

BOARD MEETING DATE: September 5, 2025

AGENDA NO. 4

PROPOSAL: Execute Agreement and Transfer Funds in Support of INVEST CLEAN Program Implementation

SYNOPSIS: In September 2024, the Board recognized a \$499,997,415 award from U.S. EPA to implement the INVEST CLEAN Program. In January 2025, the Board approved the execution of agreements with Alliance for Sustainable Energy, LLC (Alliance), for data collection and validation for INVEST CLEAN's incentive measures, and with SCAG to implement the Last Mile Freight Program (LMFP). Following approval from U.S. EPA, the University of California, Irvine will assume the assigned tasks of the Alliance. Also, a temporary loan is necessary to implement the LMFP. These actions are to: 1) execute an agreement with the Regents of the University of California, on behalf of its Irvine Campus to conduct data collection and program performance validation in an amount not to exceed \$1,800,000 from U.S. EPA Climate Pollution Reduction Grant Special Revenue Fund (90); and 2) transfer up to \$1,500,000 as a temporary loan from the Clean Fuels Program Fund (31) to Fund (90) to reimburse SCAG's rebates for the deployment of the last mile freight vehicles until the U.S. EPA reimbursements are received into Fund (90).

COMMITTEE: Technology, August 15, 2025; Recommended for Approval

RECOMMENDED ACTIONS:

1. Authorize the Executive Officer to execute an agreement with the Regents of the University of California, on behalf of its Irvine Campus from U.S. EPA Climate Pollution Reduction Grant (CPRG) Special Revenue Fund (90) to conduct data collection and program performance validation in an amount not to exceed \$1,800,000; and

2. Transfer up to \$1,500,000 as a temporary loan from the Clean Fuels Program Fund (31) to the U.S. EPA Climate Pollution Reduction Grant (CPRG) Special Revenue Fund (90) to reimburse SCAG's rebates for the deployment of the last mile freight vehicles until U.S. EPA's reimbursements are received. The Clean Fuels Program Fund (31) will be fully reimbursed upon project completion.

Wayne Nastri
Executive Officer

AK:MW:CR:VP:NS

Background

In September 2024, the Board recognized an award of \$499,997,415 from the U.S. EPA to implement the INVEST CLEAN Program (Program) in two Metropolitan Statistical Areas (MSAs), Los Angeles - Long Beach - Anaheim and Riverside - San Bernardino - Ontario. INVEST CLEAN is a transformational initiative aimed at overcoming barriers to transitioning the goods movement sectors to zero-emission (ZE) technologies in Southern California.

The INVEST CLEAN Program includes four measures:

- (1) Heavy-Duty Charging Infrastructure Deployment Incentive Program
- (2) Battery Electric Freight Vehicle Deployment Incentive Program for Class 8 Heavy Duty Trucks and Class 4 and 5 Last Mile Freight Delivery Vehicles
- (3) Battery Electric Cargo Handling Equipment (CHE) Deployment Incentive Program
- (4) Battery Electric Locomotive Deployment Program

This Board Letter is addressing two items related to Invest Clean: (1) Contracting for data collection and program validation; and (2) Upfront funding for implementation of Last Mile Freight Delivery Vehicles.

Contracting for Data Collection and Program Validation

In January 2025, the Board approved to execute an agreement with Alliance, management and operating contractor for DOE's National Renewable Energy Laboratory (NREL), to conduct data collection and program performance validation for INVEST CLEAN program's incentive measures. South Coast AQMD has been working with Alliance since Board approval and has experienced challenges with the contracting process due to contract terms between the U.S. EPA and NREL that could not be effectively aligned within the timeframe needed to move forward with implementation of the INVEST CLEAN Program. Therefore, with the U.S. EPA's approval, staff propose that Regents of the University of California, on behalf of its Irvine Campus,

also known as University of California, Irvine (UCI), perform the data collection and program performance validation tasks initially assigned to the Alliance/NREL. NREL is aware of the challenges South Coast AQMD identified throughout this process and that the INVEST CLEAN Program will move forward with UCI, as UCI has technical capacities and experience in data collection for vehicles and charging infrastructure and a comparatively straightforward agreement process.

Upfront funding for Implementation of Last Mile Freight Delivery Vehicles

In January 2025, the Board also approved to execute a contract with SCAG to implement the Class 4/5 Last Mile Freight Program (LMFP) listed under Measure 2: Battery Electric Freight Vehicle Deployment Incentive Program. Since SCAG cannot advance funds to pay out rebates, “buffer funds” are necessary to ensure SCAG can issue LMFP rebates that meet U.S. EPA’s requirements for draw-down disbursements.

Proposal

Contracting for Data Collection and Program Validation

This proposal is to execute an agreement with the Regents of the University of California, on behalf of its Irvine Campus to replace Alliance for the same amount Alliance was approved for, which was \$1,800,000 from Fund (90). All tasks previously assigned to NREL will be transferred to UCI, which include collecting and analyzing operational data and providing third-party oversight to verify the emission reductions of the vehicles and equipment deployed under the INVEST CLEAN Program and developing necessary procedures and methodologies for data collection and performance validation.

Upfront Funding for Implementation of Last Mile Freight Delivery Vehicles

This proposal is also to transfer up to \$1,500,000 as a temporary loan from the Clean Fuels Program Fund (31) to Fund (90) to reimburse SCAG for issuing the rebates to implement the LMFP until U.S. EPA’s reimbursements are received. The Clean Fuels Program Fund (31) will be fully reimbursed upon Program completion.

Sole Source Justification

Section VIII.B.3. of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified for federally funded procurement. The request for a sole source award for the University of California, Irvine agreement is made under Section VIII.B.3.c, which states the awarding federal agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-federal entity.

Benefits to South Coast AQMD

INVEST CLEAN will deliver significant environmental benefits by replacing heavy-duty diesel goods movement equipment with battery-electric technologies and installing electrical charging infrastructure. The successful implementation of INVEST CLEAN

will result in annual emission reductions of 1,615 tons of NO_x, 28 tons of PM_{2.5}, and 30 tons of Diesel Particulate Matter. INVEST CLEAN is also expected to decrease carbon dioxide equivalent (CO₂e) emissions by 3.6 million metric tons between 2025 and 2030, and by 11.8 million metric tons between 2025 and 2050. The equipment and infrastructure deployed under INVEST CLEAN will remain operational for years to come, providing long-term emission reduction benefits.

INVEST CLEAN will implement a workforce training program to support the transition to ZE technologies and create high quality jobs throughout the region. The two combined MSA regions have an unemployment rate of approximately 5.5 percent, which is above the national average.

Resource Impacts

No additional funds are required to execute an agreement with Regents of the University of California, on behalf of its Irvine Campus since the contract with Alliance in the amount of \$1,800,000 approved by the Board in January 2025, was never executed and funds were never disbursed from the U.S. EPA Climate Pollution Reduction Grant (CPRG) Special Revenue Fund (90).

Funding is available in the Clean Fuels Program Fund (31) for the temporary loan of up to \$1,500,000 to the U.S. EPA Climate Pollution Reduction Grant (CPRG) Special Revenue Fund (90). The Clean Fuels Program Fund (31) will be fully reimbursed upon Program completion. Interest earned from the temporary loan under the U.S. EPA Climate Pollution Reduction Grant (CPRG) Special Revenue Fund (90) will be returned to the Clean Fuels Program Fund (31).

The Clean Fuels Program Fund (31) was established as a special revenue fund resulting from the state mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512, and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects that increase the utilization of clean fuels, including the development of necessary enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.