of all sizes, 67% of fleets that have been assisted by the project have 10 vehicles or fewer. A key takeaway from the project is that small fleets such as those operating as drayage,

agricultural, and owner operators, may find the project to be most valuable and would benefit from targeted outreach. The project has also been expanded to provide targeted, vocation-specific assistance to school bus fleets.



"Cal Fleet Advisor put me ahead of the curve with transitioning my fleet into zero-emissions. We needed guidance through this transition, and they made it easy. Cal Fleet Advisor, wasn't just a service; it was a highly needed resource for myself and my business."

Emmanuel Carrillo, Talon Logistics Inc.

calfleetadvisor.org **CAL FLEET ADVISOR**

Proposed Allocations for Medium- and Heavy-Duty On- and Off-Road Vehicle and Equipment Investments

For FY 2024-25, the State Budget includes \$34.94 million from the Air Quality Improvement Fund to be dedicated to medium- and heavy-duty projects that focus on extreme non-attainment areas. CARB staff is proposing to allocate \$5 million to the Zero Emission Truck Loan Pilot Project and splitting the remainder of the funds between CORE and ISEF. This would result in \$14.97 million each to CORE and ISEF. The table below shows CARB staff's proposed allocations for the medium- and heavy-duty on- and off-road incentives.

¹⁰ *Senate Bill 372* directs CARB to develop financial and non-financial programs to support the adoption of medium- and heavy-duty ZEVs. This includes incentives, loan support programs, technical assistance, web resources, and training.

Table 10: Fiscal Year 2024-25 Proposed Project Allocations for Medium- and Heavy-Duty On- and Off-Road Incentives (Millions)

Project Category	Greenhouse Gas Reduction Fund	General Fund	Air Quality Improvement Fund	Total Allocation
Innovative Small e-Fleet Pilot Project	-	-	\$14.97	\$14.97
Clean Off-Road Equipment Project	-	-	\$14.97	\$14.97
Zero-Emission Truck Loan Pilot Project	-	-	\$5	\$5
Total	\$0	\$0	\$34.94	\$34.94

Although some projects are not proposed to receive additional funding this fiscal year, CARB will continue to administer existing funds and provide ongoing implementation information by posting updates at [CARB's Low Carbon Transportation Incentives and Air Quality Improvement Program webpage](#).

The State Budget appropriations for CARB's Low Carbon Transportation Incentives are smaller for FY 2024-25 compared to recent years. However, CARB strives to leverage funding and seeks out other sources of money, such as federal sources. Visit the [Chapter 2 section titled Federal Funding Supplements State Investments](#), for a description of the federal funding California has received.

Clean Truck and Bus Voucher Incentive Project (HVIP)

Supports the purchase of the cleanest available vehicles by providing vouchers to offset the incremental cost of medium- and heavy-duty trucks and buses. Offers purchase incentives for a wide variety of medium- and heavy-duty on-road vehicle types while set-asides offer focused support for certain vocations such as drayage trucks, public transit buses, and public school buses.

Total Proposed Allocation – \$0 million

Clean Truck and Bus Voucher Incentive Project

Proposed Allocation

While CARB staff is not proposing to allocate additional funding to HVIP for FY 2024-25 due to the limited funding available in the State Budget and the needs in other project categories, HVIP has funds remaining from previous years' appropriations and will continue to administer previously allocated funds until the next budget appropriation.

Current and Future Funding Needs

With limited funding remaining from previous funding years, HVIP will continue to focus on supporting small fleets based on the strong demand for vouchers. Across all fleet sizes, HVIP has seen record redemptions and anticipates that funds may be drawn down by late 2024 or in the first few months of 2025. Recent precedent has indicated an acceleration in voucher requests as project funds near depletion. As such, and in lieu of additional fund allocations to HVIP, CARB staff is working with CALSTART, CARB's administrator of the HVIP project, to develop a waitlist/contingency process for fleets once funding runs out. The waitlist/contingency process would allow the orderly distribution of future allocations or available funds. The timeline for development of this list process will be forthcoming in the next several months.

With no new funding appropriated in FY 2024-25 for the Zero-Emission School Bus and Infrastructure Project (ZESBI), CARB staff is focused on deploying the FY 2023-24 appropriation, which opened for applications in May 2024. ZESBI replaces older, heavy-duty internal combustion school buses with new, zero-emission buses owned by local educational agencies with funds provided directly to school districts. CARB's previous appropriation of \$375 million is expected to fund approximately 1,000 new zero-emissions school buses throughout the state. CARB staff is also coordinating closely with the California Energy Commission on their FY 2023-24 ZESBI appropriation of \$125 million for fueling infrastructure and associated costs that will complement CARB's zero-emissions public school bus funding. ZESBI will reduce children's exposure to harmful air pollutants by accelerating the adoption of zero-emissions school buses in the state's public school bus fleet.

Proposed Changes to Project Criteria

As HVIP enters its fourteenth year, the project continues to adapt to changing needs. This year, the project continues to strengthen its focus on supporting underserved fleets and more targeted measures to address air quality needs in California's priority populations. Based on observed market pricing conditions, and considering the development of regulations requiring widespread adoption of ZEVs, CARB staff proposes the changes to HVIP provided below:

- **Manufacturer's Suggested Retail Price (MSRP) Cap for Vouchers:** CARB has begun an assessment of ZEV truck pricing utilizing data from a variety of sources, including HVIP pricing data and other publications, to better understand market pricing of ZEV Class 8 trucks and to inform the potential benefits of an MSRP cap. The assessment's primary finding is that zero-emission tractors in the European Union (EU) have a roughly \$57,000 lower incremental price difference than similar zero-emission tractors in the U.S. based on the incremental price difference between zero-emission and diesel tractors. CARB staff anticipates expanding this analysis in FY 2024-25 for additional medium- and heavy-duty truck and bus classes with potential MSRP cap proposals in a future Funding Plan.
- **Conversion Kits:** CARB staff proposes to increase the incentive amount for zero-emission conversions by increasing the voucher amount from 50% of a new truck voucher to 75% of a new truck voucher.
- **Pilot Voucher Certificate for Class 2b vehicles:** CARB staff proposes a new pilot voucher certificate process specific to Class 2b vehicle purchases. Fleet applicants would apply for a voucher certificate by submitting a voucher certificate application; once approved, the fleet could take this certificate to any HVIP-approved dealer selling an eligible Class 2b HVIP vehicle to purchase it. The dealer would then redeem the voucher via the existing HVIP process.
- **Change to the Small Fleet Voucher Doubling Provision:** Currently, the base voucher is doubled for small public and private fleets submitting new voucher requests in Standard HVIP, the Drayage Truck Set-Aside, or the Public Transit Set-A-side, for up to 20 voucher requests. CARB is proposing to limit the number of voucher requests eligible for the doubling provision to 5; fleets would still be permitted to apply for standard vouchers beyond the first 5. The change is being made to ensure equitable distribution of HVIP vouchers, ensuring that funding is available to more small fleets.
- **Clarification and Precision of Fleet Size Eligibility to Align with Advanced Clean Fleets (ACF) Requirements:** As originally approved by the Board in the FY 2021-22 Funding Plan, a limitation was placed on larger fleets' eligibility to participate in HVIP that would phase in beginning January 1, 2023, for private fleets of 100 or more trucks. In the subsequent years' Funding Plans, both FY 2022-23 and FY 2023-24, the Board approved to limit HVIP eligibility to private fleets with **50 and less** medium- and heavy-duty vehicles. CARB staff proposes to modify the language of this

provision, clarifying the applicability of the fleet size limit to align with the ACF regulation. CARB is proposing to change the fleet size limit for private fleets with 50 and more medium- and heavy-duty vehicles to no longer being eligible for HVIP. Public entities, California Native American Tribal governments, and non-profit organizations with 501(c)(3) status will not be subject to the fleet size limit. Additionally, entities purchasing new-to-market technologies, such as fuel cell vehicles, will not be subject to the fleet size limits until the technology has achieved a higher degree of market penetration, meaning fleets of any size can continue to purchase fuel cell vehicles through HVIP. There is no proposal to amend the effective date of January 1, 2025, for fleet size eligibility.

Reporting Requirements

CARB staff uses several methods to determine if HVIP is achieving project goals, including evaluating emission reductions, the percentage of vouchers requested in disadvantaged communities and by small fleets. Building upon these existing evaluation methods, CARB staff continues to improve its Fleet Survey, which gathers user experiences to assess purchaser satisfaction with their vehicle(s) and the HVIP process. Feedback questions include vehicle performance and function in day-to-day operations, overall communications, expectations on timeline and delivery, and how important the HVIP vouchers are in making purchasing decisions. This survey is administered annually to all purchasers who redeemed an HVIP voucher within the past three years. The results of the surveys are incorporated into the grant's final reports. CARB also collects information on the Disadvantaged Business Enterprise status of participating fleets which informs outreach and incentive policy decisions to maximize participation among underrepresented groups.

Innovative Small e-Fleet Pilot Project

A pilot project administered through HVIP that focuses on supporting small fleets by offering higher voucher amounts and supporting innovative solutions such as all-inclusive leasing, rentals, and “truck as a service” models.

Total Proposed Allocation – \$14.97 million (AQIP Allocation – \$14.97 million)

Innovative Small e-Fleet Pilot Project

Proposed Allocation

CARB staff propose to allocate \$14.97 million of the \$34.94 million Air Quality Improvement Program (AQIP) appropriation to the Innovative Small e-Fleet (ISEF) Pilot Project.

Current and Future Funding Needs

The ISEF pilot was created as a set-aside within HVIP in part to better understand the specific needs of small fleets and help inform broader HVIP policy. As part of HVIP, ISEF will remain aligned with HVIP voucher levels and will adjust project policy to follow HVIP guidelines. ISEF supports innovative mechanisms that provide key solutions for small fleets, which helps drive interest and demand for zero-emission vehicles.

Ongoing high-project demand clearly shows that small fleets seek advanced technologies. In the first project year, all funding was requested on the first day of ISEF opening, with demand surpassing the initial \$25 million allocation and a total of \$35 million requested. For the second year, \$33 million was allocated and an additional \$50 million from HVIP was made available to meet demand. In the third year, \$14.32 million was allocated, with voucher requests continuing to increase. ISEF is now in its fourth year. For this year, CARB staff is proposing to allocate \$14.97 million to meet the demand that was demonstrated throughout the previous funding cycles.

One of the key lessons learned from ISEF is that small fleets need continuous access to funding for zero-emission vehicles. The initial start and stop nature of ISEF created an unintended waiting period and potentially stalled the adoption of zero-emission technology by small fleets. To address this concern, and because a significant share of ISEF requests were for standard purchase vouchers, CARB staff moved all ISEF standard purchases to HVIP. This expanded available funding and provided continuous project access while keeping the focus of ISEF on innovative solutions. ISEF will continue to explore innovative solutions for small fleets such as all-inclusive leases, truck-as-a-service, insurance options, fleet management assistance, and other creative mechanisms.

Proposed Changes to Project Criteria

CARB staff has met directly with interested parties and conducted multiple public workgroups through the life of the project to solicit project feedback and understand the changes needed for improvement. A common theme from participants was the desire for

ISEF to provide flexibility and to continue to explore and create new innovative solutions. To that end, CARB staff proposes to explore a Used Truck Voucher Pilot concept within ISEF to accelerate the development of an affordable secondary vehicle market that would provide small fleets with more flexibility.

Many small fleet owners traditionally purchase used rather than new vehicles and supporting second life vehicle purchases could provide an important new solution to assist fleet owners that are making the switch to a zero-emission vehicle. A pilot carefully designed to avoid cost escalation of used vehicle prices would provide valuable residual value data, which is currently limited. Residual or resale value is also a key component in the finance and insurance of vehicles because it represents a vehicle's replacement value or potential financial payout in the event of a claim, loan default, or other loss. Incentives can help support residual values that are often disproportionately low due to a lack of data, while also expanding the knowledge base.

A used truck voucher pilot would also support the goals of Senate Bill 372. This would be achieved by developing a project to facilitate the adoption of commercial zero-emission vehicles. CARB staff will broadly solicit input for the potential design of a used vehicle project.

Reporting Requirements

The Proposed Funding Plan keeps ISEF as distinct from, but still as a set-aside within, HVIP. Since many of the funding mechanisms are unique to ISEF, CARB staff continues to modify reporting requirements and will continue to hold workgroups to discuss additional metrics for evaluation. For example, ISEF has already adopted a reporting requirement that, while mirroring HVIP requirements, helps streamline rental-based solutions through a biannual fleet survey.

Consistent with other incentive projects, ISEF offers incentives for deployments in pollution-burdened and disadvantaged communities. ISEF is also designed to support small fleets and individual owners/operators since those fleets traditionally face unique challenges with zero-emission vehicle adoption. Small fleets have further shown a strong interest in learning about and acquiring zero-emission vehicles as demonstrated through their high utilization rate of Cal Fleet Advisor's technical support and education services, representing about two-thirds of participants.

One hundred percent of ISEF funds are exclusively used to support fleets with 20 or fewer vehicles. In the third year of ISEF, 96 unique small fleets with an average fleet size of less than 5 vehicles applied for funding, of which 89% domiciled their vehicles in a disadvantaged community. ISEF also collects information on the Disadvantaged Business Enterprise status of participating fleets.

Clean Off-Road Equipment Voucher Incentive Project

Provides vouchers to offset the incremental cost of the cleanest available off-road equipment such as forklifts, terminal tractors, transport refrigeration units, construction and agricultural equipment and commercial harbor craft.

Total Proposed Allocation – \$14.97 million (AQIP Allocation – \$14.97 million)

Clean Off-Road Equipment Voucher Incentive Project

Proposed Allocation

CARB staff proposes to allocate \$14.97 million of the \$34.94 million AQIP appropriation to the Clean Off-Road Equipment Voucher Incentive Project (CORE) for small businesses and public agencies.

Current and Future Funding Needs

Historically, CORE has seen high demand overall and has been oversubscribed in certain equipment categories. CARB staff anticipates this high demand to continue into future years considering the wide variety of off-road equipment in the market today, and more coming. While CORE has been important to introduce zero-emission off-road equipment into California, the growth and acceleration of these technologies varies across all equipment categories. For example, terminal tractors have been heavily oversubscribed, while other categories such as airport ground support equipment have seen less demand. This uneven growth has resulted in requested vouchers either having been cancelled, unused, or voided for various reasons, by either the purchaser or the equipment manufacturer. At the end of each funding cycle, CARB staff has analyzed data trends, reviewed voucher demand, and has then reallocated remaining funds into categories where there is greater need.

CORE has seen growth in voucher demand from small businesses with a twofold increase over the past year. This year CARB staff recommends directing all new funding to support small businesses and public agencies. CORE will continue to build on the prior two year's highly successful small business set aside of \$10 million and \$14.3 million of the total funding.

CARB staff projects the need for continued incentive funding to support equipment categories that are in the early phase of commercialization and will support businesses looking to adopt these technologies. CARB staff will continue to make updates and changes to equipment funding allocations, equipment eligibility, and voucher amounts based on interested party input and voucher demand.

Proposed Changes to Project Criteria

With the FY 2024-25 limited funding allocation of \$14.97 million, CARB staff proposes that this funding be directed only toward small businesses and public agencies. Small businesses are defined by Government Code Section 14837 (d) (1) (A) as: [An]

independently owned and operated business that is not dominant in its field of operation, the principal office of which is located in California, the officers of which are domiciled in California, and which, together with affiliates, has 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or is a manufacturer, as defined in subdivision (c), with 100 or fewer employees. Commencing January 1, 2019, the average annual gross receipts threshold shall be fifteen million dollars (\$15,000,000). As part of this effort, CARB staff will review equipment categories for funding allocations. Additionally, CORE will continue to allow project participants to stack incentives with other funding sources, which could be of significant assistance to small businesses.

CARB staff will hold public workgroup meetings in early 2025 to discuss the CORE launch anticipated for summer of 2025, implementation manual updates, and to seek interested party feedback on equipment types and funding categories. CARB staff will incorporate lessons learned from CORE's previous funding cycles, such as voucher demand and voucher redemption issues. This will be achieved by CARB staff reviewing voucher amounts, equipment market maturity, equipment eligibility, and warranty requirements.

CARB is proposing to discuss and incorporate the following changes into the upcoming project funding cycle in 2025:

- Graduate terminal tractors as an eligible category because they are now a mature zero-emission off-road technology. Other scrap and replace funding programs may be available for terminal tractors, including the Carl Moyer Memorial Air Quality Standards Attainment Program, Community Air Protection Program (CAPP) Incentives, and Volkswagen Environmental Mitigation Trust funds. Terminal tractors have been in the CORE project since its inception and have seen robust demand with each funding round. Terminal tractor voucher amounts have been reduced twice over the past few years. Despite this reduction, we continue to see oversubscription in part because of the significant total cost of ownership benefits compared to diesel. This showcases that incentive funding has accelerated the adoption of the technology with broad commercial appeal, usage, and confidence of application. Looking ahead, statewide and regional regulations often require the use of zero-emission terminal tractors to meet emission reduction goals. CARB may consider retaining eligibility for higher weight capacity terminal tractors which are used at ports and intermodal rail yards.
- Adjust voucher amounts for some equipment types, as zero-emission off-road equipment matures into larger and heavier load equipment. CARB staff has met with several equipment manufacturers to solicit information and gain further understanding of the technological challenges of the larger equipment applications and larger battery sizes required. For the largest forklift types, those with lift capacity 54,001 pounds and greater, CARB staff recommends adding a new base voucher of up to \$1,000,000. This would be in line with similarly sized cargo handling equipment with voucher amounts up to \$1,000,000 per piece of equipment. These adjustments

are necessary since these types of equipment are just entering commercial readiness and incentives play a key role to drive purchase decisions.

- Update and streamline the equipment eligibility application process while ensuring robust requirements and safeguards. There is currently no zero-emission off-road certification process to use for equipment eligibility purposes akin to *CARB's on-road zero-emission powertrain* (ZEP) certification. The equipment eligibility process will require additional information that is not being captured under the current procedures. A worksheet or eligibility application template may be added to the application process to ensure the off-road equipment funded meets quality of build, durability, and standards for end-user operation and duty cycle.

Reporting Requirements

CARB staff will continue to use a comprehensive assessment of project effectiveness, including appropriate metrics and data collection methodologies. Examples of the metrics used for evaluating the acceptance of zero-emission off-road equipment include:

- using feedback from voucher recipients on usage purpose and satisfaction,
- usage data, such as hours of use of new equipment, and
- and factors that influence the purchase decision.

These metrics are being evaluated through participant surveys. The assessment also helps to evaluate how effective the project is at achieving other expected outcomes, such as improving zero-emission technology acceptance, reducing advanced technology component costs, and increasing private investment. This will build upon existing data collection elements already included in the CORE project, such as end-user surveys. Lastly, the assessments involve the participation of an individual(s) with direct applicable experience and expertise in the various types of zero-emission off-road equipment.

Zero-Emission Truck Loan Pilot Project

Provides financing opportunities for heavy-duty zero-emission vehicles. This project replaces the original Truck Loan Assistance Program which helped small businesses secure financing to upgrade their vehicles.

Total Proposed Allocation - \$5 million (AQIP Allocation - \$5 million)

Zero-Emission Truck Loan Pilot Project

Proposed Allocation

The Zero-Emission Truck Loan Pilot Project leverages private capital to provide financing opportunities for smaller fleets that want to purchase heavy-duty zero-emission vehicles but may have sub-optimal credit and need extra assistance to procure a loan. The project is administered by the California Pollution Control Financing Authority (CPCFA) through their California Capital Access Program, known as CalCap, and is modeled after the highly successful legacy Truck Loan Assistance project. The new project was created in the FY 2022-23 Funding Plan and allocated \$5 million and opened by May 1, 2024.

The project operates through a loan-loss reserve system. For each qualified zero-emission medium- or heavy-duty vehicle loan made, 25% of the loan amount is contributed into a participating lender's loan-loss account. In the event of a qualifying loan default, the lender can request reimbursement for the loss from CPCFA. Lenders use their own underwriting standards to establish loan terms. The project is open to qualified small fleets with 20 vehicles or fewer who purchase Class 2b through Class 8 new or used zero-emission vehicles.

The Zero-Emission Truck Loan Pilot Project is intended to assist fleets with better interest rates or with a loan in instances where a loan normally would not be available to them. This assistance is even more critical because of the higher upfront cost of zero-emission technologies and the general hesitance from lenders to service emerging technologies they are unfamiliar with. CARB has also initiated an education and outreach effort to lenders to inform them about the new technologies and about the CARB incentive projects that can lower the upfront cost thereby reducing the amount of the loan.

Earlier this year, CARB staff identified and transferred approximately \$4 million in unused Truck Loan Project funds to augment the pilot project. Additional legacy Truck Loan Project funds may become available over time as existing loans mature; however this amount depends on actual claim rates, which will vary. CARB staff proposes to allocate \$5 million in AQIP funding to the Zero-Emission Truck Loan Pilot Project for FY 2024-25.

CARB has also partnered with the California Energy Commission (CEC) to fund an accompanying infrastructure support project to target zero-emission fueling infrastructure. The pilot project allows CARB, CPCFA, CEC, and lenders, to learn from small business fleet borrowers about what is needed for the successful adoption of zero-emission technologies

and what additional areas of support are needed. These efforts align with the directive of SB 372, which instructs CARB to develop assistance and purchasing support projects to facilitate the adoption of medium- and heavy-duty zero-emission vehicles.

In addition to the CARB and CEC projects, Southern California Edison offers a loan loss reserve program that is also being administered by CPCFA. This program can be used by certain fleets in the utility's territory for both vehicles and infrastructure. The availability of all three loan loss programs will expand loan support access and allow more small businesses to add zero-emission vehicles to their fleet, thereby, leveraging the full funding power of the three.

Current and Future Funding Needs

CARB staff estimates that a \$5 million allocation would support 200 to 300 additional vehicle loans. The exact number would vary dependent on the specific amount financed, which is highly variable and based on vehicle type and incentives used to reduce upfront costs. Including the proposed \$5 million, a total of \$14 million would be available for the project. This would support about 560 to 840 vehicle loans.

Under the legacy Truck Loan project approximately \$270 million of State investments leveraged about \$3.2 billion in private financing. Following a similar ratio, CARB staff anticipates that \$14 million could leverage about \$166 million in private financing. This amount will vary based on the project contribution rate.

Proposed Changes to Project Criteria

CARB staff is currently not proposing any policy changes to the Zero-Emission Truck Loan Pilot Project.

