BOARD MEETING DATE: November 6, 2026 AGENDA NO. 5

PROPOSAL: Issue Program Announcement for Emergency Generator Replacement Incentive Program and Transfer Funds for Development of Grant Management System

SYNOPSIS: In May 2026, the Board recognized an award of $6,225,395 from the CARB FY 2025-26 Climate Heat Impact Response Program for the replacement of uncontrolled, Tier 1 and Tier 2 diesel internal combustion generators with the cleanest available technologies under the Carl Moyer and Community Air Protection Incentives Guidelines. This action is to: 1) issue and, if necessary, re-issue a Program Announcement to solicit applications for the Emergency Generator Replacement; 2) execute agreements with the selected applicants for eligible projects from Carl Moyer Program SB 1107 Fund (32); and 3) transfer and appropriate up to $60,000 from Fund (32) into Information Management's FY 2026-27 Budget, Services and Supplies and/or Capital Outlays Major Objects to support the development of the Grant Management System.

COMMITTEE: Technology, October 16, 2026; Recommended for Approval

RECOMMENDED ACTIONS:

1. Issue, and if necessary, re-issue, Program Announcement (PA) PA2027-04 to solicit project proposals for stationary emergency standby generators under Climate Heat Impact Response Program (CHIRP), branded as EGRIP, Emergency Generator Replacement Incentive Program;
2. Authorize the Executive Officer to execute agreements with selected applicants for eligible projects based on the results of the PA, from Carl Moyer Program SB 1107 Fund (32); and
3. Transfer and appropriate up to $60,000 from Carl Moyer Program SB 1107 Fund (32) into Information Management's FY 2026-27 and/or 2027-28 Budget, Services and Supplies and/or Capital Outlay's Major Objects for the ERGIP Grant Management System.

Wayne Nastri
Executive Officer

AK:MW:SC:AY:HL

Background
California is taking significant steps to strengthen grid reliability in response to the growing challenges associated with wildfires and extreme heat conditions. On July 30, 2021, considering the projected energy supply shortfalls during periods of extreme heat, Governor Newsom issued a Proclamation of a State of Emergency (Proclamation). The Proclamation directed state agencies to expedite the development and deployment of clean energy projects while implementing measures to reduce electricity demand during extreme heat events. The Proclamation also suspended certain emission requirements by allowing backup generators to operate outside of permitted or regulated operating limits during periods of grid instability, and grid capacity shortages.

In response to the 2021 Proclamation issued during extreme heat events, the Climate Heat Impact Response Program (CHIRP) was established to mitigate the additional emissions. In January 2026, CARB solicited air district participation in CHIRP for FY 2025-26. Of the $22.7 million in total funding available statewide, South Coast AQMD was allocated and awarded $6,225,395 ($5,447,221 for project funds and $778,174 for administrative costs).

As part of the CHIRP initiatives, South Coast AQMD developed the Emergency Generator Replacement Incentive Program (EGRIP) to replace older, diesel-fueled stationary emergency backup generators with cleaner technologies in alignment with CHIRP grant terms and conditions. Eligible projects funded under this PA will provide emission reductions from South Coast AQMD permitted generators using the Carl Moyer Program or Community Air Protection Incentives emission reduction guidelines. Additionally, funding cleaner replacement generators under this proposed PA will provide emission reductions from emergency generators within overburdened communities. South Coast AQMD has over 14,000 permitted stationary emergency standby generators, including more than 12,000 diesel-fueled engines. Emergency engines are typically used for maintenance and testing for a short period of time, and some permitted Tier 0 emergency engines are still in operation. These generators provide backup power at a wide range of facilities, including critical infrastructure, government facilities, schools, hospitals, and emergency response facilities.

Since 2021, staff have successfully developed a centralized, web-based grant management system (GMS) to manage all incentive programs, including the Carl Moyer, Proposition 1B-Goods Movement and the Lower-Emission School Bus Program. The GMS has facilitated and streamlined the online application submittal process for applicants, as well as the review and approval process for staff. The development of the EGRIP GMS will align with the other incentive programs already implemented by South Coast AQMD, maintaining an all-inclusive, in-house GMS system and maximizing efficiencies with the application process, evaluations, and approvals.

