

BOARD MEETING DATE: October 7, 2022

AGENDA NO. 5

PROPOSAL: Transfer Funds to Assist Small Fleets in Purchasing Low NOx and Zero-Emission Trucks Under Voucher Incentive Program

SYNOPSIS: South Coast AQMD has implemented the Carl Moyer On-Road Heavy-Duty Vehicles Voucher Incentive Program (VIP) since 2009. The program is experiencing higher demand due to recently increased funding amounts and an upcoming compliance deadline under the CARB Truck & Bus Regulation. Therefore, additional funds are needed to implement truck projects to assist small fleets in purchasing low NOx and zero-emission replacement trucks under the VIP. This action is to transfer up to \$10 million from the Carl Moyer Program AB 923 Special Revenue Fund (80) to the VIP Fund (59) to implement truck projects.

COMMITTEE: Technology, September 16, 2022; Recommended for Approval

RECOMMENDED ACTION:

Approve the transfer of up to \$10 million from the Carl Moyer Program AB 923 Special Revenue Fund (80) to the Voucher Incentive Program Fund (59) to assist small fleets in purchasing near zero and zero-emission replacement trucks.

Wayne Nastri
Executive Officer

AK:WS:YT:AN

Background

South Coast AQMD has implemented the Carl Moyer On-Road Heavy-Duty Vehicles Voucher Incentive Program (VIP) since 2009. The VIP provides a streamlined incentive program for small fleets and independent owner operators. To date, South Coast AQMD has expended about \$48 million in incentive funds to replace 1,330 older diesel trucks with cleaner, lower-emitting vehicles through the VIP. The 2022 VIP Guidelines greatly increased the potential voucher amounts that are available to small fleets interested in

purchasing a low NOx or zero-emission replacement truck. The 2022 VIP Guidelines increase incentives from up to \$80,000 to up to \$160,000, for a low NOx replacement truck (certified at or below the optional low NOx standard of 0.02 g/bhp-hr), and up to \$410,000 for a zero-emission replacement truck. These new funding amounts have greatly increased demand and interest in this program compared to previous years.

Due to the approaching compliance deadline of January 1, 2023, under the Truck & Bus Regulation, small fleets with a 2007-2009 engine model year truck have been applying under the VIP to replace their older diesel trucks with newer alternative fuel and zero-emission technologies. Due to this increased demand, additional funds are needed to continue this successful program.

Proposal

This action is to transfer up to \$10 million from the Carl Moyer Program AB 923 Special Revenue Fund (80) to the VIP Fund (59) to implement of truck projects to assist small fleets in purchasing low NOx and zero-emission replacement trucks under the VIP. These additional funds will help maximize the assistance that can be provided to small fleets to upgrade to cleaner technologies. Staff anticipates the demand for this program to continue to increase in the coming years.

Outreach

South Coast AQMD will continue working with the program stakeholders at all levels to ensure outreach is conducted through the various channels that are readily available, including but not limited to, website updates on South Coast AQMD's webpage, flyers, brochures, and targeted social media postings and e-mails to small fleets that may potentially benefit from this program.

Benefits to South Coast AQMD

South Coast AQMD has supported a number of activities directed to the advancement of new cleaner technologies that will support progress in meeting air quality goals for the region. Deployment of zero-emission technologies, particularly from mobile sources, is needed to achieve the National Ambient Air Quality Standards for ozone and is part of the control strategy in the Draft 2022 AQMP. Successful implementation of the VIP are direct results of these technology advancement activities. The vehicles funded under this program will operate for many years, providing long-term emissions reductions.

Resource Impacts

Sufficient funding is available in the Carl Moyer Program AB 923 Special Revenue Fund (80) for the continued support of VIP implementation and the transfer amount to the VIP Fund (59) will not exceed \$10 million.