



# AB 617 Clean Technology Truck Loaner Program Project Plan

March 2023



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## **Summary**

The objective of this project plan is to develop the Clean Technology Truck Loaner Program that will provide fleet owners/operators in AB 617 Communities an opportunity to test drive zero-emission trucks. The ability to test drive these trucks allows these fleet owners/operators the ability to assess the suitability of zero-emission medium or heavy-duty trucks with their fleet operations at minimal costs. Funding for this program will come from Community Air Protection (CAP) Incentives.

## **Section I: Background**

Emissions from heavy-duty diesel trucks continue to disproportionately impact environmental justice communities. Heavy-duty diesel trucks are especially prevalent in neighborhoods surrounded by interstate freeways governing commercial and industrial transportation corridors vital to facilitating goods movement. These corridors are also often connected to warehouses, further increasing traffic and exposing communities to pollutants such as particulate matter (PM), nitrogen oxides (NO<sub>x</sub>), and reactive organic gases (ROGs). The 2019 Community Air Protection (CAP) Guidelines allow air districts to fund community-identified projects consistent with strategies identified by Community Emissions Reduction Plans (CERPs).

South Coast AQMD has implemented incentive programs over the last two decades to decrease air pollution from mobile sources. These programs replaced and repowered over 790 on-road medium- and heavy-duty trucks to near-zero or zero-emission trucks, reducing over 345 tons/year of criteria pollutants, including NO<sub>x</sub>, PM, and ROGs. However, AB 617 Communities have urged policymakers to prioritize incentives for cleaner trucks that are more accessible to them. Therefore, the CAP funds for this Clean Technology Truck Loaner Program will provide funding to AB 617 Communities that have prioritized CAP funds for cleaner trucks within their adopted CERPs and through past budgetary processes for CAP funds. Details about this budgetary process are in Section IV: Community Support below.

Many fleet owners/operators have been slow to embrace zero-emission technology. Factors affecting this transition include costs, limited driving range, insufficient charging infrastructure, and others. As a result, in collaboration with AB 617 Community Steering Committee (CSC) members, South Coast AQMD is proposing the Clean Technology Truck Loaner Program to address concerns expressed by the CSCs about the high costs of clean truck technologies and access to supporting infrastructure, while informing AB 617 Communities about the benefits of these clean technologies. Additionally, South Coast AQMD will continue to target outreach to AB 617 Communities about incentive funding opportunities to transition older medium-and/or heavy-duty diesel trucks to zero-emission on-road trucks with supporting infrastructure to minimize exposure to criteria pollutants while maximizing emission reduction benefits in AB 617 Communities in the South Coast Air Basin.

The requirements of this project plan are applicable to all entities meeting criteria listed in participant requirements that apply for CAP incentive funds in the South Coast AQMD AB 617 Communities that prioritize on-road truck incentives projects in their incentive budget.

## **Section III: Project Identification**

This project plan establishes the Clean Technology Truck Loaner Program as a community-identified project prioritized by select AB 617 Communities (listed in Table 3 below) within South Coast AQMD per Chapter 6 of the CAP Guidelines. Also, the project plan provides a framework for incentivizing older

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medium- and/or heavy-duty on-road diesel truck fleets to try zero-emission technology and its supporting infrastructure and determine its suitability without committing to a full-scale purchase. Hence, the plan addresses concerns from AB 617 Communities about the affordability of cleaner trucks and access to supporting infrastructure while informing them about the benefits of these technologies.

Eligible participants in the Clean Technology Truck Loaner Program will have an opportunity to test drive zero-emission medium- and/or heavy-duty trucks for a specified term of use. The program will also provide information on incentives to purchase new zero-emission medium- and/or heavy-duty trucks to replace older, medium- and/or heavy-duty diesel trucks such as the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program), Volkswagen Environmental Mitigation Trust Program (VW Program), and On-Road Heavy-Duty Voucher Incentive Program (VIP).

### **Section IV: Community Support**

#### Outreach

Since Fall of 2020, South Coast AQMD staff has conducted outreach on this project plan. Outreach efforts have included discussion on the clean truck loaner concept with AB 617 CSC members, interested stakeholders, fleet operators, OEMs, dealerships, and community interest groups. These discussions occurred through workshops held in December 2021, January 2022, March 2022, and February 2023. Additionally, staff met separately with CSC members and other interested parties (e.g., truck drivers) to discuss the development of this project plan. Also, staff posted workshop announcements and information on the South Coast AQMD website and social media platforms. Further, staff coordinated with CARB staff to increase workshop participation.