Proposal

This action is to issue, and if necessary, reissue PA2027-04 to solicit proposals for stationary emergency standby diesel-fueled generator replacements under EGRIP and authorize the Executive Officer to execute agreements for eligible projects based on the results of the PA from Carl Moyer Program SB 1107 Fund (32). Pending Board approval, the PA opens on Friday, November 6, 2026 at 1 PM PDT and proposals are due by applicants on Friday, February 26, 2027 at 1 PM PDT.

The maximum funding for eligible projects is summarized below. EGRIP funds the replacement of uncertified, Tier 1, and Tier 2 permitted diesel internal combustion generators within SB353 overburdened communities with the cleanest available technologies. Diesel-to-diesel-fueled generator replacements are not eligible under EGRIP. The old units replaced must be scrapped:

Alternative Fuel and Alternative Fuel Hybrid Replacement	**Near-Zero Replacement /CARB Distributed Generation Certified**	**Near-Zero Replacement with Solar and/or Battery**	**Zero-Emission Replacement**
Up to 50% or $1,000 per kW, whichever is less	Up to 70% or $2,500 per kW, whichever is less	Up to 80% or $3,000 per kW, whichever is less	Up to 85% or $3,500 per kW, whichever is less
Up to $250,000 per award for alternative fuel Up to $350,000 per award for alternative fuel hybrid	Up to $500,000 per award	Up to $700,000 per award	Up to $1,000,000 per award

Also, this proposal will appropriate up to $60,000 from the administrative portion of the Carl Moyer SB 1107 Fund (32) into Information Management's FY 2026-27 and/or 2027-28 Budget, Services and Supplies and/or Capital Outlays Major Objects for the development of the EGRIP GMS. This appropriation will align EGRIP with existing GMS interface, dashboard, and approval processes already developed for the Carl Moyer, Proposition 1B-Goods Movement, and Lower-Emission School Bus Programs.

Proposal Evaluation
Proposals received will be evaluated and selected based on the terms, conditions, and evaluation criteria stated within the PA, and successful applicants will be retained through agreement(s) based on their qualifications. Proposals submitted in response to the PA will be reviewed, scored, and ranked based on project readiness, project location and system application, project usage and cost-effectiveness, application completeness and project type. The projects will undergo a review process that will consist of South Coast AQMD staff, representatives from other government agencies, and/or external consultants.

Outreach
In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the PA and inviting proposers will be published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers to leverage the most cost-effective method of outreach. Additionally, potential applicants may be notified utilizing South Coast AQMD's own electronic listing.

Benefits to South Coast AQMD
South Coast AQMD supports numerous activities to advance new technologies and meet regional air quality goals. The replacement of backup diesel generators with zero- or low-emissions generators or other cleaner alternatives will reduce emissions of emergency backup generators. This program will accelerate the adoption and continue the evolution of cleaner alternative stationary generator technologies.

Resource Impacts
Total funding for the projects under the CHIRP Incentives will not exceed $6,225,395. Upon sufficient proposal submittals, grant funding will be provided from CARB's CHIRP award to South Coast AQMD with project funds amounting to $5,447,221 and administration funds amounting to $778,174, provided the program receives sufficient applications.

Attachment
PA2027-04- Emergency Generator Replacement Incentive Program (EGRIP)

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

PROGRAM ANNOUNCEMENT

EMERGENCY GENERATOR REPLACEMENT INCENTIVE PROGRAM

(EGRIP)

PA2027-04

South Coast Air Quality Management District (South Coast AQMD) is seeking proposals for the Emergency Generator Replacement Incentive Program (EGRIP). This Program Announcement (PA) will solicit applications from eligible owners and/or operators to replace their stationary emergency standby diesel-fueled generators in accordance with the requirements of the Climate Heat Impact Response Program (CHIRP) terms and conditions. EGRIP will fund the scrap and replacement of uncertified, Tier 1 and Tier 2 diesel internal combustion generators with the cleanest available technologies.

OVERVIEW

South Coast AQMD is soliciting project proposals for the following purpose according to the attached terms and conditions. In this PA, the words "Recipient", "Participant", and "Applicant" are used interchangeably.

WHO: All permitted emergency standby diesel-fueled generator ≥50 hp owners and operators with operations domiciled within South Coast AQMD jurisdiction part of an overburdened community[1] that can demonstrate compliance with state and South Coast AQMD rules and regulations throughout the contract term.

