

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

Through: Christopher Grundler, Deputy Executive Officer

From: Lucina Negrete, Assistant Division Chief, Mobile Source Control Division

Date: October 20, 2025

Lucina Negrete

Subject: Center for Sustainable Energy Program Review and Audit Executive Memo

The California Air Resources Board along with Crowe LLP recently concluded its Incentive Program Review (Review) for the Center for Sustainable Energy (CSE) and their implementation of the Clean Vehicle Rebate Program. The scope of this review included grants implemented for fiscal years 2015-16 to 2021-22. In addition to this Program Review, a fiscal compliance audit of this program was conducted by the California Department of Finance Office of State Audits and Evaluations.

The Program Review confirms that CSE efficiently administered the Clean Vehicle Rebate Program and effectively achieved emissions reductions. We report no findings of CSE's practices, thus consistent with statute and/or program guidelines. However, Department of Finance did find that some of the indirect cost rates were not supported. We have discussed this finding with programmatic staff. I am pleased that CSE has acknowledged this finding and will reinvest \$165,550 of indirect labor cost back into the Clean Vehicle Rebate Program by July 31, 2026.

During the review period, CSE administered approximately 594,960 rebates totaling roughly \$1.5 billion for plug-in, electric, and alternative fuel vehicles within California and includes \$410 million going to residents in disadvantaged or low-income communities.

Since its inception, the Clean Vehicle Rebate Program has played a vital role in advancing California's emission reduction goals. Statewide, the program has helped reduce more than 3.9 million metric tons of Carbon Dioxide equivalent, 322 tons of oxides of nitrogen, and 195 tons of particulate matter, while saving over 456 million gallons of fossil fuel.

Under established Program Review guidelines, the CSE has 30 days from the date of this cover letter to submit a formal response, if desired, to the enclosed Program Review Report. Thereafter, we will post the report and any District response on our website along with Department of Finance's final fiscal compliance report dated June 27, 2024.

We sincerely thank programmatic staff for their collaboration with the Program Review team, Crowe LLP, and Department of Finance staff throughout this review. CSE's efforts have not only advanced California's air quality and climate goals but played a pivotal role in

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furthering the market acceptance of zero-emission technologies and supporting a broad network of grantees to reduce public exposure to harmful emissions and deliver measurable, statewide environmental benefits.

If you have any questions about the report, please contact Maritess Sicat, Branch Chief of the Incentives and Technology Advancement Branch, at Maritess.Sicat@arb.ca.gov.

Enclosures

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