#### Support for Clean Technology Truck Loaner Program

Support for the Clean Technology Truck Loaner Program is overwhelmingly positive. South Coast AQMD staff distributed a series of online surveys to workshop attendees and recipients from the outreach email distribution list, with results showcasing over 75% of respondents in support of the truck loaner concept. Additionally, a CSC Focus Group consisting of CSC members from various AB 617 Communities expressed support for the truck loaner concept. Finally, staff met with CARB in January 2021 and December 2022 and received additional support.

#### Decision-Making Process

Pursuant to the 2019 Community Air Protection Incentives Guidelines (revised October 14, 2020), Chapter 6, Section C (2)(A)(5) & (6), this section describes the decision-making process from 2018 and 2019 designated AB 617 Communities (listed in Table 1 below) to prioritize funding for the Clean Technology Truck Incentives Program.

**Table 1 – Designated AB 617 Communities**

| <b>AB 617 Communities</b>   | <b>Designated Year</b> | <b>South Coast AQMD Board Approved</b> |
|---|------------------------|--|
| Wilmington, Carson, West Long Beach (WCWLB)<br>East Los Angeles, Boyle Heights and West Commerce (ELABHWC)<br>San Bernardino and Muscoy (SBM) | 2018                   | September 6, 2019                      |

|  |      |                  |
|--|------|------------------|
| Southeast Los Angeles (SELA)<br>Eastern Coachella Valley (ECV) | 2019 | December 4, 2020 |
|--|------|------------------|

To determine funding priorities for 2018 and 2019 designated AB 617 Communities, South Coast AQMD staff worked with the CSCs on a participatory budgeting process. Participatory budgeting is a democratic process in which community members play a critical role in deciding how to spend part of a public budget. This process focused on budgeting \$36.7 million of CAP funds for community-identified projects. The participatory budgeting process is transparent, providing CSC members an opportunity to be part of budgetary decisions and ensuring that the strategy to incentivize emissions and exposure reduction projects reflects community priorities. Table 2 below summarizes the incentives funding priorities determined by each CSC.

**Table 2 – Incentives Funding Priorities for Designated AB 617 Communities**

| Community | Total CAP Incentives Budget | Types of Projects Prioritized   | Distribution of Funds   |
|-----------|-----------------------------|---|---|
| ECV       | \$5.57 million              | Road paving, home air filtration systems and purifiers, alternatives for agricultural burning   | 82% - road paving<br>18% - home air filtration systems and purifiers  |
| ELABHWC   | \$5.57 million              | Zero-emission trucks, home air filtration systems, school air filtration systems  | 33% - zero emission trucks<br>33% - home air filtration systems<br>33% - school air filtration systems                              |
| SELA      | \$10 million                | Zero-emission trucks, green space, school air filtration systems  | 50% - zero emission trucks<br>25% - green space<br>25% - school air filtration systems  |
| SBM       | \$10 million                | Zero-emission trucks, school air filtration systems and replacement filters, zero-emission equipment and infrastructure at warehouses | 50% - zero emission trucks<br>30% - school air filtration systems<br>20% - zero emission equipment and infrastructure at warehouses |
| WCWLB     | \$5.57 million              | Trucks, school air filtration systems, ships or harbor craft  | 50% - trucks<br>50% - ships or harbor craft   |

From these incentive funding priorities, the ELABHWC, SELA, SBM, and WCWLB allocated a combined \$16.6 million for zero- and near-zero emission trucks, zero-emission equipment, and infrastructure at warehouses (see Table 3 below). These funds will support the Clean Technology Truck Loaner Program.

**Table 3 – Allocated Funds for Zero-Emission (ZE) Truck, Near Zero-Emission (NZE) Trucks, Zero-Emission Equipment, and Infrastructure**

| Community | Project Type                    | Year 3 CAP Incentives Allocation | CERP Measure  |
|-----------|---------------------------------|----------------------------------|---|
| ELABHWC   | ZE Trucks                       | \$1.84 million                   | Identify South Coast AQMD and other additional incentive funding opportunities to accelerate adoption of cleaner equipment and trucks <sup>1</sup>  |
| SELA      | ZE Trucks                       | \$5 million                      | Encourage the deployment of zero-emission trucks in the Southeast Los Angeles community where commercially available <sup>2</sup>   |
| SBM       | ZE Trucks                       | \$5 million                      | Continue to support the accelerated adoption and prioritization of zero-emission technology based on feasibility, availability, and cost-effectiveness <sup>3</sup>   |
|           | ZE Equipment and Infrastructure | \$2 million                      | Collaborate with local governments, utilities, and local and state entities to promote the installation of fueling infrastructure needed to support zero-emission trucks/vehicles, transport refrigeration units and cargo handling equipment <sup>4</sup>  |
| WCWLB     | NZE/ZE Trucks                   | \$2.75 million                   | Identify additional and new incentive funding opportunities to replace and accelerate adoption of cleaner heavy-duty trucks (including drayage trucks), prioritizing zero emission technologies when technologically feasible and commercially available, and near- zero emission technologies until that time <sup>5</sup> |