WHAT:

Project Type	**Funding Maximum***	**Per Award Cap**
Alternative-Fuel or Alternative-Fuel Hybrid* Replacement	50% or $1,000 per kW***, whichever is less	Up to $250,000 for alternative fuel Up to $350,000 for alternative fuel hybrid
Near-Zero Replacement Linear Generators	70% or $2,500 per kW, whichever is less	Up to $500,000
Near-Zero Replacement CARB Certified Distributed Generation (DG) Technology **	70% or $2,500 per kW, whichever is less	Up to $500,000

[1] https://oehha.ca.gov/calenviroscreen/sb535

Near-Zero Replacement with Solar and/or BESS Technology	80% or $3,000 per kW, whichever is less	Up to $700,000
Zero-Emission Replacement	85% or $3,500 per kW, whichever is less	Up to $1,000,000

Note: project examples can be found in the Definitions Section.
*At least 15% cost-share is required by the Applicant. Cost-share may be waived for publicly owned schools, universities, colleges, and hospitals.
**Distributed Generation Certification Program standard using Combustion Technology: https://ww2.arb.ca.gov/our-work/programs/dgcert/exec-orders
***or equivalent HP/kVA where applicable

HOW: All applications are due no later than Friday, February 26, 2027 at 1:00 PM PDT, and must be submitted electronically to the Grant Management System (GMS), our application portal (https://gms.aqmd.gov)

WHEN: Solicitation opens on November 6, 2026 1:00 PM PDT and closes on Friday, February 26, 2027 at 1:00 PM PDT

GENERAL PROGRAM INFORMATION

In 2021, in response to projected energy supply shortfalls during periods of extreme heat, Governor Newsom issued a Proclamation of a State of Emergency (Proclamation). The Proclamation allowed certain generators and other backup power sources to operate beyond their normal emissions limits during periods of grid instability and electrical shortages. The Climate Heat Impact Response Program (CHIRP) incentive was established in response to the Proclamation and is intended to help mitigate the additional emissions associated with these emergency actions. Through CHIRP, South Coast AQMD was allocated $5,447,221 to support the replacement of emergency standby generators. To implement these funds, South Coast AQMD has developed EGRIP.

The primary focus of EGRIP is to achieve emission reductions from stationary emergency standby diesel-fueled generators as early and cost-effectively as possible. Eligible projects must be located in an overburdened community and are limited to the replacement of existing diesel-fueled baseline engines subject to applicable South Coast AQMD rules with lower-emission or zero-emission technologies that meet applicable CHIRP and South Coast AQMD requirements. Eligible replacement technologies may include zero-emission, near-zero-emission, and other low-emission technologies, subject to the eligibility requirements specified in this PA. No administrative or operational costs are eligible. It is expected that multiple awards will be granted under this PA.

All applications will be evaluated based on criteria set forth in this PA. South Coast AQMD will evaluate and/or verify information submitted by the Applicant. At South Coast AQMD's

discretion, consultants contracted by the South Coast AQMD may conduct all or part of such evaluations and/or verifications. Data verification during the evaluation and contracting process may cause initial cost-effectiveness rankings, and associated awards, to change. Furthermore, the South Coast AQMD reserves the right to adjust award amounts based on subsequent verification of information as well as changes in cost-effectiveness.

SCHEDULE OF EVENTS

DATE	EVENTS
November 6, 2026 at 1 PM	Program Announcement Released
Early December	Program Workshop*
February 26, 2027 at 1 PM	Application Deadline
March 3, 2027 through April 30, 2027	Application Evaluations
August 2027 through December 2027	Anticipated Contract Execution
December 2029	Project Implementation Deadline

*****Participation in the Program Workshop is optional. Such participation would assist in notifying potential applicants of any updates or amendments. The Program Workshop will be held virtually through ZOOM in early December. Please email egrip@aqmd.gov if you are interested in participating.

PROGRAM PARTICIPATION REQUIREMENTS

Project Location Backup generators domiciled within South Coast AQMD jurisdiction that are located within an overburdened community[2] and can demonstrate compliance with state and South Coast AQMD rules and regulations throughout the contract term.