Reporting Requirements

The Zero-Emission Truck Loan Pilot Project will help CARB staff learn what additional support small businesses and fleets need to adopt zero-emission technology. This will be achieved by evaluating the success of vehicle deployments, analyzing project data, and adjusting, where necessary, if actual outcomes do not meet the original scope of the pilot project.

CARB staff will work with the project administrator and lenders to monitor pilot project participation to further encourage public/private partnerships and increase private capital investments. CARB staff will also work with interested parties to develop parameters and key data needed to evaluate pilot deployments in disadvantaged communities and low-income communities. Lastly, CARB staff will solicit input from lenders and borrowers to understand how the project has influenced purchasing behaviors.

Chapter 5: Detailed Funding Plan Development Process, Outreach and Community Engagement

In developing the Proposed Funding Plan, CARB staff considered input from various interested parties, facilitated a variety of meetings, and promoted the development of the Proposed Funding Plan at various outreach events held throughout the state. This chapter explains how CARB staff engaged and collaborated with communities and various groups to develop the Proposed Funding Plan. To make the Proposed Funding Plan development process more efficient, CARB staff combined topics for daytime public workgroup meetings to reduce the number of meetings held. CARB staff also held monthly evening community meetings where the same topics discussed in the daytime workgroups were presented but in a more accessible and safe space for discussion. These meetings included topics of mutual interest to communities such as equitable access to funding, other zero-emission vehicle (ZEV) and ZEV infrastructure presentations. Lastly, attendees were introduced to the Environmental Justice Conversation Series Conversations team,¹¹ an initiative which aims to build trusted relationships between CARB's Executive Office and communities, address community concerns, increase the transparency of CARB's work, and continue to integrate environmental justice and racial equity into all aspects of CARB's work. Additionally, CARB's Regional Outreach Coordinators promoted the Funding Plan at various outreach events.

CARB staff also focused on outreach to priority populations throughout California. This included outreach to Black communities and other people of color, as well as to Tribal, disadvantaged, and lower-income communities. CARB staff used the *California Climate Investments Priority Populations 2023 Map* to identify areas that may not have received enough outreach and engagement in the past. Additionally, CARB incentives staff in the Mobile Source Control Division worked with environmental justice organizations, community-based organizations, other CARB divisions and environmental justice teams, and other groups that support disadvantaged communities. CARB collaborated with these partners to reach out to communities to learn about their clean transportation needs. Some of these partners include:

- *Access Clean California* statewide network of outreach partners, and
- Assembly Bill 617 Community Steering Committees

Public Meetings

On June 13, 2024, CARB staff facilitated a kick-off workshop on the Proposed Funding Plan development process. Additionally, at least three daytime public workgroup meetings were held between June and September 2024. During that same time frame, CARB staff also held three monthly evening community meetings for community members and community-based organizations. Table 11 summarizes these public meetings. It should be

¹¹ For more information on this effort, contact carbej@arb.ca.gov

noted that CARB staff holds monthly evening community meetings on topics beyond the Proposed Funding Plan development process year-round.¹² These include updates on incentive project implementation as well as guest speakers on a variety of topics that community members may be interested in. These are explained in more detail in the Evening Community Meetings section of this chapter.

Table 11: Public Meetings on the Development of the Fiscal Year 2024-25 Proposed Funding Plan to Date

Date	Meeting
6/13/24	Kick-Off Workshop for the Fiscal Year 2024-25 Funding Plan for Clean Transportation Incentives
7/16/24	Evening Community Meeting: Clean Transportation Incentives for a Cleaner Year
8/6/24	Workgroup for Clean Transportation Equity and Light-Duty Vehicle Investments
8/6/24	Workgroup Meeting for Clean Truck and Bus Voucher Incentive Project (HVIP), Innovative Small E-Fleet Pilot Project (ISEF), Zero-Emission Truck Loan Pilot Project, Clean Off-Road Equipment Voucher Incentive Project (CORE), and Long-Term Heavy-Duty Investment Strategy
8/20/24	Evening Community Meeting: Clean Transportation Incentives for a Cleaner Year
8/29/24	Fiscal Year 2024-25 Draft Funding Plan for Clean Transportation Incentives Workshop
9/10/24	Public Workgroup: Clean Cars 4 All Draft Allocation Formula
9/17/24	Evening Community Meeting: Clean Transportation Incentives for a Cleaner Year

¹² Evening Community Meetings are not held the month of June and November due to the Funding Plan Kick-Off Workshop and the November CARB Board Hearing, respectively.

Annual Symposium

On April 18, 2024, CARB staff held their second annual *Clean Transportation Equity Incentives Symposium* at the California Environmental Protection Agency building in downtown Sacramento. The goal of the annual Symposium is to bring together project administrators, outreach partners, community groups, environmental groups, and other key interested parties to reflect on and provide transparency into project implementation. This year's event brought together 250 guests, including over 100 who attended in person, and provided a rare opportunity for interested parties to network, build relationships, and share knowledge across projects, while they also engaged in important discussions on challenges and lessons learned. Additionally, project administrators, other State agencies, local air districts, and staff across CARB attended the Symposium bringing the views and lessons learned from various public servants across California.

Important outcomes of the Symposium were the perspectives and insights provided by various interested parties in attendance, particularly those representing different communities. CARB staff reviewed and reflected on this feedback and will use it to inform decision-making on project design and implementation. Some of the most important takeaways are summarized below:

- Many attendees believed that more transparency and greater accountability need to be provided when it comes to defining and operationalizing transportation equity across CARB's incentive projects.
- CARB needs to provide greater investments directly to grassroots-level community groups and move away from the model of distributing funding through 3rd party administrators who are typically large, well-funded non-profit organizations. Communities also face too many bureaucratic barriers when trying to access the funding that is available, and CARB needs to find ways to streamline and simplify this process.
- Provide communities with greater involvement to design and implement clean transportation equity incentive projects. This includes more involvement in events like the Symposium – not just as panelists but also to plan the meeting and agenda as well.
- Attendees requested that CARB play an active role in facilitating community participation by funding technical assistance and capacity building efforts.
- Finally, communities would like CARB to think creatively and be bold when designing projects that meet community needs, rather than making incremental adjustments to what is already being done.

Zero-Emission Vehicle Equity Task Force

In addition to public meetings on the development of the Funding Plan, CARB staff and project administrators participate in CARB's *Zero-Emission Vehicle Equity Task Force* (ZEV Equity Task Force). CARB staff is also involved in several workgroups of the ZEV Equity Task Force, including the Outreach and Education Workgroup and the Clean Mobility and

Incentives Workgroup. As part of the Clean Mobility and Incentives Workgroup, CARB staff participated in the development of the [*Community Mobility Program Connections Directory*](#), a public tool developed to help organizations and vehicle manufacturers find partners interested in collaborating to access vehicle discounts available through the [*Advanced Clean Cars II Zero-Emission Vehicle regulations*](#) for ZEVs in community-based clean mobility projects. CARB staff will continue to coordinate with those working on the ZEV Equity Task Force to leverage its efforts to inform future incentives policies and investments.

On May 30, 2024, CARB hosted the third meeting of the Task Force, which included a panel of tribal and rural community representatives discussing the challenges and opportunities for increasing access to ZEVs in tribal and rural communities. The main barriers discussed regarding increasing ZEV access in tribal communities were lack of education about ZEVs, lack of infrastructure, limited vehicle choice, and lack of financial resources by Tribes to afford ZEVs. CARB staff will continue to work with the tribal representatives to connect them with partners and potential funding opportunities that could increase ZEV and infrastructure projects in their communities.