Support for Zero-Emission Truck Technologies

AB 617 Community funding priorities support the introduction of zero-emission truck technologies to replace diesel truck technologies. As shown in Table 3 above, ELABHWC, SELA, SBM, and WCWLB allocated 33%-50% of community funding to trucks with a clear preference for zero-emission truck technologies.

<sup>1</sup>East Los Angeles, Boyle Heights, West Commerce Final CERP (Chapter 5B-6): *Neighborhood and Freeway Traffic from Trucks and Automobiles*, available at: <http://www.aqmd.gov/docs/default-source/ab-617-ab-134/steering-committees/east-la/cerp/carb-submittal/final-cerp.pdf?sfvrsn=8>

<sup>2</sup> Southeast Los Angeles Final CERP (Chapter 5B-2): *Trucks and Freeways*, available at: <http://www.aqmd.gov/docs/default-source/ab-617-ab-134/steering-committees/southeast-los-angeles/final-cerp/final-cerp.pdf?sfvrsn=9>

<sup>3</sup> San Bernardino, Muscoy Final CERP (Chapter 5B-6): *Neighborhood Truck Traffic*, available at: <http://www.aqmd.gov/docs/default-source/ab-617-ab-134/steering-committees/san-bernardino/cerp/carb-submittal/final-cerp.pdf?sfvrsn=9>

<sup>4</sup> San Bernardino, Muscoy Final CERP (Chapter 5C-5): *Warehouses*, available at: <http://www.aqmd.gov/docs/default-source/ab-617-ab-134/steering-committees/san-bernardino/cerp/carb-submittal/final-cerp.pdf?sfvrsn=9>

<sup>5</sup> Wilmington, Carson West Long Beach Final CERP (Chapter 5D-6): *Neighborhood Truck Traffic*, available at: <http://www.aqmd.gov/docs/default-source/ab-617-ab-134/steering-committees/wilmington/cerp/final-cerp-wcwlb.pdf?sfvrsn=8>

## **Section V: Implementation**

### Clean Technology Truck Loaner Program

South Coast AQMD will develop a request for proposal (RFP) and program announcement (PA) before opening a program solicitation. The RFP will generate a list of eligible vendors, dealerships, or manufacturers, referred to as vendors, to bid in the Clean Technology Truck Loaner Program. Vendors can submit proposals, and once an eligible list is generated, South Coast AQMD's Executive Officer will select the most competitive vendor(s) to enter a contract. The contract will include terms and conditions and specify vendor services within a statement of work (e.g., a list of tasks, timelines, and deliverables).

The PA will be developed in conjunction with the RFP and will detail program criteria for applicants participating in the Clean Technology Truck Loaner Program to test drive the cleanest commercially available zero-emission medium or heavy-duty trucks. Examples of potential applicants include truck owners and operators within AB 617 Communities. The PA to solicit applications for the Clean Technology Truck Loaner Program will be released after selected vendors are contracted with South Coast AQMD.

### Public Process

South Coast AQMD will develop the RFP and PA through a public process to ensure consistency with community funding priorities before program implementation. This process will require input and feedback from CSCs and vendors on RFP and PA specifics. For example, RFP topics discussed may include program administration funding caps, while PA topics discussed may include project funding caps, program requirements, and the selection of applicants. Further, staff will provide regular updates at CSC meetings, facilitate vendor meetings, send e-mail announcements, and post related information on the web. Also, additional workshops may be necessary to identify the RFP and PA details. At a minimum, the RFP and PA will require the elements listed below.