Conflict of Interest Applicants must address any potential conflicts of interest with other parties affected by actions on behalf of the South Coast AQMD. Conflicts of Interest will be screened on a case-by-case basis by the South Coast AQMD General Counsel's Office. Conflict of interest provisions of the state law, including the Political Reform Act, may apply to work performed pursuant to this agreement. An example of a conflict of interest may occur when a consultant applying on behalf of an Applicant for funding under EGRIP is also contracted with the South Coast AQMD.

Compliance With Applicable Laws Applicants must comply with federal, state, and local laws, ordinances, codes, and regulations. If the application is eligible for funding, all equipment to be purchased or installed must be compliant with all applicable federal, state, and local air quality rules and regulations, and will maintain compliance for the full agreement term.

Compliance with Labor Laws If an application is deemed eligible, the Applicant will be required to notify South Coast AQMD of any labor violations that have occurred within the last three years to be further considered for an award. IF awarded, the Recipient will be required to notify South Coast AQMD in writing if they have been found by a court or federal or state agency to have violated labor laws. As part of their annual report, the Recipient will complete a yearly certification in which they will either state that they have not been found by a court or federal or state agency

[2] https://oehha.ca.gov/calenviroscreen/sb535

to have violated labor laws or, if such violations have been found, the Recipient will provide South Coast AQMD details about those violations in the certification. If the Recipient provided such information to South Coast AQMD in a previous year's certification, they will be required to attach the notice again along with the current certification and provide any additional details about those violations that were not previously provided. The Recipient's yearly certification will be due at the same time as the annual progress reports. South Coast AQMD reserves the right to terminate an agreement with any Recipient that has been found to have violated labor laws, and the Recipient may be required to return any and all contract funds, as determined by the South Coast AQMD. The Recipient will also ensure that these requirements are included in all subcontracts.

Statement of Compliance Government Code Section 12990 and California Administrative Code, Title II, Division 4, Chapter 5, require employers to agree not to unlawfully discriminate against any employee or Applicant because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, sex, or age. A statement of compliance with this clause is included in all South Coast AQMD agreements.

Economic Sanctions (Russia/Ukraine) On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (EO) regarding sanctions in response to Russian aggression in Ukraine. Applicants who are considered eligible for funds under this PA and received executed agreements from the South Coast AQMD, are obligated to comply with existing economic sanctions imposed by the U.S. government in response to Russia's actions in Ukraine.

REQUIRED QUALIFICATIONS AND ELIGIBILITY

Owners and operators of permitted stationary emergency standby diesel-fueled generators are eligible to apply. The engines must have an active Permit to Operate from South Coast AQMD and be in compliance with the Stationary Diesel Engine Air Toxic Control Measure[3] and all applicable South Coast AQMD regulations. The Applicant may not claim emission reduction credits from the project during the entire contract period and cannot replace the funded backup generator with another diesel-fueled generator or other diesel technology.

A. Existing Standby Diesel-Fueled Generator Requirements
   To be eligible for replacement, existing stationary emergency standby diesel-fueled generators must:

   1) Meet and maintain compliance with all Federal, State, and Local requirements applicable to emergency standby engine use in South Coast AQMD jurisdiction,
   2) Have a valid South Coast AQMD Permit to Operate,
   3) Be at least 50 horsepower,
   4) Be fueled by diesel,
   5) Be uncertified, Tier 1, or Tier 2 with a PM emissions rating of equal to or greater than 0.40 g/bhp-hr., and
   6) Be operational
   7) Be located in a overburdened community

[3] ATCM for Stationary Compression Ignition Engines, CCR 17 §93115

B. Replacement Back-Up Power Technology- Requirements

1) The replacement for the stationary emergency standby diesel-fueled generator(s) must be available for inspection if requested by South Coast AQMD staff or California Air Resources Board (CARB) staff during the contract period and in accordance with the terms of the Permit to Operate.
2) Any engine replacement for the stationary emergency standby diesel-fueled generator(s) must provide EPA certification or CARB executive order or be source tested to verify emission reductions as required. Zero-emission technology will be considered on a case-by-case basis and once approved by the South Coast AQMD, will not require certification or source testing.
3) Replacement back-up power technologies must not be greater than 135% of the existing engine brake horsepower rating. If the Applicant plans to replace the equipment with equipment greater than 135% of the existing engine, the replacements.

C. Process and Participation Requirements

Participants will be required to submit a complete project proposal, which includes a quote for the replacement back-up power equipment and supporting technology dated within 90 days of the project submission, the permit number of the baseline equipment, an Executive Order for new engine (if applicable) and Business Information Forms.

1) Applications selected for funding will be processed by South Coast AQMD staff and Participant will provide all necessary engine data to calculate estimated emission reductions.
2) Pre-inspection or compliance inspection of the existing engine will be conducted by South Coast AQMD staff. During the pre-inspection or compliance inspection, South Coast AQMD staff will verify engine information, working conditions, and hour meter reading. The pre-inspection or compliance inspection must verify the function and use of the engine as backup emergency power generation to an existing building, structure, utility, or other use. Permitted units with routine inspections already conducted by South Coast AQMD Compliance inspectors may be exempt from pre-inspection requirements.
3) Once the application and compliance and/or pre-inspection have been approved, a contract will be offered to the Participant. Once both parties have agreed to sign the contract, the Participant will be notified of the contract execution. If the replacement back-up power technology requires a South Coast AQMD Permit to Operate, the Participant will then apply to South Coast AQMD to obtain a Permit to Construct. Once the Permit to Construct has been issued along with other necessary permits (such as building or electrical permits), the Participant may proceed with the purchase and installation of the back-up power technology. If the replacement back-up power technology does not require a Permit to Construct, Permit to Operate or other necessary permits, the Participant may proceed with the purchase and installation upon notification of contract execution.
4) Once a Participant has purchased and installed their replacement back-up power and/or zero-emission technology, they must contact South Coast AQMD to complete

a post-inspection. During the post inspection, South Coast AQMD staff will verify the replacement technology meets the Final Tier 4 or higher emission standard by photographing and documenting the CARB and/or EPA family (if applicable), Make, Model and Serial Number on the equipment and any control equipment.

5) If the equipment is required by South Coast AQMD to conduct a source test to verify emissions, the results of the source test must be received by South Coast AQMD before invoicing. The costs of the source test will not be reimbursed under this program.
6) Once a Permit to Operate is issued (if applicable) and after a successful post-inspection of the replacement back-up power technology has been conducted, the Applicant may begin invoicing for the unit.
7) The invoice from the purchase and installation of the new engine or replacement back-up power technology and a W-9 tax form should be submitted to South Coast AQMD.
8) For replacement projects, the existing engine must be destroyed and rendered permanently inoperable within 60-days from the commencement of the replacement back-up power technology. The old engine must be retained until the invoice is processed. At a minimum, the destruction of an engine must include:
    a) A hole in the engine block with a diameter of at least three inches at the narrowest point for engines less than 1,000 hp OR a hole in the engine block with a diameter of at least eighteen inches at the narrowest point for engines equal to or greater than 1,000 hp. The hole must be irregularly shaped (i.e. no symmetrical squares or circles) and
    b) A section of the oil pan flange must be removed as part of the hole or have a line cut through it that connects the hole.
    c) Photos of the destroyed engine must be provided to South Coast AQMD. Photos should include engine left side, right side, front, rear, three- inch hole (see 8a) in the engine block and engine tags that reference the engine IDs found during the pre-inspection

Once all of these requirements have been met, South Coast AQMD will submit a check request and the check will be mailed to the Participant.

D. Rules and Regulations Applicable to Stationary Emergency Standby Engines

Existing stationary emergency standby diesel-fueled generators must comply with all local, state, and federal rules and regulations to be eligible for funding. The table below lists the rules that apply to stationary emergency diesel-fueled engines. Please note that while all efforts have been made to ensure that this table is comprehensive and accurate, it is ultimately the responsibility of the Participant to ensure compliance with all applicable rules and regulations.

Back-up power technologies will be reviewed for compliance during the application review period. In some instances, existing engines and new engines may have different emission standards and usage limitations.

Zero-emission technology may not be subject to any of the following rules and

regulations.

If a project contract has not been fully executed prior to the approval date of South Coast AQMD or CARB rule or regulation (or the promulgation date of the regulation), the South Coast AQMD must consider the rule or regulation when evaluating a project's eligibility. If a project contract has been fully executed prior to that date, the air district does not need to consider the rule in evaluating whether the project's emission reductions are surplus.