Evening Community Meetings

During Fiscal Year 2023-24, CARB staff introduced monthly evening community meetings to provide high-level overviews of daytime workgroup meetings and workshops. The purpose of these meetings is to discuss funding needs and CARB staff's initial Funding Plan proposals with community members who may not be able to participate in daytime public meetings. In addition to the Funding Plan development process, evening community meetings may include updates on project implementation as well as guest speakers on topics that may be of interest to community members.¹³ Some of these topics include presentations by CARB's Executive Office, the ZEV Equity Task Force, CARB's Advanced Clean Cars Regulations, equity topics presented by CARB staff, and ZEV infrastructure updates presented by the California Energy Commission staff.

The goals of the evening community meetings are to:

- provide a platform for community members to express their voices and share their priorities,
- collaboratively generate solutions to address community clean transportation needs,
- emphasize key information about the Funding Plan that is relevant to community members, and

¹³ CARB staff hold monthly evening community meetings on topics beyond the Funding Plan development process year-round. These include updates on incentive project and program implementation as well as guest speakers on a variety of topics that community members may be interested in. These meetings are not held in June and November.

- establish ongoing communication and dialogue between CARB staff and community members.

This year, in response to several requests from community members and to allow for greater participation in the virtual environment, CARB staff changed the format of the Zoom webinars to Zoom meetings in July 2024. This format allows meeting participants to turn on their cameras and use the chat feature to more easily communicate with CARB staff and with each other.

One-on-One Meetings

CARB staff actively encourages all interested parties, with a particular focus on community members most affected by CARB's incentive projects and policies, to contact CARB to request to set up one-on-one meetings. These meetings aim to delve deeper into the clean transportation needs of interested parties. CARB staff holds meetings with individual community members, community-based organizations, nongovernmental organizations, and other relevant groups.

Participation at In-Person and Virtual Events Held by Other Groups

CARB staff also participates at in-person and virtual events to conduct outreach and engagement on the Funding Plan development process and our incentive projects, as well as to invite community members and other interested parties to engage in the process.

Clean Transportation Regional Outreach Coordinators

Beginning in May 2024, CARB staff implemented the Clean Transportation Regional Outreach Coordinators effort. This initiative was established to enhance awareness of clean transportation regulations, incentive projects, and solutions. The concept was discussed at the February and March 2024 evening community meetings and CARB staff sought external and internal feedback on the effort. The initiative offers region-specific outreach and ongoing engagement. These regions include Southern, Central, and Northern California. Each of California's three regions is assigned two CARB staff members, one focused on light-duty vehicles and Sustainable Community-Based Transportation Equity projects and the other focused on medium- and heavy-duty on- and off-road vehicles and equipment. Responsibilities of the regional coordinators is to:

- understand community clean transportation,
- conduct direct outreach and engagement,
- establish an ongoing presence and cultivate community partnerships,
- communicate general and ongoing education and awareness of CARB's clean transportation projects, and
- collaborate with regional partners and leverage opportunities to advance mutual clean transportation objectives.

Community Survey

In Fiscal Year 2022-23, CARB staff developed a voluntary community survey as a tool to collect community members' and community groups' input on low carbon transportation investment priorities. Subsequently, CARB staff used this information to ensure that investments in the Proposed Funding Plan were aligned with community perspectives.

Last year, the survey was made available to the public through a weblink and QR code and sent to the following groups:

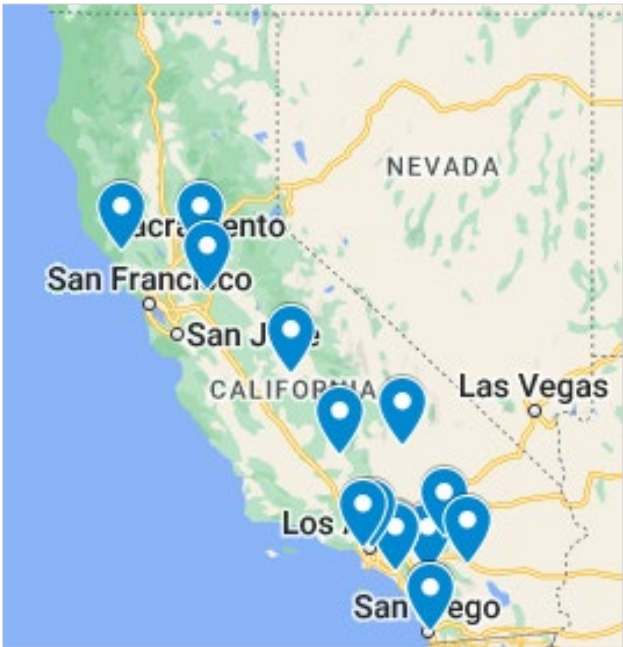
- Access Clean California Statewide Outreach Partner Network
- People who attended evening community meetings
- Assembly Bill 617 Community Steering Committees
- Environmental Justice Advisory Committee (EJAC) Members
- Over 250 environmental justice organizations in California

This year, CARB staff continued to offer the voluntary community survey, primarily through its inclusion on CARB's website and on most monthly Evening Community Meeting presentations. The survey closed on August 8, 2024, to allow CARB staff time to analyze the results ahead of the release of this Proposed Funding Plan.

Between September 12, 2023, and August 8, 2024, 19 survey responses were collected from California residents.¹⁴ The map in Figure 8 illustrates the approximate geographical locations of survey respondents, based on the information they provided.

¹⁴ Two responses were collected from Individuals that self-identified as residing in countries outside of the United States.

Figure 8: Approximate locations of Community Survey respondents.

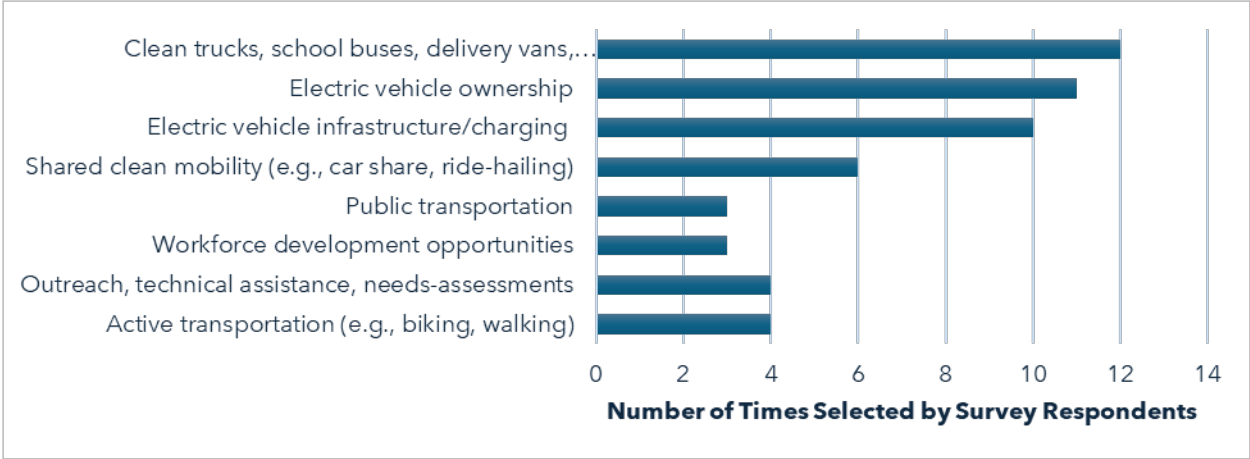


The following summarizes these responses.

Communities want clean vehicles and electric vehicle charging.

When survey respondents were asked "What would you like to see in your community?"(and provided with eight possible choices), the top three selections were: (1) clean trucks, school buses, delivery vans, construction equipment, etc., (2) electric vehicle ownership, and (3) electric vehicle infrastructure/charging. View Figure 9 for details.

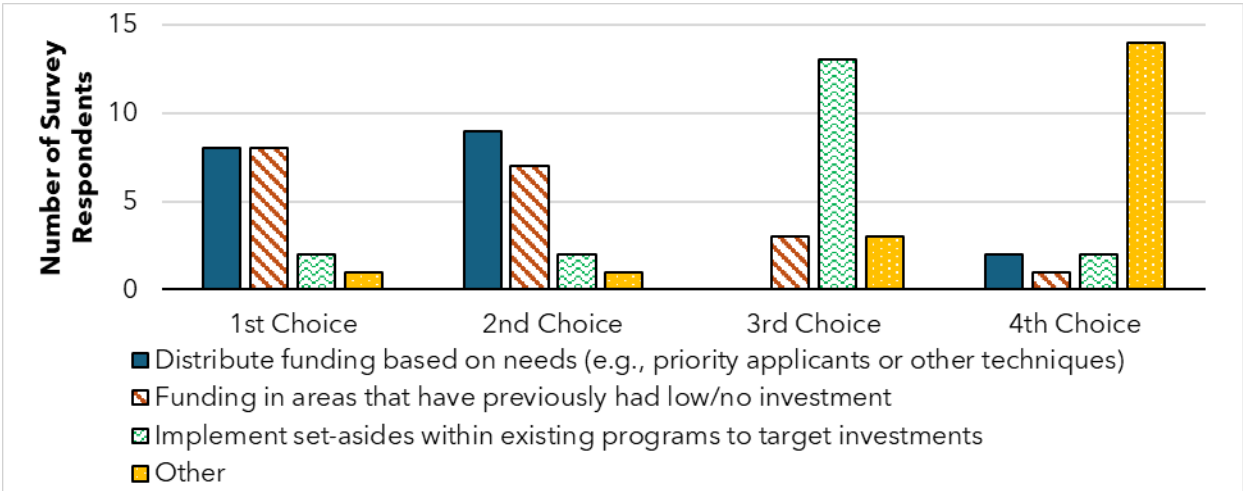
Figure 9: Summary of Community Survey Responses to "What would you like to see in your community?"



CARB should prioritize funding based on need and for communities that have not had prior access to funding.

When asked to rank four possible ways for CARB to prioritize investments, survey respondents overwhelmingly favored "distribute funding based on needs (e.g., priority applicants or other techniques)" or "funding in areas that have previously had low/no investment" as their first or second choice. View Figure 10 below for details.

Figure 10: Summary of Community Survey Responses to "How should CARB prioritize investments?"



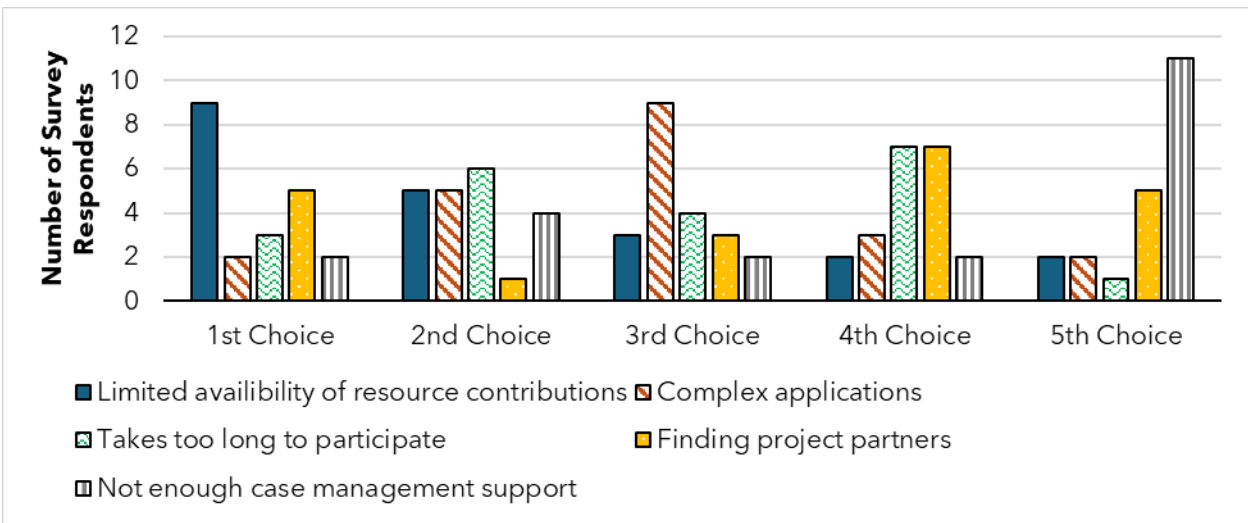
CARB staff recognizes this concern and previously began to work on implementing needs-based approaches to incentive projects. For example, the [California E-Bike Incentive Project](#) and the [Driving Clean Assistance Project \(DCAP\)](#) will include a needs-based model. Additionally, the [Sustainable Community-Based Transportation Equity Projects](#)¹⁵ will evaluate the needs-based models based on public feedback and will discuss them through public workgroup meetings in the future.

"Limited availability of resource contributions" is a top barrier when communities apply for clean transportation funding.

When asked to rank five possible barriers that communities applying for clean transportation funding face, 74% of respondents (14 out of 19) selected "limited availability of resource contributions" as either the first or second most significant barrier. This was followed by "takes too long to participate," for which 47% of respondents (9 out of 19) reported this as the first or second most significant barrier. View Figure 11 below for details.

¹⁵ See the section titled "Looking Ahead for the Sustainable Community Based Transportation Equity Projects."

Figure 11: Summary of Community Survey Responses to "What are the biggest barriers when applying for clean transportation funding in your community?"



Innovation should be embraced in existing and future incentive projects.

Several respondents suggested funding for unconventional projects that can improve equity, mobility, and air quality. For example, one respondent suggested funding for more lightweight and slow-speed vehicles to increase mobility options in communities where these modes make sense. Another suggested that CARB explore inclusive investment opportunities, like truck "as a service" and vehicle charging models.

One way that CARB is addressing this through *ISEP's* truck as a service model.

Incentives should prioritize funding for and outreach to Tribal and low-income communities.

Respondents emphasized the need to prioritize funding for Tribal communities and to continue to market incentive opportunities in low-income communities. To achieve this, one respondent suggested that project administrators bring "mobile clinics" to communities and have staff on-hand to help residents apply for incentives. Others suggested that CARB expand its typical cast of collaborators to include places of worship and healthcare facilities located in low-income areas.

CARB staff continues to work to strengthen, and build new, relationships and trust with Tribes, including through CARB's project administrators. This year, CARB's Mobile Source Control Division hired a staff person to serve as the Tribal Coordinators for the Division. Additionally, CARB's Office of Environmental Justice, Tribal Affairs & Border Relations holds monthly meetings with Tribal coordinators from each of CARB's Divisions. These meetings allow for discussion and for people to share ideas and updates about Tribal outreach efforts and activities to help bolster Tribal relationships. As these efforts continue to strengthen and grow, CARB staff will consider new ideas such as the ones proposed above to further strengthen our outreach, engagement, and the reach of our projects and partners.

Low-income and disadvantaged communities need help to become "EV-Ready."

Some respondents recommended that CARB provide more and better charging infrastructure in the communities that need it most. This includes upgrading the electrical grid in low-income and disadvantaged communities that should be targeted for higher rates of electric vehicle adoption. One respondent also suggested that home electric vehicle-charging (EV charging) infrastructure be combined with solar panel installations to help reduce both electricity costs and carbon emissions.

One of CARB's many partners is the [California Energy Commission](#) (CEC). The CEC focuses on vehicle charging and fueling infrastructure. They maintain several programs to ensure that vehicle charging and fueling infrastructure is available throughout California. For example, CEC maintains:

- The Clean Transportation Program (CTP) which includes:
 - an [investment map](#) for CTP,
 - the [Reliable, Equitable, and Accessible Charging for Multi-family Housing 2.0](#) (REACH 2.0) grant for charging at multi-family housing,
 - and the [Convenient, High-Visibility, Low-Cost, Level 2 Charging](#) (also known as CHILL 2) grant for low-cost Level 2 charging particularly in disadvantaged and Low-Income Communities.
- Provides [funding for charging and fueling infrastructure](#) through the CTP
- Convenes an [Advisory Committee for the CTP Investment Plan](#)

Another one of CARB's partners is the [California Public Utilities Commission](#) (CPUC). Their role is to provide oversight of the Investor Owned Utilities and their investments to expand and improve the electric grid. The CPUC maintains several webpages that provide information on their various programs to help people and communities with lower incomes obtain solar power. These include:

- [Community Solar in California](#),
- [Solar in Disadvantaged Communities](#), and
- [California Solar Initiative](#).

Continue and Expand Opportunities for Public Engagement

Many respondents called for continued and expanded outreach about CARB's incentive projects. One respondent requested that CARB consider adding a "hotline" for inquiries about incentive projects. Many respondents also called for CARB to continue standard outreach methods, like web-based workshops, public meetings, one-on-one meetings, attendance at local events, and social media posts.

The [Access Clean California](#) project helps to streamline access to consumer funding and provides resources that help people learn about, apply for, and participate in the light-duty incentive projects. On the medium- and heavy-duty vehicle side, [Cal Fleet Advisor](#) provides personalized technical assistance to people to help them navigate funding options and help them plan to be able to buy zero-emission vehicles.

CARB staff continues to focus on, and expand, our outreach and engagement opportunities. This year, CARB staff launched the Clean Transportation Regional Outreach Coordinators program. The program offers region-specific outreach and ongoing engagement. Each of California's three regions is assigned two CARB staff members, one focused on light-duty vehicles and Sustainable Community-Based Transportation Equity projects and the other focused on medium- and heavy-duty on- and off-road vehicles and equipment. For more information on this effort, as well as efforts related to public meetings, one-on-one meetings, etc.

Written Public Comments

CARB staff welcomes written public comments during the Funding Plan development process. This Proposed Funding Plan was developed in collaboration with interested parties, including priority populations. CARB staff will continue to collect written comments, which will be considered at the November 21, 2024, Board Hearing. Interested parties may provide written comments through [*CARB's public comment portal*](#).

Chapter 6: Contingency Provisions

The proposed Fiscal Year (FY) 2024-25 Funding Plan is based on the latest available data and information. However, circumstances may change between the time the Proposed Funding Plan is released for public review and comment and when the Board considers it for approval, project solicitations are issued, project funds awarded, or as projects are implemented. This section describes CARB staff's proposed contingency plans should mid-course corrections be needed to ensure that funds are spent expeditiously, efficiently, and where the need is the greatest. Under these provisions, the Board would grant the Executive Officer authority to make any necessary adjustments.

Air Quality Improvement Program Appropriation

Over past funding cycles, Air Quality Improvement Program (AQIP) revenues were sometimes lower than the levels included in the State Budget. Hence, project solicitations had to be scaled back. In recent years, AQIP appropriation levels have been adjusted in the State Budget to track anticipated revenues more closely. Hence, CARB staff does not expect needing to scale back AQIP funding in the FY 2024-25 funding cycle.

Additional Funding

If funding from other sources is provided for any of the project categories authorized in the Proposed Funding Plan, these outside funds will be allocated as needed for projects or as specifically required by the authorizing entity. Additionally, projects receiving additional funding may be altered to accommodate any conditions placed upon the use of alternative sources of funding as long as these conditions are consistent with the statutory provisions for Low Carbon Transportation and AQIP funds. CARB staff will consult with project workgroups prior to making any changes to projects.

Project Demand

CARB staff may issue solicitations and grant agreements based on the allocations listed in [Table 2 \(Chapter 2\)](#), and as identified in each of the project sections. Any new solicitations and grant agreements will be written with provisions to allow an increase in awarded funding if there are sufficient revenues and project demand. Some solicitations may be written to allow for the potential use of funding from future budget years to meet excess demand, subject to approval by the Board. Conversely, CARB staff proposes that the Executive Officer could reallocate funds from any project in the event that demand does not materialize or if it is determined that the project is not viable as envisioned in the Proposed Funding Plan (e.g., a technology considered for demonstration or pilot deployment is not ready to be funded, or sufficient staff resources are not available). In this case, funds would be reallocated within the same project category or sector. For example, if demand falls short for one of the transportation equity projects, CARB would shift that funding to another transportation equity project. Any changes in funding for a particular project category would be publicly vetted through a public workgroup.

When CARB evaluates solicitations, there may be cases where funds have been awarded to the highest scoring applications, and the remaining available funds are less than the amount requested in the next highest scoring application. In these cases, CARB staff proposes that the Executive Officer have the authority to offer funds to the next highest scoring project(s) at a scaled down scope, carry the remaining funds forward to a future fiscal year, shift the funds to another project category, or offer funds to any unfunded projects at their discretion.

Project Continuity Between Funding Cycles

A primary goal of the vehicle purchase incentive projects is to grow the market for clean technologies. Waitlists and disruptions caused by insufficient funding can adversely impact the market and reduce consumer confidence in the projects. To address these concerns, CARB staff proposes contingency provisions to prevent or reduce interruptions to ongoing voucher and rebate consumer purchase incentive projects. This would be in the event that one or more of such projects is either temporarily on hold, only accepting applications to waitlists, or in jeopardy of shutting down due to lack of funding prior to consideration of the FY 2025-26 Funding Plan. If CARB is appropriated Low Carbon Transportation funding, AQIP funding, or funds from a different source, and the Executive Officer determines that the Innovative Small e-Fleet Pilot Project, Clean Off-Road Equipment (CORE) project, or Zero-Emission Truck Loans would run out of funding prior to Board consideration of the FY 2025-26 Funding Plan, the Executive Officer would have the authority to allocate a combined total of up to 20% of the funds to the preceding projects and amend existing grant agreements to add the early allocation. Should the Legislature appropriate funds to specific projects, the Executive Officer would have the authority to immediately allocate up to the maximum amount of funding to the specified projects as directed by the Legislature.

Additionally, to avoid disruptions to ongoing projects, CARB staff proposes that the Executive Officer have the authority to establish applicant wait lists for the Driving Clean Assistance Program, Clean Truck and Bus Voucher Incentive Project (HVIP), CORE, or Zero-Emission Truck Loans in the event funding is exhausted prior to the end of the funding cycle. If any of these projects end up with waiting lists, the Executive Officer would have the authority to amend the existing grant agreements to add future years funding upon the appropriation of funding to CARB for such projects.

Technical or Administrative Changes

The Funding Plan specifies all policy-related details regarding the projects to be funded. However, technical or administrative changes from what is set forth herein may be needed from time to time to ensure these projects are successful. CARB staff proposes a transparent process in which changes to a project category would be publicly vetted through the workgroup process that has been established to discuss the implementation details of each project. For several project categories, CARB staff is already planning to use the public workgroup process to finalize technical details prior to issuing solicitations.

Chapter 7: California Environmental Quality Act

The California Environmental Quality Act (CEQA) requires public agencies to “look before they leap” and consider the environmental consequences of their discretionary actions.¹⁶ CEQA is intended to inform government decisionmakers and the public about the potential environmental effects of proposed activities and to prevent significant, avoidable environmental damage.

California Environmental Quality Act Requirements

CARB has determined that the Proposed Funding Plan for Fiscal Year (FY) 2024-25 (Proposed Funding Plan) is not a project subject to, or is otherwise exempt from, the requirements of CEQA. CARB’s certified regulatory program, which applies to the adoption, approval, amendment, or repeal of standards, rules, regulations, or plans for the protection and enhancement of the state’s ambient air quality, has been certified by the California Secretary for Natural Resources under Public Resources Code section 21080.5 of CEQA (*California Code of Regulations (Cal. Code Regs.), tit. 14, § 15251, subd. (d)*) Public agencies with certified regulatory programs are exempt from certain CEQA requirements, including but not limited to, preparing environmental impact reports, negative declarations, and initial studies. For activities that constitute project approvals, as those terms are used in CEQA, CARB, as a lead agency, prepares a substitute environmental document (referred to as an “Environmental Analysis” or “EA”) as part of the Staff Report prepared for a proposed action to comply with CEQA (*Cal. Code Regs., tit. 17, §§ 60000-60008*).

CARB, as the lead agency under CEQA, has reviewed the Proposed Funding Plan and concluded that it is not a “project” under CEQA, as that term is defined under the *California Code of Regulations (Cal. Code Regs.), title 14, section 15378(b)(4)*, and thus is not subject to CEQA review. Section 15378(b)(4) states:

“[t]he creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment” is not a “project” subject to CEQA review.”

The Proposed Funding Plan is a governmental fiscal activity that does not involve any commitment to any specific projects that may result in potentially significant impacts on the environment. The Proposed Funding Plan includes multiple funding objectives to assist entities and individuals by incentivizing the deployment of lower emitting transportation options through projects such as the Clean Truck and Bus Voucher Incentive Project (HVIP) and Clean Cars 4 All; these projects provide rebates or vouchers to support the purchase of

¹⁶ *Governor's Office of Planning and Research, CEQA: The California Environmental Quality Act.*

cleaner vehicles on either a first-come, first-served basis or on a needs base. The Proposed Funding Plan proposes budgetary allocations for these projects over the next fiscal year which runs from July 1, 2024 - June 30, 2025.

Even if the Proposed Funding Plan were a project under CEQA, it would be exempt from CEQA. First, the Proposed Funding Plan would be categorically exempt from CEQA under the commonsense exemption (*Cal. Code Regs., tit. 14, § 15061, subd. (b)(3)*). CEQA Guidelines state:

"[t]he activity is covered by the commonsense exemption that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA" (Cal. Code Regs., tit. 14, § 15061, subd. (b)(3).

Second, the Proposed Funding Plan would be exempt from CEQA under the "Class 8" exemption for its protection of the environment (*Cal. Code Regs., tit. 14, § 15308*).

The Proposed Funding Plan is exempt from CEQA under the commonsense exemption because the Proposed Funding Plan has no reasonably foreseeable potential for causing a significant adverse impact on the environment; indeed, the Plan's overall goal and effect is to facilitate cleaner air. As mentioned above, the Proposed Funding Plan proposes budgetary allocations to CARB's clean transportation incentives including voucher projects. The Proposed Funding Plan does not commit CARB to any particular project, and project applications will be evaluated on a case-by-case basis pursuant to their respective project guidelines. Thus, based on CARB's review, it can be seen with certainty that there is no possibility that the Proposed Funding Plan may result in a significant adverse impact on the environment.

Similarly, the Proposed Funding Plan is also exempt from CEQA under the Class 8 exemption because the Proposed Funding Plan's overall goal and effect is to improve air quality. As mentioned above, the Proposed Funding Plan proposes budgetary allocations to CARB's clean transportation incentives projects and does not commit CARB to any specific project. The projects that may receive funding under the Proposed Funding Plan would be aimed at further incentivizing zero-emission vehicles (ZEV) and low-emission vehicles and off-road equipment within California, particularly to consumers in lower income or disadvantaged communities, which are disproportionately burdened by air pollution. These new ZEVs and low-emission vehicles and off-road equipment will replace older, more polluting vehicles or equipment, which will have a beneficial impact on air quality. CARB found no substantial evidence indicating the proposal could adversely affect air quality or any other environmental resource area, or that any of the exceptions to the Class 8 exemption applies (*Cal. Code Regs., tit. 14, § 15300.2*).

Therefore, even if the Proposed Funding Plan were a project under CEQA, it would be exempt from CEQA.

List of Acronyms

A

AB - Assembly Bill
ACF - Advanced Clean Fleets
ACT - Advanced Clean Trucks Regulation
APCD - Air Pollution Control District
AQIF - Air Quality Improvement Fund
AQIP - Air Quality Improvement Program
AQMD - Air Quality Management District

C

CalEnviroScreen - California Communities Environmental Health Screening Tool
CalEPA - California Environmental Protection Agency
Cal-ITP - California Integrated Travel Project
CalSTA - California State Transportation Agency
CAP - Community Air Protection Incentives
CAPP - Community Air Protection Program
CARB or Board - California Air Resources Board
Carl Moyer Program - Carl Moyer Memorial Air Quality Standards Attainment Program
CCI - California Climate Investments
CC4A - Clean Cars 4 All
CEC - California Energy Commission
CEQA - California Environmental Quality Act
CHDC - Community Housing Development Corporation
CHILL 2.0 - Convenient, High-Visibility, Low-Cost, Level 2 Charging
CMEA - Clean Mobility Equity Alliance
CMIS - Clean Mobility in Schools
CMO - Clean Mobility Options Voucher Pilot Program

CORE - Clean Off-Road Equipment Voucher Project
CPCFA - California Pollution Control Financing Authority
CPUC - California Public Utilities Commission
CTP - Clean Transportation Program
CVAP - Clean Vehicle Assistance Program
CVRP - Clean Vehicle Rebate Project

D

DAC - disadvantaged community
DCAP - Driving Clean Assistance Program

E

EA - environmental analysis

EJAC - Environmental Justice Advisory Committee

EO - Executive Order

EU - European Union

EV - electric vehicle

F

FARMER - Funding Agricultural Replacement Measures for Emission Reductions

FCCC - Foundation for California Community Colleges

FY - fiscal year

G

GGRF - Greenhouse Gas Reduction Fund

GO-Biz - Governor's Office of Economic and Business Development

GPS - global positioning system

GVWR - gross vehicle weight rating

H

HVIP - Clean Truck and Bus Voucher Incentive Project

I

ICT - Innovative Clean Transit Regulation

IDEAL ZEV - Inclusive, Diverse, Equitable, Accessible, and Local Zero-Emission Vehicle

IJJA - Infrastructure Investment and Jobs Act

IRA - Inflation Reduction Act

ISEF - Innovative Small e-Fleet Pilot Project

L

LCT - low carbon transportation

M

MSRP - manufacturer's suggested retail price

P

PACE - Phased Advanced Clean Equipment

Planning/PCB - Planning and Capacity Building

PMPM2.5 - Particulate Matter

R

REACH 2.0 - Reliable, Equitable, and Accessible Charging for Multi-family Housing 2.0

S

SB - Senate Bill

SGC - Strategic Growth Council

SGF - State General Fund

SIP - State Implementation Plan

SORE- Small Off-Road Engine Regulation

STEP - Sustainable Transportation Equity Project

T

TAC - toxic air contaminants

TRU - transport refrigeration unit

U

UL - Underwriter Laboratories

V

VMT - vehicles miles traveled

VW - Volkswagen

Z

ZAP - Zero-Emission Assurance Project

ZE - zero-emission

ZEP - Zero-Emission Powertrain

ZE Truck Loans - Zero-Emission Truck Loan Pilot Project

ZESBI - Zero-Emission School Bus and Infrastructure Project

ZEV - zero-emission vehicle

ZEV Package - Zero-Emission Vehicle Package

ZEV Equity Task Force - Zero-Emission Vehicle Equity Task Force

ZIP - zone improvement plan