#### RFP: Vendor Requirements

- Program and implementation detail/criteria
- Vendor requirements/criteria
- Maximum administrative charges
- Reporting Requirements
- Contract Term

#### PA: Applicant Requirements

- Program detail/criteria
- Applicant requirements/criteria
- Funding cap per project if any
- Return of funds for non-complying projects
- Project term
- Project ranking/selection process
- Handling of backup list projects in the event of solicitation oversubscription

### Outreach

South Coast AQMD will provide outreach information about incentive opportunities to replace older medium and heavy-duty diesel trucks with zero-emission on-road trucks to program participants interested in purchasing these trucks. These incentive funding opportunities include programs such as the HVIP, Carl Moyer Program, VW Program, and VIP. Also, the lessons, outcomes, and demand for the Clean Technology Truck Loaner Program developed under this project plan will inform any additional AB 617

truck incentives that may be needed to meet the zero-emission truck priorities in the approved CERPs for AB 617 Communities.

Residual Implementation Funds

Proceeding one year of program implementation, South Coast AQMD may allocate any residual CAP funds (i.e., not dedicated) from the \$16.6 million for the Clean Technology Truck Loaner Program to other mobile source incentive programs aimed at reducing diesel emissions in the ELABHWC, SELA, SBM, and WCWLB communities. Examples of these programs are the Carl Moyer and VIP programs. Further, South Coast AQMD staff will provide the ELABHWC, SELA, SBM, and WCWLB communities with regular updates at CSC meetings on the Clean Technology Truck Loaner Program funding status and any planned transition in funding priorities.

**Section VI: Participant Requirements**

To be eligible, applicants seeking to participate in the Clean Technology Truck Loaner Program must submit an application to South Coast AQMD and demonstrate the following:

General Requirements:

1. Proof of truck operation within the boundaries of an approved AB 617 Community, as highlighted in Table 1.
2. Proof of 100% operation within the South Coast basin.
3. Proof of ownership or lease of an operational on-road medium- and/or heavy-duty diesel truck with GVWR greater than 14,000 lbs. with identifying VIN, engine model year, engine manufacturer, and horsepower.
4. Proof that the loaner truck meets all certification/verification requirements by CARB to legally operate within the state of California. All zero-emission technology not certified by CARB will only be considered on an individual case-by-case basis.
5. Pursuant to the requirements of Chapter 6: Stationary Source and Community-Identified Projects of the 2019 Community Air Protection Incentives Guidelines (revised October 14, 2020) applicants must also meet, at least, the following requirements:
  - a. Comply with CARB CAP Incentives Guidelines.
  - b. Meet and maintain compliance with all applicable Federal, State, or local requirements.
  - c. Have authority to make all necessary modifications to the engine and/or vehicle.
  - d. Show proof of regulatory compliance and/or valid operating permit if any.
  - e. Maintain the funded technology to manufacturer's specifications during project term.
  - f. Not claim emission reduction credits from project during the project term.
  - g. Comply with local air district requirements (including monitoring and/or reporting requirements) during the project term.
  - h. Ensure accessibility for inspections if requested by air district and/or CARB during project term

Clean Technology Truck Loaner Program:

1. Applicants must provide the information required under General Requirement above.
2. Comply with the South Coast AQMD Clean Technology Truck Loaner Program requirements, terms, and conditions as specified in a PA.
3. Maintain and operate the loaner truck as per the terms and conditions indicated by the truck vendor which has contracted with South Coast AQMD to participate in the program.
4. Commit to operating the loaner truck within an approved AB 617 Community as identified in Table 1.



5. Complete follow-up South Coast AQMD survey and report after loaner term.

## **Section VII: Funding Amounts for Program Implementation**

### **Funding for Vendors:**

South Coast AQMD staff will identify maximum funding levels for eligible vendors that submit proposals to the RFP to implement the Clean Technology Truck Loaner Program. These funding levels will abide by the program administration requirements in chapter three of the CAP Guidelines (revised October 14, 2020). For example, these guidelines do not allow administrative or indirect project costs to exceed 4% of the total grant fund amount. Administrative costs are not tied solely to the project (e.g., subscriptions; rent and office space; and other costs). South Coast AQMD will work with the CSCs to determine eligible funding levels for project implementation through the public process described in Section V above.

### **Funding for Applicants:**

Eligible applicants under the PA can receive up to 100% funding to participate in the Clean Technology Truck Loaner Program for costs outlined in Table 4 below. Specific eligible and non-eligible funding costs will be detailed in the PA for the solicitation. The PA will specify eligible and non-eligible funding costs. South Coast AQMD will develop the PA through a public process as outlined in Section V above. Further, the vendor may subject qualified applicants to additional terms and conditions. Costs not detailed in this project plan or the PA will be subject to South Coast AQMD approval.