South Coast AQMD Rules Applicable to Engines

*The rules and regulations listed are provided for informational purposes and may apply to a baseline engine dependent on applicable requirements.

South Coast AQMD Rule #	Summary of Requirement(s)	Applicable to Existing Engines
Rule 1110.2- Emissions from Gaseous- and Liquid-Fueled Engines	Rule 1110.2 establishes NOx, Carbon Monoxide (CO), and VOC emission limits for all stationary and portable engines > 50 brake horsepower. Also includes emission testing, monitoring, reporting, and recordkeeping requirements.	Existing emergency standby engines are not subject to emission standards
Rule 1110.3 – Emissions from Linear Generators	Rule 1110.3 establishes NOx, Volatile Organic Compounds, and CO emission limits for natural-gas fueled linear generators. Also includes emission testing, monitoring, reporting, and recordkeeping requirements.	Yes; but emergency standby linear generators may be exempt from certain emission requirements, subject to applicable operating limitations and rule provisions.
Rule 1470- Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines	Rule 1470 establishes emission limits for new diesel-fueled emergency engines. Existing emergency engines are not subject to these emission limits. Rule 1470 also contains fuel requirements for compression ignition (CI) engines to use California Air Resources Board (CARB) diesel fuel or an approved alternative	Existing emergency standby engines are not subject to emission standards
Rule 1472- Requirements for Facilities with Multiple Stationary Emergency Standby Diesel-Fueled Internal Combustion Engines	Any facility with three or more stationary emergency engines within 150 meters of one another, called an Engine Group, may be required to reduce PM emissions.	Yes

California Rules Applicable to Engines

California Rule or Regulation	Existing Engine Applicability
ATCM for Stationary Compression Ignition Engines [CCR 17§93115]	In-Use Emergency >0.4 g/bph-hr allowed 20 hrs/year maintenance and testing
HSC 41700 Facility shall not discharge from any source whatsoever such quantities of air contaminants or other materials which cause injury, detriment, nuisance or annoyance to any considerable number of persons or to the public or which endanger the comfort, repose, health or safety of any such person or the public or which cause or have a natural tendency to cause injury or damage to business or property.	Yes
HSC 42301.6 ". . . prior to approving an application for a permit to construct or modify a source which emits hazardous air emissions, which source is located within 1,000 feet from the outer boundary of a school site, the air pollution control officer shall prepare a public notice in which the proposed project or modification for which the application for a permit is made is fully described." Additionally, each address within 1000 feet radius of the source shall also be notified."	Yes

Federal Rules Applicable to Engines

Federal Rule or Regulation	Existing Engine Applicability
40 CFR 63 Subpart ZZZZ - Reciprocating Internal Combustion Engines (03/2008)	Existing engine at area source not applicable
40 CFR 60 Subpart IIII: NSPS for Stationary CI Engines (07/2006)	Does not apply to engines installed prior to July 11, 2005

ELIGIBLE COSTS

Eligible costs will be determined by South Coast AQMD staff before a contract is offered.

Eligible costs include:

- Purchase of technology that is beyond what is currently required, including zero-emission technology, DG compliant, BESS or other low or zero emission technologies
- Equipment and materials necessary to install the new engine or technology and connect it to the existing emergency power system, including costs from the replacement technology to the emergency transfer switch. Other facility infrastructure upgrades are not eligible
- Fuel storage for replacement back-up power technology
- Hour meters
- Installation, if hourly rate is included on invoices
- 3-year warranty or 5-year warranty for ZE equipment
- Shipping and delivery charges
- Sales tax

Expenses not to be included in grant amount but may count towards eligible costs and Participant's cost share of 15% include:

- Permit fees, including South Coast AQMD's Permit(s) and required building permits

Costs not eligible to be funded and not eligible to count towards Participant's cost share:

- Purchase, lease, or rental of land

- Planning and design fees
- Consultant fees
- Administrative/staff time of public agency to participate
- CEQA or environmental analysis costs
- Title V Facility Permits
- Source testing costs

APPLICATION SUBMISSION

All applications must be submitted according to specifications set forth in this section. Failure to adhere to these specifications may be cause for rejection of the application.

Signature- All applications must be signed by an authorized representative of the Applicant.

Due Date- All applications are due no later than 1:00 p.m., February 26, 2027

Submittal – All applications must be submitted electronically through South Coast AQMD's Grant Management System (GMS) by the application deadline specified in the Schedule of Events. Applicants must complete all required application questions and upload all required supporting documentation. (https://gms.aqmd.gov)

Grounds for Rejection- An application may be immediately rejected if:

- It is not completed in the format described, or
- It is signed by an individual not authorized to represent the Firm.

Modification or Withdrawal- Once submitted, applications cannot be altered without the prior written consent of South Coast AQMD.

APPLICATION EVALUATION AND PROJECT SELECTION

South Coast AQMD will prioritize eligible projects based on emission benefit, location, and cost using the following ia:

Criteria #	Criteria	Percentage
1	Project Readiness	25%
2	Project Usage and Cost-Effectiveness	25%
3	Application Completeness	25%
4	Project Type	25%
	Total	**100%**

Criteria 1: Project Readiness (25 Percent)

a) Demonstration that the proposed replacement technology is commercially available for emergency back-up power applications and is ready for deployment
b) Evidence that the Applicant has the authority to complete the project and possession of applicable permits
c) A timely project schedule

Criteria 2: Project Usage and Cost-Effectiveness (25 percent)

a) Anticipated operational uses such as emergency usage and expected maintenance/testing,
b) Three-year minimum historic usage information
c) Cost-effectiveness of a project in reducing emissions per ton, calculated in accordance with the California Climate Investments (CCI) Guidelines[4]

Criteria 3: Application Completeness (25 Percent)

a) Complete and accurate submission of all required application forms and supporting documentation,
b) Responsiveness to any additional information requests

Criteria 4: Project Type (25 Percent)

a) Projects will be evaluated based on the emissions performance of the proposed replacement technology. Preference will be given to projects that will utilize zero- and near-zero emission technologies.

SELECTION PROCESS

Following completion of the evaluation process, staff will recommend projects for funding to the Executive Officer or designee. South Coast AQMD reserves the right to request clarification of information contained within an application. Clarifications shall not constitute an opportunity for Applicants to substantially revise their applications.

Final funding recommendations shall be based on the evaluation criteria contained in this PA, available funding, program objectives, and the overall benefit to South Coast AQMD and the communities it serves.

South Coast AQMD reserves the right to:

- Award funding to one or more Applicants;
- Partially fund an eligible project
- Negotiate project scope or funding amount, where appropriate;
- Decline to fund an application;

[4] CCI Guidelines: https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/carb_cap_finalqm_2026-08-31.pdf

- Fund additional projects should additional funding become available.

WORK STATEMENT AND SCHEDULE OF DELIVERABLES

All Applicants that are selected for funding awards must complete the Work Statement and Schedule of Deliverables described below as part of the contracting process. Development of these materials for the initial application is NOT required; however, Applicants must sign the online application indicating their understanding of the requirements for submittal of additional project information to finalize the contract.

At a minimum, any proposed project must meet the following criteria:

- Emission reduction must be real, quantifiable, enforceable and surplus
- All equipment and records must be made available to South Coast AQMD or CARB for audit and inspections
- Appropriate annual usage records must be kept and reported to South Coast AQMD during the project life
- Applicant must ensure that the project complies with local, state and federal rules and regulations
- If requested, the Applicant must provide a financial statement and bank reference, or other evidence of financial ability to fulfill contract requirements

Each EGRIP project will have a minimum three-year contract life. The Recipient must maintain the project under contract for the entire contract life. During the contract life, the Recipient must submit annual reports containing information such as hours of operation, maintenance or repairs, unforeseen circumstances, or any problems that significantly affect the operation of the equipment.

For the entire contract life, the Recipient must maintain and ensure that the replacement back-up power equipment operates in compliance with EGRIP requirements and all applicable rules and regulations

For all projects, payment will be made upon the installation and commencement of operation of the project and successful permitting to meet regulatory requirements. Project period is from the date of contract execution by both parties to the date of the project post-inspection confirming that the project has become operational with at least three years of usage reported.

Project payment will be issued after all inspections of the existing and new equipment are verified and correct documentation such as proof of payment, invoice, and other business documents are submitted to South Coast AQMD.

DEFINITIONS

Battery Energy Storage System (BESS): A setup of interconnected batteries and control systems that are designed to capture and store electricity

Business Information Forms: Forms required to verify Applicant information including, but not limited to, Business Information Request Form, Campaign Contribution Disclosure, Business Status Certification, W-9 Tax Form, Direct Deposit Form, 590 Withholding Exemption Certificate, Etc.

Contract Period: The period beginning on the effective date of the contract execution date and ending upon completion of all agreed upon requirements.

Distributed Generation (DG): Electricity generation located at, or near the source of electricity consumption which provides power generation and improves energy resilience.

Distributed Generation Certification Program: CARB's certification regulation that requires manufacturers of electrical generation technologies that are exempt from local air district permit requirements, to certify their technologies to specific criteria pollutant emission standards prior to being sold in California.[5]

Linear Generator: any power generation technology that uses a thermochemical reaction to create linear motion that is directly converted into electricity.

Overburdened Community: Priority populations identified under Senate Bill 535 that qualify for California Climate Investments funding.

Permit to Construct: A written authorization from South Coast AQMD to construct and install equipment that emits or controls the emission of air contaminants. A permit to construct shall remain in effect until the permit to operate the equipment for which the application was filed is granted or denied, or the application is canceled.

Permit to Operate: A written authorization from South Coast AQMD to operate equipment that emits or controls the emission of air contaminants.

Program Announcement (PA): A competitive solicitation for applications from eligible entities to fund replacement projects under CHIRP

Project: The replacement of eligible emergency standby equipment with cleaner, backup power technologies.

Public Agency: Includes the State of California, or any local departments, agencies, boards, commissions, or other public entity, such as the South Coast AQMD.

Public Safety Power Shutoff (PSPS): A planned power outage initiated by an electric utility to reduce wildfire risk during periods of elevated fire weather conditions.

[5] CARB's Distributed Generation Certification Program: *ww2.arb.ca.gov/our-work/programs/dgcert*

Replacement: The removal, destruction, and substitution of an eligible emergency standby engine that still had remaining useful life left with a newer, cleaner technology or piece of equipment.

Replacement Back-Up Power Technologies: Any DG equipment, system, or combination of equipment and associated components that is intended to supplant an existing stationary emergency standby diesel-fueled engine/generator as a part of this program.

Solar Photovoltaic: Devices that generate electricity directly from sunlight through a process that occurs naturally in the material.

Stationary Emergency Standby Diesel-Fueled Engine/Generator: A stationary internal combustion engine operated solely to provide backup electrical power during emergency events.

Project Category Type Definitions and Examples

Project Category	Definition	Project Example
1. Replacement to Alternative-Fuel or Alternative-Fuel Hybrid	Replacement of an internal combustion engine that uses a cleaner alternative fuel than diesel as the primary source of backup power.	Replace diesel with natural-gas generator, natural gas hybrid generator + small battery for load management
2. Near-Zero Replacement Technologies	Replacement that provides backup power with substantially lower emissions than conventional combustion generators, but still uses fuel as heat generation.	Replace an old Tier 2 diesel generator with a new linear generator using natural gas
3. Near-Zero Replacement DG – CARB Certified	Replacement with a near-zero distributed generation combustion technology that specifically complies with CARB's Distributed Generation Certification Program requirements.	Replace an old Tier 2 diesel generator with a new microturbine from the CARB certification list
4. Near-Zero Replacement with Solar and/or BESS	Replacement with a system that combines a near-zero combustion backup technology and or downsized Tier 4 generator with a microgrid consisting of solar PV and/or BESS, where the solar and/or BESS technologies materially reduce generator operation, fuel use, or emissions.	Replace an old 600-kW Tier 2 diesel generator with 200-kW natural-gas linear generator + 500-kW/2-MWh BESS + 250-kW solar PV
5. Zero-Emission Replacement	Replacement with a backup power system that produces zero emissions and does not rely on an internal combustion engine for backup generation.	1-MW BESS replacing a diesel generator; Fuel-cell system operating on hydrogen; solar PV + BESS microgrid

SOUTH COAST AQMD CONTACTS AND ADDITIONAL RESOURCES

Please feel free to reach out to egrip@aqmd.gov for questions or visit our website at www.aqmd.gov/egrip for more information. You can also subscribe to our newsletter for updates at https://www.aqmd.gov/sign-up