

# Exemption Application for the Innovative Clean Transit Zero-Emission Bus Purchase Requirements

## Template 5: Financial Hardship

*Disclaimer: Transit agencies wishing to request an exemption due to financial hardship reasons are encouraged, but not required, to use this application template for an easier, streamlined process. This template does not replace the [ICT regulatory text](#), which takes precedence in all instances.*

The Financial Hardship exemption can be exercised on an annual basis when a required zero-emission bus type cannot be purchased by a transit agency due to financial hardship.

Please follow the instructions in Sections I and II when using this exemption application. The complete exemption application from a particular calendar year's compliance obligation must be submitted by November 30 of that calendar year. Transit agencies must submit the request annually, but a three-year purchase plan is encouraged to facilitate the review of future exemptions. All requests must comply with all other requirements set forth in the Innovative Clean Transit (ICT) Regulation. This exemption does not affect the validity or enforceability of any requirements under the ICT Regulation. Each granted exemption is only valid for one compliance year. Transit agencies can request exemption in a later year again if needed. A transit agency may purchase conventional internal combustion engine buses instead of zero-emission buses once the exemption request is granted. Please submit a complete application to the Innovative Clean Transit team at [ICT@arb.ca.gov](mailto:ICT@arb.ca.gov). More exemption options are available on the [Innovative Clean Transit-Exemptions](#) page.

### Section I. Transit Contact Information

Provide the contact information of the responsible official. Add more contact(s) if needed.

Calendar year for the request: \_\_\_\_\_

Contact person name: \_\_\_\_\_

Contact person title: \_\_\_\_\_

Contact person email: \_\_\_\_\_

Contact person phone number: \_\_\_\_\_

Transit agency name: \_\_\_\_\_

Mailing address: \_\_\_\_\_

### Section II. Exemption due to financial hardship

Please identify which circumstance is applicable to your transit agency and provide **all** required documentation/information relevant to the applicable circumstance. An exemption request will not be considered complete if any of the required documentation or information is missing.

Please use Table 1 to list purchases of new buses in the requesting calendar year.

Table 1: Annual quantity of planned new bus purchases and exemption requests

| Annual Quantity of Planned New Bus Purchases per Fuel Type | Standard | Articulated | Cutaway | Over-the-Road | Double Decker |
|--|----------|-------------|---------|---------------|---------------|
| Battery electric bus                                       |          |             |         |               |               |
| Fuel cell electric bus                                     |          |             |         |               |               |
| Conventional bus with internal combustion engine           |          |             |         |               |               |
| Total planned new bus purchases (without Exemption)        |          |             |         |               |               |
|  |          |             |         |               |               |
| Annual Exemption Quantity per Fuel Type                    |          |             |         |               |               |
| Exemption quantity for battery electric bus                |          |             |         |               |               |
| Exemption quantity for fuel cell electric bus              |          |             |         |               |               |
| Total exemption quantity                                   |          |             |         |               |               |

☐ **Condition 1: Declaration of a fiscal emergency.** Please provide **all** the following documentation (13 California Code of Regulations (CCR) § 2023.4(c)(5)(A)).

1. Complete Table 1.
2. A copy of the resolution by the transit agency's governing body declaring a fiscal emergency following a public hearing.

☐ **Condition 2: Inability to offset the incremental cost of purchasing ZEBs.** Please provide **all** the following documentation (13 CCR § 2023.4(c)(5)(B)):

1. Complete Table 1. Transit agencies planning multi-year bus purchases may submit a two- or three-year purchase plan covering calendar years 2026-2028 to facilitate the review of future exemption requests. The final year of any multi-year purchase plan must be the calendar year 2028 to reflect the transit agency's near-term planning and the findings from Phase 2 of the Comprehensive Review regarding the higher incremental costs associated with purchase of zero-emission buses and the associated infrastructure.

☐ I acknowledge that transit agencies planning multi-year bus purchases are required to provide an annual update to the multi-year bus purchase plan. For a multi-year bus purchase plan, Table 1 should be copied and appended to the end of this template for years 2 and 3. A bus purchase plan is not required if the exemption request is only for a single year.

☐ I acknowledge that all annual bus purchases and deliveries must be reported prior to the annual reporting deadline. The transit agency is responsible for maintaining a complete and current bus inventory. All reporting must be submitted through the Innovative Clean Transit Reporting Tool.

2. A letter from the transit agency's governing body declaring the transit agency, in good faith, applied for all available funding and financing options in order to offset the higher capital cost of zero-emission buses and the associated infrastructure.<sup>1,2</sup> Transit agencies planning a multi-year bus purchase for calendar years 2026-2028 may submit a single letter, provided the transit agency funding conditions and financial circumstances remain unchanged throughout this period.

☐ I acknowledge that my transit agency's funding sources and financial circumstances remain consistent with those described in the original application submission year.

3. Documentation demonstrating that the transit agency has been denied financing, or that financing options are not available.

☐ Please check this box if financing is not an allowable or approved practice for your transit agency.

4. Documentation demonstrating that the transit agency is unable to offset the incremental costs of purchasing available zero-emission buses and/or related infrastructure when compared to the cost of the same type of conventional buses. For 2026-2027, transit agencies may provide their own calculation of the incremental cost of purchasing zero-emission buses and the related infrastructure or use the following incremental cost benchmarks:

- Battery electric buses: \$512,000 (compared to compressed natural gas (CNG)) and \$562,000 (compared to diesel, excluding diesel hybrid) buses; and
- Fuel cell electric buses: \$972,000 (compared to CNG) and \$1,022,000 (compared to diesel, excluding diesel hybrid) buses.
- A stationary liquid hydrogen storage and dispensing station: \$11,000,000 (assuming no new CNG or diesel infrastructure are built).
- Long-term annualized hydrogen station maintenance cost to ensure station operation and safety: \$300,000 (assuming neglectable cost for maintaining CNG and diesel stations).<sup>3</sup>

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<sup>1</sup> A sample letter is provided on the [ICT Regulation Exemptions](#) webpage.

<sup>2</sup> Zero-emission bus infrastructure includes charging stations, hydrogen stations, and maintenance facilities (13 CCR §2023.4(c)(1)(A)).

<sup>3</sup> CARB staff uses average bus prices from reliable sources, including the base bus prices provided by bus manufacturers to the Clean Truck and Bus Voucher Incentive Project (HVIP) or the [Washington state's bus contract](#) to determine the incremental cost of purchasing zero-emission buses compared to the conventional counterparts. Transit agencies may provide the most recent price based on bids for their planned bus purchases provided by bus manufacturers. Similarly, a transit agency could provide the incremental cost for the zero-emission bus associated infrastructure.

**Note:** Supporting documentation may include, but is not limited to the following:

- a. The transit agency's proposed or approved annual budget to its Board or governing body for purchasing buses providing all funding and financing options are utilized.

California Air Resources Board (CARB) reserves the right to request additional or supplemental information as necessary.

☐ **Condition 3: Inability to offset the managed, net electricity cost for depot charging battery electric buses.** Please provide the following documentation (13 CCR §2023.4(c)(5)(A)):

1. Complete Table 1.
2. Documentation demonstrating that the transit agency cannot offset the managed, net electricity cost for depot-charging battery electric buses compared to the fuel cost of the same type of conventional buses. Transit agencies may consider using the following calculations to demonstrate the results:
  - a. Managed electricity cost per mile (\$/mile) to operate a depot-charging battery electric bus when incentives like Low Carbon Fuel Standard (LCFS), Renewable Identification Numbers (RIN), fuel tax rebates or credits (like federal fuel tax credits, alternative fuel credits, and renewable diesel incentives) are factored in. The transit agency should use managed charging to minimize charging cost.
  - b. Baseline bus fuel cost per mile (\$/mile) when incentives like LCFS, RIN, fuel tax rebates or credits, etc. are factored in.
  - c. Compare the electricity cost for depot charging battery electric buses to the fuel cost of the same type of conventional buses.