**Table 4 – Clean Technology Truck Loaner Program Eligible Costs**

| Type of Costs*             | Maximum Funding Percentage |
|----------------------------|----------------------------|
| Renting/Leasing/Purchasing | Up to 100% <sup>†</sup>    |
| Fees/Taxes                 |                            |
| Insurance                  |                            |
| Maintenance                |                            |
| Charging/Fueling           |                            |
| Delivery                   |                            |
| Training and Education     |                            |

\*Types of costs covered are specified in PAs developed through a public process and approved by South Coast AQMD Board

†Details about maximum funding amounts will be formed during development of the PA

## **Section VIII: Project Selection**

South Coast AQMD staff will develop the PA through the public process outlined in Section V above. Staff will evaluate applications for eligibility and select projects based on the requirements within the PA, this project plan, and other metrics for evaluation. These requirements and metrics will guide the development of a prioritized project list. Examples of evaluation requirements and metrics are the operation levels (e.g., miles traveled), fleet size, order of application submittal (e.g., first-come, first-served), and others. South Coast AQMD will develop metrics for project selection with input from the CSCs during the development of the PA. If the funds sought by eligible applicants exceed the funds available for the Clean Technology Truck Loaner Program, staff will allocate awards according to the prioritized project list. South Coast AQMD staff will provide updates and, where necessary, solicit feedback on the PA (e.g., project selection) through CSC meetings, e-mail announcements, and web postings.

## **Section IX: Reporting Requirements**

South Coast AQMD will collect and report all information on projects funded under the Clean Technology Truck Loaner Program. Twice a year, South Coast AQMD will submit reports to CARB by the Mid-Cycle and Yearly Reporting deadlines specified in Table 3-1: Community Air Protection Incentives Reporting Dates.

All funded projects under the Clean Technology Truck Loaner Program will be reported in accordance with the Program Level Reporting requirement of Chapter 3, Section H, paragraph 2 of the CAP Guidelines (revised October 14, 2020).

## **Section X: Emission Reductions Benefits and Quantification Methodologies**

South Coast AQMD will require eligible participants in the Clean Technology Truck Loaner Program to submit a self-certification and/or a planned nonoperation (PNO) filing with the California DMV that the old truck will be inactive during the trial period, with supporting odometer readings. In addition, staff will require participating dealerships and vendors to provide new truck proof of certification via CARB's Executive Orders<sup>6</sup>, mileage, and activity data. Finally, staff will determine subsequent emission reduction benefits from the data collected.

South Coast AQMD will calculate criteria pollution reductions (NO<sub>x</sub>, ROG, and PM) based on the number of miles traveled by trucks using emission factors and the approved methodology outlined by the [HVIP](#) program through the [online spreadsheet calculator](#) provided by CARB, or its equivalent, whenever applicable.

## **Section XI: Emission and Exposure Reduction Targets**

The Clean Technology Truck Loaner Program will reduce criteria pollutants for truck operators, residents, and businesses within AB 617 Communities. The criteria pollutants will be calculated based on the miles traveled by trucks using the emission factors and methodology outlined by the HVIP program. The emissions reductions will be credited towards emission reduction targets in Chapter 5a of each AB 617 CERP. To ensure accurate accounting and that quantification of emission reductions are attributed to each CERP, the reductions will be calculated during program implementation using input from actual program participants and activities. The Clean Technology Truck Loaner Program will also reduce residents' exposure to NO<sub>x</sub>, PM, and Ozone in the ELABHWC, SELA, SBM, and WCWLW communities.

## **Section XII: Qualitative Benefits (Co-Benefits)**

Implementation of the Clean Technology Truck Loaner Program will provide qualitative benefits to truck operators, community residents and businesses within AB 617 Communities, including but not limited to:

- Improving overall air quality within AB 617 and surrounding communities;
- Reducing community exposure to criteria pollutants such as NO<sub>x</sub> and carcinogenic diesel emissions from older, medium- and/or heavy-duty diesel trucks;

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<sup>6</sup> CARB's Executive Orders are available at: <https://ww2.arb.ca.gov/new-vehicle-and-engine-certification-executive-orders>

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- Cost-savings on fuel and maintenance with zero-emission trucks;
- Positive economic impact with promotion of zero-emission truck technologies and investments in AB 617 Communities with infrastructure development;
- Providing ease of access and improved opportunities for truck operators to fully test new truck technologies over an extended period.



Community Air Protection incentives, and by extension, the material included in this Project Plan, is part of California Climate Investments, a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities.